

## **Euroclear Bank SA/NV (the "Company")**

### **Nominations and Governance Committee (the "Committee")**

#### **Terms of Reference**

#### **(incorporating Internal Governance Practices & Procedures effective 16 July 2019)**

- 1. Purpose** Assists and advises the Board of Directors in all matters in relation to the suitability assessment of Board and Management Committee members, as well as key function holders, Board and Committee composition, succession planning as well as corporate governance matters as they apply to the Company.
  
- 2. Members**
  - The Committee shall comprise. at least three members.
  - Committee should be composed of non-executive directors with a majority of independent members.
  - 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.
  - Committee members should possess individual and collective appropriate knowledge, skills, expertise and professional experience regarding selection process, suitability and control practices.
  - The Chairman of the Board may be a member of, but not chair, the Committee.
  - A member may not sit on more than three Board Committees of the Company.
  - The Committee shall not be composed of the same group of members that forms another Committee.
  - All members shall be appointed by the Board on the recommendation of the Nominations and Governance Committee.
  - Appointments to the Committee should be for a period of up to three years, renewable at the Board's discretion.
  
- 3. Chair** The Committee Chair:
  - shall be appointed by the Board from among the independent non-executive directors;
  - may be a member of, but not chair the Audit Committee or Risk Committee.
  - shall have appropriate experience.

- 4. Meeting attendees** Entitled to be present:
- Committee members;
  - Committee Secretary.
- Other attendees by invite:
- External advisors appointed by the Committee, if any;
  - Any additional invitees as deemed necessary or appropriate by the Committee Chair.
- 5. Frequency of meetings**
- At least on a quarterly basis.
  - Additional ad-hoc meetings as deemed necessary by the Committee Chair.
  - Committee meetings shall in general, be organised a week or so before Board meetings in order to allow for input from the Committee to be duly incorporated in the recommendations and report to the Board
- 6. Quorum** A simple majority of Committee members either physically present at the location of the meeting or by telephone/video conference.
- 7. Voting**
- A simple majority of Committee members attending or represented.
  - The Chair has the casting vote in case of equality of votes.
- 8. Meeting agenda and notice**
- The Committee Chair sets the agenda for the meetings.
  - Individual Committee members can place items on the agenda.
  - Items to be discussed must be included on the agenda. Exceptionally, an item not on the agenda may be addressed at the meeting provided all members present agree to this addition.
  - Notice of meetings shall be sent to Committee members by electronic means.
  - The agenda should allow sufficient time to undertake as full a discussion as may be required.
  - the Committee shall put in place a reporting calendar to ensure it has the reporting, tools and information necessary to fulfil its role.
- 9. Committee support and resources** Each Committee member will:
- ✓ obtain an understanding of the detailed responsibilities of the Committee and the Company's business, governance (including culture, values and behaviour), operations and risks;
  - ✓ dedicate sufficient time to the fulfilment of their role as Committee member;
  - ✓ carry out their duty with the necessary objectivity and independence from management;
  - ✓ receive induction training on all topics considered necessary for their membership; and
  - ✓ receive ongoing training, as appropriate.

The Committee may:

- ✓ obtain all information and reports from Management of the Company as the Committee deems necessary to prepare the issues to be discussed; Management shall provide relevant information to the Committee to this end;
- ✓ may invite experts to advise the Committee or seek external professional advice at the Company's expense, necessary for the fulfilment of its duties;
- ✓ may be in contact on a continuing basis with the key people associated with the Company's governance.

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

- ✓ summaries of all matters reviewed;
- ✓ details of the recommendations made;
- ✓ details of the main considerations passed and decisions taken by the Board;
- ✓ a record of any follow-up actions; and
- ✓ a record of any challenge and dissent by Board members.

The minutes will be kept in accordance with applicable legal requirements and internal procedures.

Written materials are made available to Committee members ahead of its meetings.

