

- 2.9. Appointments of individual Board members are subject to a prior assessment of his or her expertise and professional integrity (referred to as 'fit and proper', in accordance with local regulatory guidance), and to prior regulatory approval by the supervisory authority. The Company will also inform the supervisory authority of any proposed renewal of appointment, as well as of non-renewal and removal. Board members must permanently comply with the 'fit and proper' requirements during their term of office. The Board must collectively have the appropriate balance of skills, experience, independence, knowledge, and diversity to fulfil its duties.
- 2.10. As part of the Company's diversity policy, the Board composition must take account of the target and the timeframe regarding the representation of the under-represented gender, as decided by the non-executive members of the Board.

3. Chair

- 3.1. The Board appoints a Chair from among its non-executive members, subject to prior regulatory approval from the supervisory authority. The Board may also appoint a Deputy Chair.
- 3.2. The Board may at any time remove the Chair and/or Deputy Chair from his or her office.
- 3.3. The Chair presides every meeting of the Board. In the absence of the Chair and Deputy Chair, the Board can nominate one of the other non-executive Board members to chair the meeting, in accordance with the procedure included in the Company's Articles of Association.
- 3.4. The Chair's roles and responsibilities are defined and agreed upon his or her appointment.

4. Meeting attendees

- 4.1. Entitled to be present:
- i. Board members;
 - ii. Board Secretary;
 - iii. Observers/advisors appointed by the Board; and
 - iv. Other attendees by invitation (e.g. heads of control functions), as deemed necessary or appropriate by the Chair.

5. Frequency of meetings

- 5.1. The Board meets at least on a quarterly basis.
- 5.2. Additional meetings may be called whenever the interest of the Company requires it or whenever one Board member has asked for it.

- 5.3. Additional ad-hoc meetings as deemed necessary by the Chair.
- 6. Quorum**
- 6.1. The Board of Directors may only deliberate and adopt resolutions if at least a simple majority of its members are present or represented, provided that at least two Directors are physically present either at the location of the meeting or by conference call or video conferencing, and taking into account section 6.3 .
- 6.2. Any Board member unable to attend a meeting may authorise in writing, one of his or her fellow Board members to attend and vote for him or her. A Director may not represent more than two of his fellow Directors.
- 6.3. Management Committee members should not form a majority of the Board members present or represented.
- 7. Voting**
- 7.1. A simple majority of Board members present or represented, provided that Management Committee members do not form a majority of Board members present or represented.
- 7.2. The Chair has the casting vote in case of equality of votes.
- 7.3. Board resolutions may be approved by unanimous written consent of all the Board members.
- 8. Meeting agenda and notice**
- 8.1. The Chair sets the agenda in consultation with the CEO with support from the Board Secretary and ensures the appropriate balance of invitees.
- 8.2. All Board members can place items on the agenda.
- 8.3. Items to be discussed must be included on the 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 deliberate on the issue.
- 8.4. Notice of Board meetings indicating date, time, place and agenda must be given to each Board member at least three calendar days before the meeting by email or any other means of communication. Notice requirements can be waived in case of emergency subject to the provisions of the Company's Articles of Association. In accordance with article 2:32 of the Companies Code, Board members may choose an email address to communicate with the Company. Any notice

of meeting by letter sent abroad shall be sent by airmail. Notice requirements can be waived subject to the provisions of the Company's Articles of Association.

- 8.5. The Chair, with the support of the Company Secretary:
- shall ensure that adequate time is available at Board meetings for the discussion of all agenda items;
 - Shall see that the agenda provides for sufficient time to ensure adequate understanding of the business strategy, competitive position and business performance.

9. Board support and resources

- 9.1. Each Board member must have a clear understanding of the detailed responsibilities of the Board and of the Company's operational structure, activities and services and of the risks associated with the services and products it offers.

- 9.2. Each Board member shall:

- i. receive induction training on all topics considered necessary for his or her Board directorship; and
- ii. receive ongoing training, as appropriate.

