



**CAISSE INTERPROFESSIONNELLE DE DÉPOTS ET DE VIREMENTS
DE TITRES SA**

INTERPROFESSIONELE EFFECTENDEPOSITO- EN GIROKAS NV

Governance Charter

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INTRODUCTION

This Charter describes the main aspects of the Corporate Governance in line with article 26(1) of the Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories ("CSDR") of Caisse Interprofessionnelle de dépôts et de virements de titres SA - Interprofessionele Effectendeposito- en Girokas NV, in short C.I.K but also known as Euroclear Belgium for commercial purposes ("**EBE**" or the "**Company**").

The content of this Charter is updated in line with the Corporate Governance Memorandum as adopted periodically by the Board of Directors.

The description of the composition of the Board of Directors and its committees is included every year in a specific section of the Annual Report. In addition, the Euroclear Group provides more detailed information on Euroclear risk management objectives and policies as well as on its remuneration policy and practices in the Pillar III Disclosure.

The latest version of the Charter, Pillar III Disclosure and Annual Report are publicly available from www.euroclear.com or via the local authorities.

1. CORPORATE STRUCTURE

This section describes the legal and supervisory regime applicable to EBE as well as its shareholder structure.

1.1. LEGAL AND SUPERVISORY STATUS

EBE, a Belgian incorporated "*société anonyme/naamloze vennootschap*", is a Central Securities Depository ("**CSD**") authorised under article 16 of the CSDR, which operates a securities settlement system within the meaning of the Law of 28 April 1999 on Settlement Finality implementing Directive 98/26/EC on settlement finality in payment and securities settlement systems. The Company also provides non-banking ancillary services according to CSDR, custody and other services, to its clients (financial institutions and issuers).

Pursuant to the Law of 22 February 1998 establishing the organic status of the National Bank of Belgium ("**NBB**") (the "**Organic Law**"), the NBB ensures the prudential supervision of CSDs established in Belgium. It monitors compliance with the provisions of the CSDR, including those of Title II thereof, unless the CSDR provides otherwise and without prejudice to the powers conferred on the Financial Services and Market Authority ("**FSMA**").

Pursuant to the Law of 2 August 2002 on the supervision of the financial sector and on financial services (the "**Law of 2 August 2002**"), the FSMA ensures the supervision of conduct-of-business rules applicable to CSDs established in Belgium. More particularly, the FSMA monitors compliance with the rules referred to in Article 45, § 1, 1° of the Law of 2 August 2002, and with the rules for ensuring honest, fair and professional treatment of participants and their customers. In this respect, the FSMA monitors compliance by EBE with Articles 26(3), 29, 32 to 35, 38, 49 and 53 of the CSDR.

In addition to the foresaid supervision of EBE, the efficiency and soundness of the securities settlement system it operates is overseen by the NBB in accordance with Article 8 of the Organic Law.

For purposes of prudential supervision, EBE has also been designated by the NBB as a "Systemically important financial institution" ("**SIFI**").

It is therefore subject to reinforced supervisory rules under the Organic Law. In particular, this means that the NBB has a right of objection to strategic decisions taken by EBE if they create a material risk for the stability of the financial sector and that it may impose specific measures on EBE in areas such as liquidity, solvability, concentration of risks if necessary to ensure the stability of the financial system.

EBE is a subsidiary of Euroclear SA/NV ("**ESA**"), a Belgian financial holding company subject to the Law of 25 April 2014 on the legal status and supervision of credit institutions. In addition, ESA is

authorised and regulated as “institution **supporting a central securities depository and financial holding company**” within the meaning of Article 36/26/1, §4 of the Organic Law.

1.2. SHAREHOLDER STRUCTURE

1.2.1. Shareholders

All EBE’s issued share capital is held by ESA except one share which is held by Euroclear Investments S.A. (“**EI**”). All ESA’s share capital is itself held by EI except one share which is held by Euroclear AG (“**AG**”), which are both wholly owned by Euroclear Holding SA/NV (“**EH**”), the ultimate top holding of the Euroclear Group. The precise number of issued shares in EBE is outlined in the Company’s financial statements each year.

The respective role of ESA, EH, AG and EI in the overall Euroclear Group is described in their own corporate governance documents.

ESA, EI, AG and EH are all financially sound companies. The consolidated and stand-alone financial statements of EH demonstrate the financial soundness of EH and its subsidiaries and are published on the Euroclear Group website (www.euroclear.com).

As (in)direct shareholders in EBE, ESA, EI, AG and EH create the conditions necessary to ensure a sound, objective and prudent management of the Regulated group of which EBE is a part and treat the holding of their interest in EBE in accordance with these conditions. ESA, EI, AG and EH have adopted all measures necessary to promote EBE’s stability and autonomous management of its business towards its long-term development.

As majority shareholder, the governance bodies of ESA also formulate shareholder expectations which EBE is expected to meet. In this same capacity, ESA is subject to the ongoing assessment by the CSD supervisory authorities of its suitability to ensure sound and prudent management of EBE. In addition, as a financial holding company and support institution, ESA is subject to prudential supervision requirements on a consolidated basis set forth in the CRD (Capital Requirements Directive 2013/36/EU) framework and Belgian law. As a financial holding company, ESA is responsible and accountable for compliance with the requirements relating to the consolidated supervision.

To this end all Boards of the Regulated Group adopt or adhere to the Euroclear Group Matters Protocol that identifies the group matters requiring a consolidated, group-wide alignment and coordination within the Regulated Group based on shareholders’ expectations and/or regulatory requirements. It also contains the principles of elaboration and implementation across the Regulated group of such standards and minimum requirements as well as an escalation mechanism in case EBE believes it needs to deviate thereof.

The structure and composition of the Board and management bodies of EBE ensure that each governance body has the requisite autonomy and authority to effectively manage the interests of EBE itself in accordance with its legal and regulatory requirements. This is expanded in the governance documents of EBE.

1.2.2. General Meeting of Shareholders

All EBE shareholders may attend General Meetings, either themselves or through proxies, subject to compliance with applicable law and the Articles of Association of EBE (the “**Articles**”). Each share of the Company carries one vote.

The Annual General Meeting is held on the last Thursday of April each year. Extraordinary General Meetings are convened at any such time as the Company’s interests may require or when shareholders representing at least one tenth of the capital request it. Annual and Extraordinary General Meetings are held at the place indicated in the notice of meeting, but usually at the registered office of the Company.

The quorum for General Meetings consists of several shareholders, present in person or by proxy, entitled to exercise not less than fifty percent of the total number of votes attached to all the shares of the Company. Without prejudice to mandatory provisions providing otherwise applicable legal requirements, the resolutions of the shareholders are taken by simple majority of the votes cast. No resolution on items which are not on the agenda can be adopted unless all shareholders are present and consent unanimously. Shareholders’ resolutions that do not relate to a change of Articles of Association can be adopted by unanimous written consent of the EBE shareholders. Decisions taken at General Meetings are binding on all shareholders, including absent or dissenting shareholders.

1.3. SUBSIDIARIES, BRANCHES AND REPRESENTATIVE OFFICES

EBE has its headquarters in Brussels. It has no subsidiaries nor any branches or representative offices.

2. GOVERNANCE BODIES AND STRUCTURE

2.1. ESES GOVERNANCE MODEL

Since January 2009, EBE together with the French and Dutch CSDs, Euroclear France ("EF") and Euroclear Nederland ("ENL") respectively, operate through a single system called the ESES (Euroclear Settlement of Euronext-zone Securities) platform, to provide settlement and custody services for domestic and foreign securities for a broad number of domestic and international clients and issuers.

The implementation of the ESES programme has created an integrated settlement infrastructure, introducing a single IT platform, harmonised services, market practices and tariffs across Belgium, France and the Netherlands. As this integration has further strengthened the interdependence between EBE, EF and ENL (altogether the "ESES CSDs"), those entities have adopted an integrated governance model to further coordinate the decision-making in these three entities in view of ensuring (where possible) a consistent approach in the delivery of ESES services across the Belgian, French and Dutch markets.

The ESES governance model consists in harmonising the governance and management structure of the three ESES CSDs while complying in each jurisdiction with the local applicable laws and regulations. It aims at managing the ESES CSDs with the necessary level of coherence to offer a domestic-like service across the Belgian, French and Dutch markets, to the benefit of the ESES CSDs' clients while preserving the legal autonomy of each ESES CSD and their ability to operate in and for its own market in full compliance with local rules and priorities.

In practice, this harmonised governance model implies, in the three ESES CSDs, (nearly) the same composition of most of the corporate bodies, the appointment of the same person as Chief Executive Officer, and the creation of cross-entity fora or committees.

The Board of EBE has the overall responsibility for the Company and determines in particular the Company's strategy and objectives and risk tolerance. In pursuing its mission, the Board takes into consideration the overarching strategy, policies, risk tolerance and financial objectives defined by the shareholders.