## **10. Responsibilities**

The Committee has the following responsibilities and advises the Board in relation to the same:

### 1. Board and Board Committees Composition:

- identify candidates for election to the Board of the Company as Board members, assess their suitability and make a recommendation to the Board in view of their appointment as director, as per the principles described in the Board and Board Committee Composition/Suitability Policy; review the terms of appointment and specification (including an assessment of the time commitment expected) for each appointment on the Board or Board Committee, evaluating the balance of skills, knowledge and experience of the non-executive members on the Board or Board Committee; When assessing the suitability of Board candidates, the Committee shall assess whether the Board is suitable collectively;
- undertake the suitability re-assessment of directors to be re-elected and making recommendations to the Board regarding the re-election of directors;
- propose persons to be elected or re-elected as members of the Company's Board committees taking into account the particular needs of the Board committees at a given point in time and the principles described in the Board and Board Committee Composition/Suitability Policy;

- review at least annually the structure, size, composition, diversity aspects including representation of the underrepresented gender and performance of the Board and Board committees and make recommendations to the Board in this regard;
  - set a target for representation of the underrepresented gender on the Board with appropriate timeframe and the way to achieve it;
  - review at least annually the balance of skills, experience and participation on the Board (both individually and collectively) to ensure sufficient collective expertise and make recommendations to the Board in this regard;
  - propose appropriate corrective measures to overcome any shortcomings with respect to individual or collective suitability in a timely manner; inform without delay the supervisory authority of any material shortcoming.
2. Management Appointments:
- review and make recommendations to the Board in respect of profiles and nominations of the Management Committee members, including their suitability in view of the relevant regulatory requirements; and
  - review the distribution of tasks between the members of the Management Committee, evaluating the balance of skills, knowledge and experience of the members on the Management Committee;
3. Key function holders appointments:
- review and make recommendations to the Board in respect of appointments of the heads of the internal control functions (compliance, risk, audit as well as technology function), including their suitability in view of the relevant regulatory requirements.
4. Succession Planning:
- lead the process for succession planning for Board members and Management Committee members taking into account the challenges and opportunities facing the Company and the skills and expertise needed in each position;
5. Governance:
- advise on the design of corporate governance Board policies including suitability, induction and training as well as diversity on Board and Board Committees, guidance on the external mandates taken by Board members outside the Company, conflicts of interest and outsourcing; monitor their effectiveness and implementation ; advise on amendments where appropriate;
  - review and advise on all aspects of governance arrangements relevant to the Company, including assessing the effectiveness of the Company's internal governance framework and implementation; propose appropriate actions to remedy deficiencies;
  - review all mandates exercised by directors outside the Company with a focus on whether such mandate could create a conflict of interest and/or prevent the director from having adequate time to fulfil his/her role as a director of the Company;
  - review and advise on changes to the Governance Memorandum.

- 11. Relationship with other corporate bodies** The Committee will maintain effective working relationships with the Board and management of the Company.
- 12. Committee evaluation** The Committee shall regularly evaluate its own performance against a benchmark that reflects regulatory requirements, guidance and best practices and report to the Board on the outcome.
- 13. Reporting to the Board** The Committee reports as follows to the Board:
- the Committee's activities, observations and recommendations will be reported by the Committee Chair at each Board meeting;
  - dissenting views as well as majority views, where appropriate to support Board understanding or where explicitly requested by a member; and
  - supporting materials and minutes of the Committee meetings will be made available to all members of the Board.
- 14. Conflict of interest**
- Committee members should notify potential or actual conflicts of interest regarding any matter under consideration by the Committee to the Committee Chair immediately. The Committee Chair will determine how to conclude on the conflict of interest and, where necessary, the steps to be taken to manage such potential conflict in line with the procedure set out in the Board Policy on Conflicts of Interest.
  - Where the Committee Chair has an actual or potential conflict of interest, the process to conclude on that conflict of interest shall be the responsibility of the other independent non-executive directors of the Board.
- 15. Review of Terms of Reference**
- This document shall be reviewed at least annually by the Committee, who will recommend any changes to the Board.
  - Last approved by the Committee on 15 July 2019.
  - Last approved by the Board on 15 July 2019.
- 16. Publication of Terms of Reference** These terms of reference were last published on the Euroclear website on 21 July 2019.