- 9.3. In addition, the Board shall:

- i. receive regular reports from Board committees and the Management Committee on the implementation of the agreed strategy, risk profile and financial position of the Company and all other matters handled by the Management Committee, including amongst others regular reporting on risk control policies, risk appetite, metrics and critical residual risk and any change thereto;
- ii. obtain such other information and reports from Board committees and Management Committee as they deem necessary to prepare the matters to be discussed;
- iii. be granted access to information discussed in Board committees;
- iv. have full and direct access to the heads of internal control functions (compliance, risk, audit as well as technology function) who should report relevant information regularly and have access to the Board and/or its relevant committees;
- v. receive accurate, timely and clear information. Insofar business planning and Board members' availability allows, the Board Secretary will leave sufficient time between each Board Committee meeting and Board meetings;
- vi. be entitled to seek independent professional advice at the

Company's expense;

- vii. annually invite the managers of its main branches to present their business review to the Board and escalate matters relevant to the Board.

9.4. The Board Secretary will minute all meetings and submit these to the Board for approval. The minutes shall evidence the discussions that took place in the Board meeting and shall include:

- i. A description of any reported/notified potential or actual conflict of interest in accordance with the requirements as laid down in Euroclear's COI Board Policy;
- ii. summaries of all matters reviewed;
- iii. details of the recommendations made;
- iv. details of the main considerations passed and decisions taken by the Board;
- v. a record of any follow-up actions; and
- vi. a record of any challenge and dissent by Board members.

9.5. The minutes will be kept in accordance with applicable legal requirements and internal procedures. They 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 Director or the Board Secretary..

9.6. Written material is made available to Board members in a timely manner ahead of its meetings, in order to allow Board members to adequately review the information provided.

10. Responsibilities and Powers

10.1. The Board defines and supervises the general policy and strategy of the Company and has the power to carry out all acts that are explicitly reserved by law to the Board..

10.2. The Company is a regulated entity forming part of a financial group ("Euroclear group") and as such it is subject to regulatory and supervisory requirements that apply both on a stand-alone basis and on a group wide basis. The Board shall take the group dimension into account when exercising its management powers. More particularly it shall, pursuant to the "Standard Operating Procedure with respect to matters subject to referral to Euroclear SA/NV ("ESA")" (the "ESA referral SOP", attached as Appendix 1 to these Terms of Reference):

- o exercise its powers in accordance with the Euroclear group strategy, governance and risk management frameworks and financial policy objectives as applicable from time to time and with due respect for all applicable laws and regulations;

- adopt policies and frameworks consistent with the minimum standards contained in the Euroclear group policies and frameworks;
 - adhere to the referral procedure set forth in the ESA referral SOP.
- 10.3. Without prejudice to the provisions of Clause 10.2 of these Terms of Reference, the Board's general responsibilities and powers include, but are not limited to, the following:

10.3.1. Strategy, general policy and business developments

- i) providing leadership of the Company within a framework of prudent and effective controls;
- ii) setting the objectives, strategy and orientation of the Company's activities, *inter alia* as regards product and service offerings and approval of any material extension of activities into materially new business or geographic areas; approval of any decision to cease to operate any material part of the business;
- iii) setting, approving and overseeing the consistent implementation of the policies, including membership in the Euroclear system, pricing, major contracts with third parties.

10.3.2. Finance matters

- iv) ensuring the financial soundness of the Company;
- v) approving the accounting policies as well as financial reporting practices and any major changes thereto;
- vi) ensuring the data quality of the accounting, financial and prudential reporting systems, including the rules for operational and financial control and, in particular, obtaining assurance on the integrity of the financial reporting and the required fulfilment of duties by the external auditors; when applicable, supervising the procedure for disclosing and communicating information toward stakeholders and supervisory authorities as per regulatory requirements;
- vii) setting key financial targets and dividend policy;
- viii) establishing the principles with respect to the raising of capital and major financing facilities;
- ix) approving the annual or longer-term business operating and capital expenditure plans and budgets, and any material changes to them;
- x) approving investment and treasury books.