The Board has put in place several specialised advisory committees to assist it in carrying out its role efficiently.

The Management Committee of EBE (the "MC") is entrusted with specific operational management powers, as defined by the Board, and acts in accordance with the strategy and policies set by the Board.

In line with Article 28 of the CSDR, a User Committee ("UC") has been established for the securities settlement system the Company operates.

The Company has in place a full set of reference documents on the role, composition and operation of all of its committees.

2.2. BOARD OF DIRECTORS

2.2.1. Role and Responsibilities

The Board of Directors has the overall responsibility for the Company and determines in particular the Company's strategy and objectives and risk tolerance for all its operations.

The Board has the authority to carry out all acts that are useful to achieve the object of the Company (in line with the instructions given by the shareholders as part of Euroclear Group Matters Protocol), with the exception of those that according to law or the Articles of Association are reserved for the General Meeting of shareholders.

In carrying out his/her role, each Board member acts in good faith in the way s/he considers would be most likely to promote the success of the Company for the benefit of its shareholders as a whole while having due regard to the interests of other stakeholders (such as customers, employees and suppliers, public interest, supervisory authorities). The EBE Board also has regard to the interests

of the Euroclear Group, provided the proper balance is struck between the burden imposed on the Company and the eventual benefit to the Company.

The primary responsibilities of the EBE Board are to define and oversee the implementation of the strategy and objectives of EBE and its risk framework (including its risk appetite and policies) and to supervise the Company's management.

In defining the EBE strategy, the Board handles any individual strategic matters as and when they arise, and also receives updates, as necessary, on the Company's and the Group's strategy at each Board meeting.

The control and oversight of EBE's management is carried out by the Board in various ways. The Board receives regular reports from management in various forms (e.g., written report, meetings, training, continuous exchange of information, etc.) on the implementation of the agreed strategy, risk profile and financial position of the Company and all other matters delegated from the Board to the Management Committee, including amongst others regular reporting on risk control policies, risk tolerance, metrics and critical residual risk and any change thereto. The Board also has access to the minutes of all EBE MC meetings upon request.

The level of control over management as a whole is assessed regularly by the Board as part of the Board self-assessment process which covers specifically management's relationship with the Board.

The responsibilities of the Board are defined in detail in the Articles of Association and its own Terms of Reference.

2.2.2. Composition

The Board must collectively have the appropriate balance of skills, experience, independence, knowledge, and diversity to fulfil its duties.

The Board comprises at least six individual members. All Board members are natural persons. There is no maximum number of members prescribed by the Articles of Association. The list of Board members is published in the annual report and accounts of the Company and also available on the Group website (www.euroclear.com).

The Board is a collegiate body and a majority of the members of the Board are non-executive Board members.

At least one third, but no less than two, of the non-executive Board members are independent. The Company strives to have four independent Board members on the Board in order to reinforce the breadth and depth of expertise, build upon the Board effectiveness and governance and adequately constitute the Board committees. Independence is defined taking into consideration the ESES operating model, the spirit of CSDR and local applicable legal and regulatory requirements, as well as recent European guidance and best practices.

A number of the non-executive Board members on the EBE Board are also members of the Regulated Group management. This promotes a coherence in strategy and policies between Regulated Group entities and ensures the intricacies of EBE are well understood by ESA and vice versa. All non-executive Board members have a fiduciary duty to act objectively and independently in that function to ensure that the corporate interests of EBE and the general interest of the financial market infrastructure are preserved.

The Board comprises the CEO and (at least) one other Management Committee member as Executive Directors.

In line with the Group policy on the assessment of suitability of Board, Senior Management and Key Function Holders ("**Suitability Group Policy**"), the Board shall ensure to be at all times composed of suitable members. All Board nominations are made on merit, based on objective criteria on the basis of a candidate's potential contribution in terms of knowledge, experience and skills (both individually and collectively on the Board) with a view to ensuring a balanced Board taking into account the business of EBE and its Financial Market Infrastructure ("**FMI**") role.

In the search for Board candidates, the Company is actively taking all aspects of diversity into account. With a particular focus on gender diversity, a target of achieving (and maintaining) a minimum of one third representation of the under-represented gender has been set. The Board, upon advice of the Nominations and Governance Committee ("**NGC**") reviews each year the Board and Board Committee composition, and agrees, as necessary, on measurable objectives for achieving and maintaining diversity on the Board.

The NGC leads the process for Board nominations and makes recommendations to the Board in this respect. In putting forward names for membership of the Board, the NGC strives to achieve that the Board composition would comply globally with both the individual as well as collective suitability criteria listed in the Suitability policy

The process for identifying prospective Board member nominees is as follows:

- Non-executive directors: the NGC prepares the specification of the roles and capabilities (including the time commitment expected) for Board members and determines the modalities of the selection process, including the engagement of any headhunter(s) in the search process for Board members. It makes an assessment each time there is a vacancy as to whether the prospective Board member needs to qualify as an independent Board member. The Committee provides the relevant information to the shareholder or search consultant, as appropriate. All suitable candidates are assessed against the defined profile and the criteria in the Suitability Policy and a short list of candidates is determined.
- Executive directors: are proposed from amongst the members of the EBE Management Committee.

Other than in the case of executive directors, the Chair of the Board interviews the prospective nominees with the chair of the NGC, and where appropriate with the involvement of other Committee Chairs/Board members. If the Chair deems appropriate to proceed with a nominee's candidature, the candidate's nomination will then be reviewed by the NGC as a whole which decides whether to make a recommendation to the Board to proceed with the fit and proper assessment and eventual appointment of the nominee.

The NGC reviews at least annually the balance of skills, knowledge and experience on the Board to ensure sufficient collective expertise in regard of the Group's evolving strategy and risk profile and make recommendations to the Board in this regard. During that review, the NGC also verifies that the independence criteria for the relevant Board members are still being met.

The Board can, and does from time to time, appoint observers and/or advisors to the Board who are professionals with experience relevant in a specific domain within the role and workings of the Board.

The principles set out above apply, where relevant, likewise to the composition of the advisory committees of the Board.

2.2.3. Appointment, Renewal and Resignation of Board Members

In line with Belgian legal and regulatory requirements, Board members are appointed by the shareholders. In accordance with the Articles of Association and the Company's Suitability Policy Board members are appointed for a term of maximum three years, or such longer period as is necessary to have such term expire at the end of the Annual General Meeting immediately succeeding such three-year term. The Board members can be re-elected by the shareholders. Where a Board member leaves the Board before the end of his/her term, the Board may appoint a new Board member to fill the vacancy. Such an appointment is to be confirmed by the shareholders at the next General Meeting and is made for the remaining duration of the predecessor's mandate unless the general meeting of shareholders opts for a different term of office.

In order not to create any discrimination based on age, there is no age limit of Board members.

Appointments of individual Board members are subject to a prior assessment and approval of his/her expertise and professional integrity (referred to as 'fit and proper', in accordance with local regulatory guidance) by the NBB. The NBB is provided with all the necessary information and documents to assess the experience and skills of the candidate and ensure s/he is fit and proper to sit on the EBE Board. Board members must permanently comply with the 'fit and proper' requirements during their term of office and all changes to their circumstances are notified to the Company, and where appropriate, the competent authority. A suitability re-assessment of Board members should be performed in case of doubt or of significant change as well as of heightened money-laundering or terrorist financing risk.

EBE will also inform the NBB of any proposed mandate renewal, as well as non-renewal or removal.

All Board members are subject to the Board approved policy on the exercise of mandates outside of the Company. Once a Board member is appointed, information on her/his directorship and managerial functions exercised outside EBE are communicated to the NBB through the eManex system and information on the Board member is duly published in line with legal requirements.

2.2.4. Chair

The Board appoints a Chair from among its non-executive members, subject to prior approval of the NBB, and may at any time remove him/her from the Chair's office.

The profile and role of the Chair are defined by the Board upon a recommendation of the NGC. The Chair presides, in principle, every meeting of the Board and is responsible for directing, advising and leading the Board in all aspects of carrying out its role as the senior governing body of the Company. In carrying out this role, the Chair is pivotal in ensuring strong corporate governance and overall process integrity within the Board, facilitating the Board relationship with Management, creating the conditions for overall Board and individual Board member effectiveness, both inside and outside the boardroom, realising the potential of the Board and controlling the implementation of the allocation of powers between the Board and the MC and putting in place a strong line of communication with the parent entity.

In the absence of the Chair, the oldest serving non-executive Board member present will act as Chair. The Chair may also, in his discretion, request that another non-executive Board member take the chair for (part of) a meeting of the Board at which the Chairman of the Board will attend.

2.2.5. Operating Rules

The Board meets at least on a quarterly basis. Additional meetings may be called whenever the interest of the Company requires it or whenever one Board member has asked for it. Board members are expected to attend the Board meetings regularly and in person.