10.3.3. Risk Management and Internal Control

- xi) setting the Company's overall risk strategy, including its risk appetite for all its activities (including the criteria for major credit- and counterparty risks) and establishing the Company's risk management framework and desired risk culture; approving, regularly reviewing and overseeing the consistent implementation of the policies governing the taking, managing, monitoring and mitigating of risks to which the Company is (or could be) exposed in line with the Euroclear group's risk appetite and strategy as well as the embedding of the risk culture; approving the Risk Management Charter; ensuring the monitoring of the risk management function and of significant risks; providing the supervisory authority with the risk tolerance of the Company;
- xii) verifying periodically, and at least once a year, whether the independent control functions (compliance, risk audit as well as technology function) operate properly; ensuring their independence, including direct access to the Board, and sufficient authority, stature and resources to perform their functions;
- xiii) approving the Internal Audit Charter, and the quarterly and annual planning;
- xiv) laying down the policies for own funds and liquidity needs, regularly evaluating and updating them whenever appropriate and supervising their implementation by management; monitoring capital and liquidity adequacy including ensuring that an appropriate balance of funds are available to satisfy the Company's capital requirements, including working capital, any relevant regulatory requirements and any prudential buffer requirements identified from time to time; overseeing the adoption and use of models such as for liquidity and credit risk management systems; overseeing the stress testing programme; being involved in the definition and selection of scenarios and approval of their output and reviewing at least annually the set of stress tests;
- xv) approving the liquidity contingency funding plan;
- xvi) approving, regularly updating and providing the supervisory authority with the Company's plan governing the raising of capital when its capital approaches or falls below specific thresholds and ensuring the orderly winding-down or restructuring of the Company's operation and services where the Company would be unable to raise new capital;
- xvii) reviewing, approving and regularly updating the Company's contingency, business continuity and recovery plan.

10.3.4. Compliance, legal matters and regulatory issues

- xviii) monitoring and ensuring compliance with all relevant regulatory and supervisory requirements;
 - i. approving the Compliance & Ethics Charter and Plan;
 - ii. approving the yearly independent assessment of the adequacy of the compliance function to the supervisory authority;
 - iii. assessing the annual and quarterly review of the evolution of the compliance risks within the Company;
 - iv). approving prosecution, defence or settlement of any major tax claim or threatened arbitration, litigation or other litigated proceeding;
 - v) approving the Anti-Money Laundering Compliance Officer annual report

10.3.5. Governance

xix) overseeing and assessing all aspects of governance arrangements relevant to the Company, including defining, approving and overseeing the adequacy and effectiveness of the Company's internal governance framework including a clear organisational structure and taking appropriate steps to address any identified deficiencies ; reviewing and updating, at least annually, the Company's Governance Memorandum; providing the supervisory authority with the (updated) Governance Memorandum;

xx) establishing the culture, values, standards, ethics and conduct of business rules of the Company; setting and supervising the Company integrity policies, ensuring that the Company's obligations to its shareholders and other relevant stakeholders are understood and met; approving policies both at institutional level and for staff aiming at identifying, managing and mitigating actual and potential conflicts of interests.

xxi) establishing and periodically reviewing policies, procedures and processes by which the Board, Management Committee and any Board committees shall operate, including Terms of Reference ; reviewing matters referred to the Board by its committees and taking appropriate actions.

10.3.6. Human Resources

xxii) setting out a suitability policy and ensuring an effective individual and collective assessment process for the Board and key function holders; overseeing and approving as necessary the selection, appointment and removal of key personnel, including among others Board and Board committees members, the Chair of the Board and Board committees (except the Chair of the Audit Committee), the members of the Management Committee, the Company Chief Compliance Officer, the Company Chief Auditor,

the Company Chief Risk Officer and the Board Secretary; ensuring appropriate succession planning ; The supervisory authority will be previously informed as per applicable regulatory requirements.

xxiii) setting the overall principles for an adequate Company remuneration policy, assessing the remuneration policy regularly and at least once a year, supervising its implementation and confirming remuneration of executive and non-executive Board members as well as deciding for the members of the Management Committee, other identified staff and senior officers of the control functions (Compliance ,Risk and Internal Audit); determining pension policies as well as following-up on the pension schemes; approval of any share incentive plan.

10.3.7 Supervision of Management

XXIV) supervising and monitoring the decision-making, actions and performance of the Management Committee, its management culture, and the management of all significant risks; constructively challenging and critically reviewing proposals and information provided by the Management Committee;

xxv) supervising the business of the Company and monitoring business performance against pre-set budget and key targets;

xxvi) ensuring that the Management Committee takes the necessary measures to remedy any shortcomings;

xxvii) ensuring that the necessary financial and human resources are in place for the Company to meet its objectives.