The Board may only deliberate and adopt resolutions if at least a simple majority of its members are present or represented. Management Committee members should not form a majority of the Board members present or represented. Board resolutions are adopted by a simple majority of members present or represented at the meeting. In the event of a tie in the voting, the Chair has a casting vote. Board resolutions may be approved by unanimous written consent of all Board members.

The Chair, in consultation with the Chief Executive Officer, establishes the agenda for the Board meetings with the assistance of the Company Secretary. All Board members can place items on the agenda. Under exceptional circumstances, duly justified by the urgency of the matter of the Company's corporate interest, an item not on the agenda may be addressed at the meeting, provided all members are present or represented and agree to deliberate on the issue.

The Chair takes responsibility for ensuring that Board members receive accurate, timely and clear information in advance of meetings. The Chair liaises with management in this regard and is assisted by the Company Secretary in fulfilling this responsibility. Board papers are supplemented where necessary by presentations at Board meetings, generally given by MC members or other senior managers of the Company.

Discussions held during Board meetings are reported in minutes. The Board minutes aim to provide a true and accurate record of proceedings, discussions and decisions of the Board meetings and, where appropriate, to reflect the recommendations made, the main considerations passed, the balance of arguments and challenge/dissent by the Board and to serve as guidance for future Board action. Board members are given an opportunity to review and approve draft minutes which are provided to them prior to being tabled for approval at the next Board meeting. Minutes will be signed by the Chair and the Board members willing to do so. Copies or extracts of the minutes are validly authenticated if signed by a Board member or the Company Secretary.

The Board has appointed a Company Secretary to assist and advise the Board and its Chair, as well as the Chairs of the respective Board Committees in the performance of their roles and responsibilities. The Company Secretary convenes the meetings of the Board and Board Committees and acts as Secretary to those meetings.

2.2.6. Assessment of the Board/Board Committees

The Board regularly assesses the functioning of the Company's governance structure, in particular of its governance bodies, including their competences, knowledge, composition and size.

The Board, upon advice of the NGC, carries out a self-assessment and effectiveness review of both the Board and the Board Committees as a whole, and the Board Chair and the individual Board members. This review endeavours to ensure that the Board and the Board Committees have the necessary framework in place within which to make decisions, focusing on the optimum mix of skills and knowledge amongst the Board members, clarity of goals and processes, a culture of frankness that encourages constructive evaluation, full disclosure of procedures and an effective relationship

with management. It also reviews annually the structure, size, composition, diversity aspects including representation of the underrepresented gender and performance of the Board and Board Committees to ensure that the board members remain suitable both individually and collectively within the Board. The NGC decides on areas of focus for the assessment process.

This Board assessment is led by the NGC chair who may opt to carry the process by way of self-assessment, questionnaires and/or individual interviews with all Board members. Based on the output he/she identifies to the NGC and Board any area for discussion and improvement. Part of the Board discussion on the outcome to the assessment includes agreeing on follow up actions and changes needed in view of the results.

The NGC, while reviewing the Board composition as well as the list of candidates proposed for re-election at the Annual General Meeting, uses the results of the assessment as a basis for its analysis on Board member performance. The Chair takes steps to ensure that any areas of weak performance in the assessment are taken up with the relevant individual Board member as necessary.

On a periodic basis, the evaluation of the Board is facilitated by an external party.

2.2.7. Induction and Training

Upon being appointed to the Board, all new Board members receive customised induction training. Such induction training is comprehensive and designed to cover all the major business areas and each of the support functions in order to give Board members a global view of the Euroclear Group, its strategy and policies and the major challenges it is facing. The induction programme focuses on the characteristics of a Financial Market Infrastructure and on the systemic and operational risks within EBE in particular. It also develops the Board members' understanding of their role and responsibilities under Belgian Law, and the legal and regulatory regime applicable to EBE.

Board members also receive ongoing training on matters relevant and material to their directorships and committee mandates. They attend training sessions as necessary or requested from time to time.

Content of both induction and training will be adapted as appropriate to the individual needs of Board members based on their previous expertise and the outcome of internal or external periodic (self-)assessments.

In addition, workshops are arranged for the Board on topics of particular relevance or importance.

Training needs for board members are addressed and evaluated at each Committee and Board meeting or may also be addressed to the Company Secretary.

2.2.8. Remuneration

The remuneration of the Board members is decided by the shareholders' meeting. The independent non-executive Board members are the only members of the Board who are remunerated for their mandate as Board members. The remuneration of each Board member who is remunerated for their Board position is decided by the shareholders' meeting. Such remuneration shall not be linked to the business performance of EBE. The amount of remuneration takes into account the level of responsibility and time required in the fulfilment of the Board role.

2.2.9. External directorship and managerial functions

All members of the Board should commit sufficient time to perform their functions in the Company. There are some restrictions and limits on the number of directorship mandates or managerial functions that Board members can exercise outside the Euroclear Group as these may create conflicts of interest, inhibit the Board member to spend adequate time on their Euroclear mandate and impact their independence. Prior to accepting any external function, the Board member informs the Company Secretary, who will ensure the appropriate authorisation /information/publication procedure is followed, in accordance with applicable laws and regulations and as described in the procedure on External Mandates for Board members. An annual overview of the external positions held by the Board members is submitted to the NGC, as part of the annual assessment of the Board.

2.3. BOARD ADVISORY COMMITTEES

In order to perform its responsibilities more efficiently, the Board has established several specialised advisory committees and defined their responsibilities and powers: the Audit and Compliance

Committee, the Risk Committee, the Remuneration Committee and the Nominations and Governance Committee.

2.3.1. Composition and appointment

Each advisory Committee is composed of at least three members per committee and consists exclusively of non-executive board members. Duly taking account of the ESES governance model and the ESMA considerations relating to CSDR interpretation, a majority of the members of the Audit and Compliance committee, the Remuneration Committee, the Nominations and Governance Committee and the Risk Committee are independent in line with applicable regulatory requirements. The majority of members of the Audit and Compliance, Risk and Remuneration Committee are different.

The Chair of each Committee is independent. The Chair of the Audit and Compliance Committee, of the Risk Committee or of the Remuneration Committee is not the Chairman of the Board or any other Committee.

Each non-executive Board member sits in no more than three advisory Committees.

Appointments to a Committee are for a period of up to three years, renewable at the Board discretion. Board Committee members are appointed by the Board upon recommendation of the NGC (except for the Chair of the Audit and Compliance Committee who is appointed by the ACC members). The NGC regularly reviews the composition of each committee in order to make sure they remain properly composed, with the required level of collective and individual knowledge, commitment, availability and independence of mind, and makes its recommendations to the Board. The review is undertaken in light of the role of governance bodies in question, the characteristics of the Company and the relevant applicable legal and corporate governance requirements.

The appointment of the Chair of each of the committees is made after having obtained the NBB approval regarding the fit & proper character of the candidate. Any change to the composition of any Board Committee is notified to the NBB.

Each Committee can, and does from time to time, appoint observers and/or advisors to the Committee who are professionals with experience relevant to the role and workings of the said Committee.

The membership and expertise of those Committees is disclosed in the annual report.

2.3.2. Operating rules

The Board has defined the Terms of Reference of each of the Committees, which include details of their role and responsibilities, operating procedures and the reporting requirements back to the Board. Committee's activities, observations and recommendations are reported by the Committee Chair to the Board at each meeting. Supporting committee material (to enable Board decisions as required) and minutes of Committee meetings are also made available to the Board members.

Each Committee has an agreed reporting calendar to ensure it properly discharges its responsibilities and covers all matters within its purview.

The quorum for Committee meetings consists of a simple majority of Committee members either physically present at the location of the meeting or by telephone/video conference.

For voting, a simple majority of Committee members present or represented is needed with the Committee Chair having the casting vote in case of equality of votes.

The Committees will maintain effective working relationships with the Board and the Management Committee of the Company.

2.3.3. Evaluation

Each Committee regularly evaluates its own performance against a benchmark that reflects regulatory requirements, guidance and best practices.

An analysis of such assessment is reviewed by each Committee and follow-up actions to further improve the Committee effectiveness where appropriate, as well as a plan on general training needs identified in the self-assessment process are agreed by the relevant Committee and recorded in the meeting minutes and reported to the Board.

The Committee Chair, with the assistance of the Company Secretary, ensures all follow-up items are properly addressed and this is reported to the relevant Committee.

2.3.4. Trainings

As explained above Board Committee members receive ongoing training on matters relevant to their Committee mandates, as necessary or requested on an ad hoc basis.

2.3.5. Audit and Compliance Committee

The Audit and Compliance Committee ("**ACC**") assists the Board in fulfilling its financial reporting, audit, technology, and compliance and ethics oversight responsibilities. In discharging its responsibilities, the Committee also reviews the controls over all outsourced services on which the Company is dependent. Its responsibilities are detailed in its own Terms of Reference which are approved by the Board.

The Committee members collectively have an understanding of the Company's business and operations as well as collective competence in the area of accounting and audit. At least one member shall have expertise in accounting and/or auditing matters.

The ACC meets at least on a quarterly basis with additional ad-hoc meetings as deemed appropriate by the Chair.

Only the ACC members and the Committee Secretary are entitled to be present at a meeting of the ACC. However, to facilitate the effective conduct of its business, other additional invitees as deemed necessary or appropriate by the Chair may attend the Committee meetings.

The Company Head of Internal Audit, the Chief Compliance Officer and the Chief Technology Officer report to the Committee Chair and have direct access to the Committee members. The ACC meets at least once a year with each of the Company Head of Internal Audit, the Chief Compliance Officer and the External Auditor without executive management being present (closed session).

The Committee Chair shall have appropriate recent audit experience.

The Committee is informed about the major risk issues reported to the Company's Risk Committee.

The Committee has adequate interaction with the Risk Committee to ensure consistency and avoid any gaps in their respective roles. To this end, the Chair of the Risk Committee, if not already a member of the ACC, has an open invitation to attend the ACC meetings where desired.

The Committee will keep the ESA ACC informed about:

- any material issues of concern at Company level; and
- the level of assurance on the safety and soundness of the Company.

The ESA ACC will keep the Company's ACC informed about any material group level issues under its review having an impact on the Company.

2.3.6. Risk Committee

The Risk Committee ("**RC**") assists the Board in fulfilling its risk oversight responsibilities. Its responsibilities are detailed in its own Terms of Reference which are approved by the Board.

The Committee members individually have the skills and experience to be able to understand the Company's business and to oversee the risk strategy, risk appetite (i.e., risk tolerance), risk capacity and risk profile of the Company. Each member should have a very good understanding of matters relevant to the Committee.

The RC meets at least on a quarterly basis with additional ad-hoc meetings as deemed appropriate by the Chair.

Only the RC members and the Committee Secretary are entitled to be present at RC meetings, as well as a member of the Remuneration Committee (if applicable). However, to facilitate the effective conduct of its business, other additional invitees as deemed necessary or appropriate by the Committee Chair may attend the Committee meetings.

The Chief Risk Officer reports to the Committee Chair and has direct access to the Committee members. The RC meets at least once a year with the Chief Risk Officer without executive management being present (closed session).

The RC Chair shall have appropriate recent risk experience.

The Committee shall be informed about major risk or control issues raised by/to another board committee to enable it to assess the acceptability within the Company's risk profile.

The Committee should have adequate interaction with the Remuneration Committee to ensure remuneration policies and practices are aligned with the risk culture, appetite and financial situation and long-term interests of the Company. To this end, a member of the Remuneration Committee has an open invitation to attend the Risk Committee meetings where desired, insofar s/he is not already a member of the Risk Committee.

The Committee should have adequate interaction with the Audit and Compliance Committee (ACC) to ensure consistency and avoid gaps in their respective roles. To this end, the chair of the ACC, if not already a member of the RC, has an open invitation to attend the RC meetings where desired.

To ensure consistency across the group on risk practices and material risk issues, the ESA RC will inform the subsidiary risk committee of any material group level issues under its review having an impact on the Company.

The Committee will similarly keep the ESA RC informed about any material issues at Company level.

2.3.7. Remuneration Committee

The Remuneration Committee ("**RemCo**") assists and advises the Board in fulfilling its responsibilities on remuneration matters, a.o.:

- defining a remuneration policy for the Company within the global compensation philosophy of the Regulated Group;
- ensuring that the non-executive Board and Board Committee members of the Company, the members of the Management Committee as well as the Staff (in particular Identified staff) are compensated as per the principles described in the Euroclear compensation policy; and
- overseeing management's implementation of the compensation policy.

Its responsibilities are detailed in its own Terms of Reference which are approved by the Board.

The Committee members will exercise relevant and independent judgment on the remuneration policies and practices. They collectively have the knowledge, expertise and experience concerning remuneration policies and practices, risk management and control activities, namely with regard to the mechanism for aligning the remuneration structure to the Company's risk and capital profiles.

The Committee members collectively have an understanding of the Company's business and have competence relevant to the sector in which the Company operates.

The RemCo meets at least once per year with additional ad-hoc meetings as deemed appropriate by the Chair.

Only the RemCo members and the Committee Secretary are entitled to be present at RemCo meetings. However, to facilitate the effective conduct of its business, a member of the Risk Committee (if applicable), any additional invitees as deemed necessary or appropriate by the Chair may attend the Committee meetings.

The RemCo works closely with the Risk Committee in evaluating the incentives created by the compensation policy. The Risk Committee advises the RemCo on its opinion with respect to:

- the consistency of the compensation policy with sound and effective risk management;
- the identification process of material risk takers (Identified Staff) in accordance with the regulation; and
- the way the risk strategy and risk tolerance is reflected in the overall annual performance review, and
- quantitative and qualitative assessment of risk adjustments measures and data so as to ensure that the Remuneration Committee takes into account existing and future risks when advising the Board on the incentive pool and individual incentive compensation for the members of the Management Committee and other Identified Staff.

2.3.8. Nominations and Governance Committee

The Nominations and Governance Committee ("**NGC**") assists and advises the Board in all matters in relation to the nomination and suitability assessment of Board and Management Committee

members, as well as the relevant key function holders (heads of the internal control functions and of the technology function), Board and Committee composition, succession planning as well as corporate governance matters as they apply to the Company.

Its responsibilities are detailed in its own Terms of Reference which are approved by the Board.

The Committee is composed in such a way so as to be able to properly and independently advise on the composition and the functioning of the Board and the Board Committees of the Company and on governance matters and therefore have adequate collective knowledge relating to the business of the Company. Committee members should possess individual and collective appropriate knowledge, skills, expertise and professional experience regarding governance and selection process, suitability and control practices.

The Committee meets at least three times a year with additional ad-hoc meetings as deemed appropriate by the Committee Chair.

Only the NGC members and the Committee Secretary are entitled to be present at NGC meetings. However, to facilitate the effective conduct of its business, additional invitees as deemed necessary or appropriate by the Committee Chair may attend the Committee meetings.

2.3.9. Interaction between ESA and EBE committees

With a view to ensuring information flow as well as consistency of financial reporting, risk, audit, compliance and, as applicable, governance practices between parent and subsidiary, and in order to support the former in its oversight function a structural interaction exists between EBE and ESA. This is ensured via:

- Quarterly conference calls between ESA and subsidiary ACC and RC chairs;
-
- Regular conference calls between ESA and subsidiary board chairs, and ad-hoc conference calls/meetings between Independent Board members;
- Cross-attendance programme at ACC/RC meetings, whereby the chair of each of the entity ACC/RC attend on a yearly basis respectively the ESA ACC/RC and vice versa, the chair of the ESA ACC/RC attend on a yearly basis respectively the entity ACC/RC.
- Sharing of relevant reports (e.g. subsidiary Committee minutes provided to ESA Committee chairs, ESA CEO and other relevant reports shared with the subsidiary,);
- Open contact between the ESA and ENL Board members.

2.4. MANAGEMENT COMMITTEE

2.4.1. Role and Responsibilities

The Board has delegated specific operational management powers to the Management Committee of EBE. This delegation of powers does not relate to the determination of the general policy and strategy of the Company or to the powers that are reserved to the Board by applicable legal or regulatory provisions or by the Articles of Association.

While the determination of the strategy and general policy of the Company are a general prerogative of the Board, the MC is in charge of preparing those strategic and policy recommendations. The MC reports directly to the Board and, where it concerns an area within the remit of the Board Committees, to the Board's specific Committees which in turn report their analysis on the same to the Board.

The Management Committee may delegate specific powers, which may be exercised beyond the day-to-day management but may not exceed the powers which the Board has delegated to the Management Committee itself, with the power to sub-delegate pending ratification by the Management Committee, to one or more persons or group of persons. It may, among others, delegate, with the power to sub-delegate, the following specific powers, to be exercised consistently with the decisions of the MC:

- specific powers to committees in all areas necessary or useful to the management of EBE; and
- specific powers to senior management, in all areas necessary or useful to the management of EBE insofar as they fall within the remit of their respective Divisions.

Certain powers are reserved to the Management Committee vis-à-vis any other internal structure of the Company and may not be delegated by the Management Committee. Such powers include among others:

- the delegation of powers to committees established by the Management Committee, to one or more persons or to groups of persons, except for the powers to sub-delegate described above;
- decisions on the reporting process to the MC (content and frequency of reporting obligations);
- strategic recommendations to the Board;
- decisions effecting a material change to the global internal organisational structure of EBE; and
- decisions that involve a material reputational, material financial, or material legal risk to EBE.