10.3.8. Other specific responsibilities

xxviii) approving and regularly reviewing the outsourcing policy;

xxix) setting merger and joint venture strategy as well as approval of material terms of all major corporate transactions (acquisition, disposal or transfer of assets (including intellectual property rights), merger, takeover, capital restructuring, joint-venture undertaking) or otherwise investments or divestments both intra-group or in third companies ; approval of any prospectus or other public document issued in respect of such transactions;

xxx) where applicable, defining, approving, overseeing and periodically assessing the organisation for the provision of investment services or activities and the related policies;

xxxi) appointing the Chairman of the Board of Directors;

xxxii) filling vacancies on the Board of Directors subject to ratification by the General Meeting;

xxxiii) preparing the financial statements and annual reports;

xxxiv) proposing the allocation of profits;

xxxv) setting the agenda, convening shareholders meetings and approving all documents to be put forward at such meetings;

xxxvi) being accountable to shareholders, employees, users and other relevant stakeholders.

10.4. The Board has set up

several advisory committees with defined responsibilities and powers (e.g. the Audit, Risk, Remuneration and Nomination & Governance Committees) to assist and advise it in carrying out its role effectively; and

11. Board evaluation

At least annually the Board evaluates its own performance and effectiveness to ensure it has the appropriate balance of skills, experience, independence, knowledge and diversity necessary to make decisions effectively and that the Board and its individual members are performing effectively. The Board undertakes a periodic evaluation with the assistance of an external party.

12. Directors' conduct

12.1. Board members should among others:

- i. adhere to the highest standards of fairness, honesty and integrity and act with sound judgment in accordance with relevant legal and regulatory requirements and in the Company's interest;
- ii. devote sufficient time to fulfil their role and responsibilities and comply with the rules governing the limitation of external functions;
- iii. carry out their duties with the necessary objectivity and independence of mind; and
- iv. comply with confidentiality rules; in respect of any non-public information that might come to the knowledge of Board members in the exercise of their functions as Board

members, whether in writing or orally, whether during formal meetings or informal discussions. Each Board member will:

- a) acknowledge that such information is confidential and is shared with him or her only in their capacity as a Board member; and
- b) undertake to keep such information confidential and not use it for purposes other than for the exercise of their Board membership.

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| 13. Directors' liabilities | <p>13.1. Board members are informed upon appointment of their duties and potential liabilities and are reminded of these through regular updates.</p> <p>13.2. Board members benefit from directors and officers insurance taken out by the Company.</p> |
| 14. Directors' remuneration | <p>14.1. The remuneration of the Board members is set by the shareholders general meeting.</p> <p>14.2. Remuneration details of Board members is determined in line with the Remuneration policy of the Company and the applicable laws and regulations on remuneration and is set out in their employment contracts and/or in their terms of appointment, as appropriate, or in any amendments thereof. The remuneration of the independent and other non-executive members of the Board will not be linked to the business performance of the Company.</p> |
| 15. Conflicts of Interest | <p>15.1. In the event a Director has a direct or indirect conflicting financial interest within the meaning of the Code of Companies and Associations with respect to a decision or transaction within the powers of the Board, the specific procedure as set out in article 14bis of the Articles of Association applies. Furthermore, Board members have to comply with the applicable rules on conflicts of interest and with the Policy on Conflicts of Interest for Board members.</p> <p>15.2. In particular, Board members should immediately notify potential or actual conflicts of interest of which they are aware, and inform the Board Secretary or Chair immediately; the Chair will determine how to conclude on the conflict of interest and, where necessary, the steps to be taken to manage such conflict in line with the procedure set out in the Policy on Conflicts of Interest for Board members.</p> <p>15.3. Where the Chair has a potential or actual conflict of interest, the process to conclude on that conflict of interest shall be the responsibility of an independent non-executive member of the Board, who will determine how to conclude on this conflict of interest and, where necessary, the steps to be taken to manage</p> |

such conflict, in line with the procedure set out in the Policy on Conflicts of Interests for Board members, without any involvement of the Chair.

- 16. Review of Terms of Reference**
 - This document shall be reviewed at least annually by the Board.
 - Last approved by the Board on 16 December 2019.
- 17. Publication of Terms of Reference**
 - This document was last published on the Euroclear website on xxx January 2020.