2.4.2. Composition

The MC is composed of at least three members, and as many members as the Board may decide from time to time to appoint, who take decisions as a college. The list of EBE MC members is available on the Euroclear website (www.euroclear.com).

Members shall be of sufficiently good repute and experience so as to ensure the sound and prudent management of the Company and are subject to fit and proper suitability assessment by the NBB.

All nominations to the MC are made on merit and on the basis of the knowledge, experience and skills of the candidate, regardless of his/her gender or ethnic background.

The Chair of the MC, with the assistance of the Human Resources Division, is in charge of the recruitment process of MC members for purposes of making a recommendation to the Board. In order to select the best candidates for this function, the Human Resources Division has created a competency profile for the MC members based on the following criteria to be understood and applied in the light of the seniority and importance of the position:

- Business acumen: MC members shall exercise sound business judgement to make the right decisions, leveraging overall understanding of the business and its underlying drivers;
- Leading change: MC members shall define, initiate and support organisational transformation change initiatives required to achieving the organisation's objectives and vision;
- Leading people: MC members shall be able to energise people for success and achievement and lead people to surpass themselves.
- Strategic agility: MC members shall set vision and strategic direction; take decisions and actions accordingly for long-term business success.

In addition, the MC as a whole should possess the necessary balance of skills and experience to fulfil its role and responsibilities.

2.4.3. Appointment and Resignation of MC Members

With respect to future potential members of the MC, the Chair of the MC (i.e., the Chief Executive Officer) proposes to the Board, upon recommendation of the NGC, the names of the candidates to be appointed as members of the MC. The Board has the right to determine the length of MC members' mandate while MC members are generally appointed for an undetermined period of time.

The recruitment process may include a series of interviews of the candidate, an assessment of the candidate's profile carried out by reputable external consultants where appropriate as well as a check of the candidate's experience, skills and fit & proper character for the role in accordance with local regulatory guidance.

Each proposal of appointment of an MC member (and possible renewal of appointment) as well as the resignation or dismissal of an MC member is duly notified to the NBB. Any appointment of an MC member is subject to receiving the approval of the NBB. The NBB is provided with all the necessary information and documents to assess the experience and skills of the candidate and

ensure s/he is fit and proper to sit on the EBE MC. Members must permanently comply with the 'fit and proper' requirements during their term of office.

Once an MC member has been appointed, information on the MC members and on his/her directorship and managerial functions exercised outside EBE are communicated to the NBB through the eManex system.

2.4.4. Operating Rules

The MC will apply the principle of collegiality in decision-making. The MC may deliberate and adopt resolutions by simple majority if at least a simple majority of its members are present or represented. The MC may allocate domains of competencies among its members; such allocation, however, is not exclusive and does not affect the collegial nature of the Committee.

The MC meets as and when required, generally every two weeks. The Chair of the MC has the power to call additional meetings if required.

A quorum of a simple majority of the members of the MC is required. If the Chair of the MC is not present at a particular meeting, the deputy CEO, if one has been appointed, takes the chair. In the absence of the CEO and the deputy CEO, the members will appoint an acting chair of the MC for the purpose of the meeting. Members may attend and participate in the meetings and its decisions (and be counted in the quorum and voting) by telephone or video conference call and the meeting will be treated as validly held. A member who is unable to attend the meeting may authorise in writing another member to attend and to vote for him/her in his/her place.

To the extent that voting may be required at a meeting, a simple majority of all MC members present or represented will be required for approval of a motion. In case of equality of votes, the Chair will have the casting vote. Decisions of the MC may be taken by unanimous written consent of all members, including electronic voting through the Board portal.

The Chair sets the agenda with support from the Company Secretary prior to the relevant meeting. Individual members of the MC can place items on the meeting agenda. In exceptional circumstances, duly justified by the urgency of the matter or the Company's corporate interest, an item not on the agenda may be addressed at the meeting, provided all members are present or represented and agree to it.

The MC may invite individuals from within ESES or the Euroclear Group, or external consultants or advisors with relevant experience to attend its meetings, in order to assist the MC by way of presentations, seminars, general advice or answers to queries.

The MC also receives regularly reports from the internal committees.

The MC reviews issues, reports and makes recommendations to the Board and its committees in accordance with applicable laws.

The MC has appointed a Company Secretary to assist and advise the MC and its Chair in the performance of their roles and responsibilities. The Company Secretary prepares the minutes of each meeting indicating clearly all items reviewed, recommendations made, considerations passed, decisions taken, any challenge/dissent by management committee members and any follow-up actions. If the Company Secretary is not present at a particular meeting, the MC members present appoint an acting secretary for the purpose of the meeting.

The MC meetings minutes are posted on a dedicated internal website available to appropriate senior managers.

The Company Secretary endeavours to ensure that each member receives written material in a timely manner ahead of meetings so that the meetings can function effectively.

The Management Committee has in place a reporting calendar to ensure it has the reporting, tools and information necessary to fulfil its role effectively.

2.4.5. Division of tasks

Chief Executive Officer

The Chief Executive Officer ("CEO") is the Chair of the MC and is appointed by the Board after consultation with the MC, and subject to approval by the Belgian regulatory authorities.

In view of promoting the coherent and effective management of the ESES CSDs pursuant to the ESES governance model, the same person has been appointed as CEO of the three ESES CSDs.

The CEO is not the same person as the Chair of the Board.

The CEO reports to the Board. The Board Chair is responsible, amongst others, for proposing the CEO's objectives and remuneration to the Board in line with EBE's compensation policy. The CEO also has a functional reporting line to the ESA CEO (ESA MC Chair) to make sure there is a harmonised view of key management issues across the Group and that ultimately ESA can fulfil its regulatory obligations in accordance with the consolidated supervisory regime it is subject to under Belgian law.

The Board has delegated to the CEO the day-to-day management and the representation of the Company with regard to such day-to-day management. The day-to-day management refers to those acts which are necessary for the day-to-day operating of the Company or for which an MC meeting is not required, considering either the minor importance of such acts or the necessity for prompt action. The CEO may sub-delegate any powers related to the day-to-day management to the persons they designate.

In addition, the role of the CEO consists of setting the agenda, style and tone of MC discussions, making certain the MC has effective decision-making processes and applies sufficient challenge to major proposals and, as part of the MC:

- leading in establishing the Company values, and setting a cultural tone of honesty, integrity and transparency,
- leading the Company's staff in implementing the Company's vision, philosophy, and mission;
- ensuring a strong relationship of senior management with the Board, and supporting the Board in its activities;
- implementing strategic goals and objectives of the Companies as set by the Board and consistent with the strategy and policies set by the Group;
- maintaining the Company's focus on high quality and reliable services and innovation, and identifying world economic and industry events and trends that impact the strategic vision for the Company;
- ensuring the appropriate programs for recruiting and retaining the best people and developing their capabilities;
- ensuring effective crisis management, which generally requires crisis management planning for financial, political, legal, regulatory, physical and reputational crises.

Chief Business and Development Officer ("CBDO")

The Chief Business and Development Officer¹ oversees all product strategy, commercial development and maintenance activities as well as data services and innovation. S/he further monitors the development and implementation of ESES product strategy and the maintenance and growth of existing business, and the development of new customer relationships throughout the ESES entities. To this effect, s/he liaises with the relevant ESA divisions and relevant ESES entity's local management.

Chief Financial Officer

The CFO is responsible for a variety of financial activities, as set out below to meet EBE business requirements, taking into consideration the Euroclear group financial strategy.

One of the key missions of the Financial Division is producing reliable and timely financial statements that respect applicable laws and regulations. This control objective is further articulated into more granular key control objectives in the Financial Internal Control Accountability process. The Financial Division maintains a central database where these control activities are formalised, evidenced and monitored.

The monthly closing of the books is structured in sequential steps monitored daily by the closing office. The yearly preparation of the statutory financial statements is essentially organised on the same database and set of data as those used for the monthly reporting.

Chief Administrative and Network Officer ("CANO")

The CANO is in charge of managing legal, regulatory, network management and HR matters across the three ESES CSDs and for coordinating decision-making in this area, as well as the delivery of ESES services and ambitions through an international network of CSDs and cash correspondents relationship. To this effect, s/he liaises with the relevant ESA/EB divisions and relevant ESES entity's local management.

¹ Since 1 September 2021, the CBDO has also been appointed Deputy CEO in order to assist the CEO in his/her role. This EBE Deputy CEO role will stop on 31 May 2022 close of business

Chief Operating Officer (“COO”)

The COO is responsible for leading the operational matters across the three ESES CSDs and for coordinating decisions in this field. He is mainly responsible for monitoring the risk exposures related to the ESES operational activities, the service delivery’s quality and the client satisfaction and for reviewing the overall service delivery cost. To this effect, s/he liaises with the relevant ESA divisions and relevant ESES entity’s local management.

Chief Technology Officer (“CTO”)

In line with CSDR Requirement and under the ultimate control of the Board, the ESES CTO monitors and controls IT to ensure its adherence to the ESES IT Framework.

The CTO is accountable to the ESES Board and committees, the CTO oversees the implementation/execution of the ESES Information Technology Framework Board Policy (the “IT Framework”) that sets out the principles for the governance and management of the end-to-end IT environment. The CTO advises on an effective IT strategy for ESES, providing sufficient direction and approval of approach and possibly relying on external support to achieve this objective. He/she ensures adherence of the IT service providers to this IT Framework. To this effect, s/he liaises with the relevant ESA divisions and relevant ESES entity’s local management.

2.4.6. Assessment of the MC

The MC performs a yearly self-assessment designed to identify ways to potentially further develop its effectiveness and leverage its strengths.

This review is carried out by completion of a questionnaire by each MC member or by any other ways to collect feedback from MC members, as decided by the MC depending on the specific needs of the MC in the year assessed. The self-assessment process addresses the role and responsibilities, the composition as well as the organisation of the MC.

The consolidated responses of the self-assessment are reviewed and discussed by the MC which agrees on action points arising out of the results of this assessment. The outcomes of this assessment are recorded in minutes.

In addition to this self-assessment, the NGC assesses the structure, size and overall composition (skills, competences, experience) of the MC as part of the Board self-assessment to ensure that the MC members remain suitable both individually and collectively within the MC. The Chair of the Board ensures follow-up of any points requiring action.

2.4.7. Remuneration

The remuneration of the MC members is fixed by the Board on the proposal of the RemCo.

The RemCo reviews the performance of each individual MC member and discusses and recommends to the Board for approval the MC members’ annual and long-term fixed and variable compensation, as well as any executive perquisites, pension and other benefits.

2.4.8. External directorships and managerial functions

All members of the MC should commit sufficient time to perform their functions in the Company. There are some restrictions and limits on the number of directorship mandates or managerial functions that MC members can exercise outside the Group. Prior to accepting any external function (in or outside the Group), the MC member must inform the Company Secretary, who will ensure the appropriate authorisation/information/publication procedure is followed, as described in the Board Policy on External Mandates for Board and Senior Management. Directorships functions exercised outside the Euroclear Group are published on the Group website (www.euroclear.com).

2.5. USER COMMITTEE

2.5.1. Role and Responsibilities

The User Committee provides independent advice to the Board, on key arrangements that impact the EBE members:

- criteria for accepting issuers and participants;

- service level, including relevant significant developments needed to adapt to legal, regulatory, tax or other market changes impacting the way participants and/or issuers interact with EBE;
- review and/or testing of the default procedures of EBE.

The User Committee may submit a non-binding opinion to the Board containing detailed reasons regarding the pricing structures.

The User Committee may submit a request for implementation of DvP settlement for any link maintained by EBE that would not be a DVP link yet.

The User Committee is informed by EBE and acts as appropriate on audit findings relating to the topics covered in its mandate, ensuring that the provision of the information does not give a competitive advantage to any of the User Committee members.

The User Committee is regularly informed of the performance of the EBE securities settlement system.

2.5.2. Composition

The User Committee is composed of representatives of participants and issuers in the securities settlement system.

The User Committee Chair and members should have appropriate knowledge of the post-trade industry, have sufficient seniority and experience

The User Committee Chair is approved by the independent non-executive Board members of EBE.

The User Committee Chair is subject to re-election as User Committee Chair, at least every three years.

The User Committee Chair will identify potential candidates for User Committee membership based on data available in the EBE records (list of participants, segments of activities, etc.). In line with the delegation provided by the Board, the User Committee Chair will approve the appointments for User Committee membership.

The User Committee Chair is independent from any direct influence by EBE Board/Management.

2.5.3. Operating rules

The User Committee has three scheduled meetings per year. Additional ad-hoc meetings may be and are called as deemed necessary by the User Committee Chair.

At the beginning of each User Committee meeting, the User Committee Chair determines whether there is sufficient and balanced representation of participants and issuers in order to proceed with the meeting.

Any advice, non-binding opinion or request of the User Committee shall be determined by a simple majority of User Committee members present. Each User Committee member has one vote, and all votes are equal. A User Committee member may not appoint a proxy to vote at a User Committee meeting in their place. The User Committee Chair has the casting vote in case of equality of votes.

The User Committee (as well as the competent authority) will be informed by EBE of any decision in which the Board decides not to follow the advice of the User Committee.

The User Committee may inform the competent EBE supervisory authority of any areas in which it considers that the advice of the User Committee has not been followed.

The User Committee will provide the minutes of their meetings to the Board.

3. CONTROL FRAMEWORK

3.1. THE RISK AND INTERNAL CONTROL FRAMEWORK

The EBE Board is committed to maintaining a low risk profile in line with the company's role as a leading financial market infrastructure with a closely guarded reputation for safety and resilience.

Reflecting this, the Board has established a risk strategy (translated into the Company's Corporate Risk Management Board Policy and Operational Risk Management Board Policy), supported by an

appropriate risk appetite framework, that ensures and preserves the Company's long-term strength and the trust of its key stakeholders.

The Board has put in place a risk governance framework in which roles and responsibilities for managing risk are clearly defined. The Board oversees the MC's implementation of risk appetite through a set of diverse, approved limits that are based on risk reward analysis and are related to our strategic objectives. Senior Management and Risk Management report to the Board on the Company's current risk position by reference to a suite of financial and non-financial risk appetite measures, allowing the Board to determine what actions are needed to maintain our risk profile at the desired level.

The Company's Enterprise Risk Management ("**ERM**") framework is documented in the ERM Framework Policy and is applicable to all risk types. The ERM Framework acts as an umbrella reference document for all other risk specific frameworks operated by Euroclear, including but not limited to:

- A dedicated Operational Risk Management Board Policy in line with the risk appetite set by the Board. Euroclear's operational risk framework details how Management is managing operational risks.
- Information security risk, being the protection of critical assets, by preserving their confidentiality, integrity, availability to authorised users and compliance to relevant regulatory requirements. The Information Security Management System Board Policy sets the guidelines on how the Company maintains adequate level of information security and how it safeguards its information assets, the interest of its key stakeholders as well as its reputation and brand;
- Business continuity risk frameworks (see section below)

Other policy handbooks contain topic specific information and cross-reference the ERM Framework and the Operational Risk Policy Handbooks as necessary.

The Company's risk strategy and framework guides the Board in its responsibility to devote the appropriate time and attention to risk issues, and oversee the implementation of our corporate strategy, in a way that preserves our reputation through risk awareness and the exercise of behaviours and values that foster a robust culture.

The Company's ERM framework covers, amongst other things:

- **Risk governance** – including the role of the Board, the Risk Committee, the Management Committee, the Risk & Operating Committee (ROC). Effective risk governance is critical to the overall effectiveness of the Company's risk management.
- **Risk strategy** - In order to ensure effective and prudent management of risk-taking activities, Euroclear Companies must have an appropriate Risk Strategy that is commensurate to their role as financial market infrastructures and is aligned with the Group's and the entity's Risk Strategy, mission, values and vision.
- **Risk appetite** - in achieving its strategic objectives, the risk-reward balance is crucial. Risk appetite should be viewed as a guide to help senior management teams understand how much risk the Board is willing to accept in aiming to meet its objectives. In contrast, risk capacity is the total risk burden that the Company can bear without entering a recovery situation. The Company's risk appetite framework facilitates these decisions.
- **Risks in execution** - underpinning the effectiveness of its risk governance framework is the need for open and transparent identification, analysis, sharing of risk information and management of those risks – including root causes, potential impacts and incidents - from across the organisation.
- **Risk culture** - Euroclear risk culture refers to, amongst other things, its attitude towards risk and opportunity, its level of risk awareness, how decisions are taken and how responsibility and accountability are defined.
- **Three lines model** - In line with best market practice, the three lines model within the Company facilitates the effective operation of the ERM framework. Each line plays a distinct role providing senior management and the Board with confidence that the Company is likely to achieve its key goals through the effective management of risks.
 - **1st line – everybody in Euroclear:**

Line management ensures that the right risk culture is embedded in the different business units. It owns the risks linked to the activities it undertakes to reach its business objectives. It must identify, measure, control and manage these risks, and define and operate a control system to

ensure Euroclear reaches its business objectives within its risk appetite. Line management is the primary source of assurance on the adequacy and effectiveness of the control environment to Senior Management and the Board.

- **2nd line – Risk Management and Compliance & Ethics:**

The Risk Management function provides robust, independent oversight of 1st line's risk-taking activities. Euroclear achieves its goals and delivers its strategy within the Board's risk appetite. The Risk Management function aims to deliver and maintain an effective ERM framework; provides the Board and Senior Management with high quality, independent advice and guidance; and helps foster a healthy risk culture throughout the organisation.

Compliance & Ethics monitors, tests and reports to management on controls relating to laws and regulations falling within its remit and advises on remedial actions. As an independent control Second Line function, C&E is accountable to support, provide advice, challenge and oversee the 1st Line in its management of Conduct & Culture Risk, Compliance Risk and Fraud Risk.

2nd Line functions provides regular trainings across the organisation to increase awareness of risks.

- **3rd line – Internal Audit:**

Internal Audit provides reasonable assurance on the adequacy and effectiveness of Euroclear's governance, risk management and internal controls. Internal Audit's scope is unrestricted, so that IA can operate at the highest level of independence and objectivity within the organisation, in order to support the Board and Senior Management in reaching their objectives.

3.2. IT OVERSIGHT

The Information Technology Framework sets out the principles for the governance and management of the end-to-end IT environment irrespective of whether IT is internal to the Company or outsourced (within or outside the Euroclear group) to ensure:

- IT is and remains aligned with the business strategy, objectives and needs;
- IT risks are managed in line with risk appetite to safeguard the confidentiality, integrity and availability of Euroclear IT assets, data and systems used;
- The Company maintains IT expertise and full accountability of outsourced IT functions;
- IT complies with all legal and regulatory requirements applicable to the Company.

The CTO monitors and controls IT to ensure its adherence to this framework. The Company so ensures that it retains sufficient IT expertise to challenge and oversee the broad range of IT deliverables supporting the critical IT functions of an FMI.

3.3. INFORMATION SECURITY MANAGEMENT

EBE, as part of Euroclear Group, ensures through the ESA Information Security Management System (ISMS) a holistic approach to address threats to confidentiality, integrity and availability in line with the risk appetite put by the board.

Information Security Management System principles are based on market best practices and recognised industry standards ISO27001:2013 and designed to address information security legal requirements for financial market infrastructure, amongst which Regulation (EU) No 909/2014 (CSDR), CPMI IOSCO "Principles for Financial Market Infrastructures" and (EU) General Data Protection Regulation (GDPR).

3.4. INDEPENDENT CONTROL FUNCTIONS

EBE has in place independent internal audit, compliance & ethics and risk management functions (so-called Control Functions) according to the highest applicable standards in ensuring a robust and transparent management structure and control environment. Each of these independent control functions have a dedicated Board approved Charter.

The system of internal controls is fully integrated and ensures a prudent conduct of business, a right balance between risks, service quality and costs, the protection of EBE and client assets, the quality

of the financial information and compliance with regulatory requirements across all the entities of the Group.

Those functions fit within the three lines model which EBE has adopted, as described above.

3.4.1. Set up of Control Functions

The following conditions apply in respect of each Control Function:

- The staff of the Control Function does not perform any operational tasks for, and are organizationally separate from, the activities they monitor and control;
- None of the Control Functions may be combined with any other (i.e. the functions of ESES CRO, ESES Head of Audit and ESES Compliance Officer should be carried out by different individuals);
- Compliance and Ethics ("**C&E**") and RM functions are subject to separate independent review by IA;
- Remuneration of staff within each of the Control Functions, including the relevant Control Function Head, is not linked to the performance of the activities the function oversees;
- The Control Functions have the necessary authority, resources, expertise and access to all relevant information to perform their mission;
- These functions may be provided either intra-group or externally at the Company's discretion according to its own operating model, subject to CSDR and local requirements. Under the same conditions, Functions may be shared between Euroclear CSDs.

Currently all Heads of Independent Control functions are shared between the ESES Companies. In addition, the services pertaining to those functions are provided by ESA (see also relevant section of this Charter).

3.4.2. Control Function Heads (Key Function Holders)

Reporting lines

(i) Chief Compliance Officer ("**CCO**"):

- has a direct reporting line to the Chair of the Audit and Compliance Committee.
- has a direct reporting line to the Chief Executive Officer to ensure adequate positioning, resourcing and organisation of C&E within the Company as well as to ensure unrestricted access to records, personnel and physical properties relevant to the delivery of its activities.
- has a functional reporting line to the ESA CCO.
- when required, the CCO has unmediated access (i.e. without requiring advance notice to, or approval by the Company management) to the Chair of the Board, the Board itself and the Audit and Compliance Committee.
- may also directly contact the statutory auditor or the supervisory authorities when deemed necessary.

(ii) Chief Risk Officer ("**CRO**"):

- has a direct reporting line to the Chair of the Risk Committee.
- has a direct reporting line to the Chief Executive Officer.
- has a functional reporting line to the ESA CRO. This reporting line ensures alignment, consistency, smooth delivery and operational effectiveness of risk management services across the Group. Should there be any disagreement, the conflict of interest provisions set forth in applicable laws, regulations and internal policies apply. The functional reporting line also ensures that the CRO has appropriate access to a well-resourced ESA Risk Management division with sufficient critical mass to provide the breadth and depth of risk management support and leading practice advice and guidance required by the ESES Risk Management function on a range of specialist risk management subjects.
- has unmediated access (i.e., without requiring advance notice to, or approval by the Company management) to the Board Chair, the Board itself, the Risk Committee and its members.
- may also contact the statutory auditor or the supervisory authorities directly where deemed necessary; and

(iii) Head of Internal Audit

Given the need to safeguard both his/her independence from the Company's activities and the conformance with local regulatory and statutory requirements, the Head of Audit has:

- functional reporting lines to the Chair of the ACC and to the Group Chief Audit Executive (CAE);

- an administrative reporting line to the CEO, to facilitate IA's unrestricted access to records, personnel and physical properties relevant to the performance of the audit assignments.

The Head of Internal Audit has a dual role, he is also a member of the Group IA Management Team.

Appointment and removal

Appointment and removal is approved by the Board upon the recommendation of the relevant Board Committee. A fit and proper assessment is performed subject to review by the NGC in accordance with applicable regulatory guidance. During the process:

- The CAE is involved and provides input in the selection process of the Company's Head of Internal Audit to the relevant Board Committee.
- The Company CEO may be consulted to provide input in the selection process to the relevant Board Committee.
- The relevant Board Committee may consult with relevant Group Chief Risk Officer (with regards to the Company's CRO selection process) and Group Chief Compliance Officer (with regards to the Company's CCO selection process) for an opinion.

3.5. BUSINESS RESILIENCE MANAGEMENT

As a systemically important Financial Market Infrastructure (FMI), Euroclear has in place a Business Resilience Management ("BRM") to ensure its recovery and continuity in case of a disaster, major incidents or any form of business disruption.

Euroclear put in place a comprehensive BRM framework, describing roles and responsibilities, the approach and objectives supporting the business targets for the timely resumption of critical operations. BRM is in line with the risk appetite set by the board.

Euroclear's BRM framework aligns with a number of industry standards, including the international standard ISO 22031, and meets the legal requirements of CSDR and the CPMI-IOSCO Principles for Financial Market Infrastructures.

4. BUSINESS ORGANISATION

The ESES CSDs implemented an Operating Model ("OM") as a further step towards integration and harmonisation of service levels and the management of operational performance.

ESES Management regularly reviews and adapts as necessary the model.

The tasks and responsibilities of staff and departments are sufficiently delineated with clear reporting lines (as evidenced by job descriptions and detailed organisation charts), supporting an appropriate organisation adapted to the size and activities of the Company.

4.1. OPERATING DIVISIONS

EBE (and ESES in general as per the operating model described above) is organised into the operating divisions described below, each headed by the COO or a department head.

4.2. OUTSOURCING

4.2.1. Outsourced services

EBE outsources the operation of some services. This outsourcing is managed through specific outsourcing arrangements and is subject to strict conditions that maintain the responsibility of CSDs for their activities and ensure that the supervision and oversight of the CSDs are not impaired. Under certain circumstances, in case of outsourcing to a public entity, there might be exemptions to those specific conditions.

5. STRATEGIC AND BUSINESS VALUES

5.1. COMPANY OBJECTIVES²

As market infrastructures, the ESES CSDs mission is to provide post-trading services that support safe, resilient and efficient capital markets in Belgium, France, The Netherlands and across Europe. As a leading, domestic group of issuer and investor CSDs connected to the T2S system, the ESES CSDs provide a range of cost-effective and value-added services that meet the financial markets' evolving requirements. Together, the ESES CSDs strive to build a strong and sustainable future that benefits their clients and the markets they serve.

This strategy enables to attract clients based on the logic and efficiency of a gradual convergence of our services through shared but focused investments with more immediate return on value. EBE also benefits from the pooling of investment within a larger group, the ability to develop new services and cover new products leveraging the expertise of the Group with the objective of meeting the needs of the market where they operate.

Each year, EBE's shareholder (ESA) outlines a number of expectations EBE is expected to reach. Moreover, EBE determines each year specific objectives articulated around the Euroclear Group 4 strategic pillars:

- Great place to work and a place of excellence;
- Trusted Market Infrastructure ;
- Preferred business partner; and
- Sustainable profit profile.

The objectives are approved by the EBE Board. Objectives are closely monitored by EBE Management and regular status updates on EBE's objectives are given to the EBE Board and to ESA in its capacity of shareholder.

5.2. COMPANY VALUES

Euroclear attaches the utmost importance to its reputation for integrity, honesty and fairness. This is also reflected in the Group values under REACH (Respect-Effective-Accountable-Client First-Helpful).

Euroclear has established high standards of professional conduct that direct the ongoing activities of the Group. EBE Management ensures that these standards are widely communicated within the Company.

These standards are formalised in various policies and procedures applicable to employees, senior management and directors across the Group.

5.3. POLICY FRAMEWORK AND INTEGRITY POLICIES

The Group has in place a comprehensive policy framework which covers all C&E, RM and Legal policies and is supported by the Policy Office within the C&E team. The policy framework formalises the standards of professional conduct expected of all individuals working at Euroclear.

Corporate policies transpose the minimum requirements set in the Group Policies into local requirements and complement them with stricter or further requirements as appropriate.

The Policy Framework formalises this process and articulates corporate policies around a two-tiered structure as follows:

Group Policies

- Are high-level, principle based and articulated into Minimum Requirements;
- Are approved by the ESA MC/Board;
- Are drafted in consultation with all Operational Entities of the Regulated Group, including the ESES entities;
- Leave room for Operational Entities to decide how to implement and adapt them to the local context and specificities;

² Following the Euroclear Group review of the strategy and purpose early 2022, the Company will review its company objectives in 2022.

Local Policies

Local Policies transpose the Group Minimum Requirements via Board Policies and/or Policy Handbooks.

Board Policies

- Are approved by the Board and are principles-based;
- Address high level control objectives in order to manage Euroclear risks effectively;
- Address specific requirements (e.g. regulatory, legal) subject to Board's approval;
- Describe the relevant governance and decision-making processes; and
- Provide clear Board statements from which management can then derive, when relevant, underlying policy handbooks.

Policy Handbooks

- Are approved by the EBE Management Committee;
- Are practical-based documents defining how to ensure compliance with the requirements set at the Group (and Board) level (if and as relevant);
- Describe the relevant governance and decision making processes; and
- Provide clear management statements from which division heads, department heads and team leads can further cascade, where applicable, into more practical guidelines (Implementing Procedures) and relevant Standard Operating Procedures (SOP).

Set out below is an overview of the key integrity policies in place, all of which are reviewed and updated on a regular basis.

5.3.1. Ethical, Legal & Compliance risk

Code of Conduct:

The Code of Conduct consists of a Group code of ethics setting out the list of minimum standards to which board member, senior management, employees, and, as appropriate, contractors must conform by setting out Euroclear's commitment to:

- value employees and foster an inclusive culture;
- promote individual and business integrity;
- do business fairly;
- Protect data and assets;
- Communicate responsibly;
- Fight financial crime;
- Be committed to local communities and environment

Legal Risk Group Policy

- Sets out the expectations of the ESA Board for the effective identification, assessment and management of Legal Risks across the Group
- Establishes the basic principles governing legal risk across the Group in line with Group's Legal Risk Appetite
- Details the principles and processes to be documented and made readily available to all internal stakeholders

Group Compliance Risks Policy

- Compliance Risk is the risk of financial loss or reputational damage as a result of the failure to comply with laws, regulations and regulatory standards
- Sets out Minimum Requirements of the ESA Board towards the Euroclear Companies for effective management and independent oversight of Compliance Risks in accordance with the Group's Risk Appetite

- Defines the standards pertaining to roles and responsibilities and activities of the compliance function

Those company objectives, values and codes are communicated and promoted throughout the Company and the Group i.e. by posting and comments on Euroclear's internal website. Practical awareness tools include e-Learning modules and targeted training Organised by C&E.

The Company's MC is responsible for overseeing the implementation of the appropriate processes.

C&E also monitors the adherence by all staff to relevant regulatory and internal provisions through regular 'review and confirm' missions.

5.3.2. Conflicts of Interest

Similar to other groups, the management of the Euroclear Group gives rise to a range of situations that (could) lead to a conflict of interest. The corporate structure as well as contractual arrangements (including outsourcing arrangements) in place in the Group creates the potential for intra-group conflicts of interest.

Besides applicable legal provisions on Conflicts of Interests, ESA and its CSDs (i.e. EBE) have therefore adopted comprehensive policies that Euroclear Board members, management and staff (including contractors), must follow in order to identify, notify, assess, properly manage and control potential and actual Conflicts of Interest ("**CoI**"):

- Group Policy on Conflicts of Interest;
- Board policy on Conflicts of Interest and External Mandates; and
- Guidelines for categorisation, assessment and determination of management measures and controls for Conflict of Interest in Euroclear.

CoI Policy Documents require all board members, management and staff not only to consider and disclose the conflicts of interest they may have both personally (including via persons directly or indirectly linked to them) and "qualitate qua" (i.e. when they act upon a mandate) but also to take reasonable steps to avoid engagement in activities which could create a perception of impropriety or jeopardise Euroclear integrity or reputation. A number of procedures have been designed to identify (potential) CoI.

Guidelines and Standard Operating Procedures detail how to:

- Categorise and assess the materiality of conflicts of interest identified or disclosed under the CoI Board Policy or the CoI Policy Handbook;
- Assess the effectiveness of available management measures and controls in respect of any conflicts of interest; and
- Implement effective management measures and controls for identified and disclosed CoI.

All Euroclear Group entities seek to limit the occurrence of material (permanent) CoI situations. Euroclear Board (Committees) composition rules form an integral part of this objective.

In case of an actual permanent conflict of interest, the Company will automatically apply the measures foreseen in relevant regulation i.e. involved individuals will be excluded from the decision making process and from the receipt of any relevant information concerning the matters affected by the permanent Conflict of Interest.

All potential or actual conflicts identified or disclosed in line with the Euroclear CoI Board Policy and the CoI Policy Handbook must be recorded either in the Conflicts of Interest Inventory or Register along with the outcome of the categorisation and materiality and manageability assessments which are required by the internal guidelines.

Intragroup outsourcing (by a CSD to both EBE or another CSD) is one of the categories of possible conflicts of interest considered in the CoI inventory. The inventory includes a specific sub-category relating to the services that Euroclear entities provide to other group undertakings. For each of the identified potential CoI, specific control measures are described to manage those potential conflicts.

The intragroup standard contractual arrangements (either SSA or ICOA) evidence the arms' length nature of the relationship and detail the process steps to hold the Company or any other group undertaking to account for due performance of its obligations.

In the event of consistent failure by the intragroup service provider or should a dispute arise that cannot be resolved at the level of the regular service management meetings, the intragroup standard contractual arrangements (either SSA or ICOA) include a two-level internal escalation procedure

involving the respective parties' management and decision bodies on an equal footing. For the unlikely eventuality of an issue that cannot be resolved through the ordinary contractual or governance channels, an internal escalation body (composed of Independent Board members from the Group) is empowered to deal with unresolved disputes in an objective manner (including those relating to the outsourcing arrangements).

To prevent any conflict of interest specifically resulting from the exercise of external functions the Company has dedicated policies on the matter (see above).

5.3.3. Speak up (Whistleblowing)

Euroclear encourages everyone –regardless of their role in the organisation- to report (internally or via an external reporting mechanism) known or suspected violations if they genuinely and in good faith believe that a suspected or known violation of laws, regulations or internal policy is occurring or has occurred within any Euroclear company.

5.3.4. Handling of clients' complaints

EBE has a formal complaints handling process in place. A person (client or third party) seeking a remedy from EBE in relation to the way in which it has provided or has failed to provide its services can file a formal complaint with the Company. This process is accessible once the request could not have been resolved via the usual Euroclear contact points. Formal complaints have to be made in writing. The complaints handling process is a formal escalation process handled by the EBE Compliance Officer. Relevant information is published on Euroclear's website.

6. PUBLICITY OF GOVERNANCE PRINCIPLES

As public disclosure and transparency are key principles of sound governance, Euroclear makes public relevant information to its stakeholders via different channels.

In addition to all publications through the appropriate means (State Gazette, financial/national newspapers) pursuant to legal requirements, Euroclear makes the following data available:

- Besides the relevant information from this Charter, the Euroclear website provides information on Euroclear activities and services, operating rules for each entity including EBE, as well as business developments, press releases, etc.;
- The EBE stand-alone financial statements are publicly available from the NBB website and provide information about financials, strategy, corporate governance, etc. The CPMI-IOSCO Disclosure framework is also posted on the Euroclear website.
- From time to time, there are also media release, corporate brochures, and other documents made available to participants and other financial market players.

7. APPROVAL

This Charter is reviewed annually.