

Euroclear Bank SA/NV (the “Company”)
Remuneration Committee (the “Committee”)

Terms of Reference

(incorporating internal governance practices & procedures)

(effective 16 July 2019)

1. Purpose

Assist and advises the Board of Directors in:

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

2. Members

- The Committee shall comprise at least three members.
- The Committee should be composed of non-executive directors, with a majority of independent members.
- 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 shall have an understanding of the Company’s business and shall have competence relevant to the sectors in which the Company operates.
- 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 majority of its members should be different from the members of the Audit and Risk Committees.
- 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

- Shall be appointed by the Board from among the independent non-executive directors.
- May be a member of but not chair the Audit or Risk Committee.

- 4. Attendees** Entitled to be present:
- Committee members;
 - Committee Secretary.
- Other attendees by invite:
- A member of the Risk Committee (in the event both Committees do not have one member in common);
 - External advisors appointed by the Committee, if any;
 - The Head of Human Resources division or his delegate;
 - Any additional invitees as deemed necessary or appropriate.
- 5. Frequency of meetings**
- At least twice a year.
 - Additional ad-hoc meetings as deemed necessary by the 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 present or represented.
 - The Committee 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 and ensures the appropriate balance of invitees.
 - 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.
- 9. Committee support and resources**
- Each Committee member will:
 - ✓ obtain an understanding of the detailed responsibilities of the Committee and the Company's business, 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;
 - ✓ receive ongoing training, as appropriate.
 - The Committee:
 - ✓ shall obtain such information and reports from Management of the Company as they deem necessary to prepare the issues to be discussed;

- ✓ may invite experts to advise the Committee or seek external professional advice at the Company's expense, necessary for the fulfilment of its duties;
- A Secretary to the Committee will minute all meetings and submit these to the Committee for approval. The minutes shall include summaries of all matters reviewed, recommendations made and decisions taken by the Committee and will be maintained in accordance with applicable 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:

- provides its support and advice to the Board on the design of the Company's remuneration policy that must be established by the Board; provide an opinion on the compensation policy, and on any changes made thereto; check whether the existing remuneration policy is still up to date and, if necessary, make proposals for changes. The Committee is supported by specialised advice from Risk, Compliance, Audit, HR or external consultancy where necessary;
- the Committee shall ensure that the Company's remuneration policy and practices are subject to a central and independent review at least annually;
- oversees the application of the Company's remuneration policy, practices and processes and the compliance with the remuneration policy as well as the compliance of the latter with the legal & regulatory framework;
- reviews the appointment of external remuneration consultants that the Board may decide to engage for advice or support;
- periodically reviews and makes recommendations to Board in relation to the compensation of Board members, with the support of external advisors where necessary, within the limits set by shareholders. It has the responsibility to review such overall limit from time to time and to make recommendations to the Company Board to be submitted to the shareholders;
- reviews and advises the Company Board on the annual quantum of the variable remuneration taking into account internal & external events, the affordability, the capital, the liquidity and any ex ante adjustments required from a risk perspective;
- reviews and advises the Company Board on the individual fixed and variable remuneration for the members of the Management Committee as well as the heads of the control functions for the Company (Compliance, Risk, Internal Audit as well as Technology function);
- reviews and advises the Company Board on the identification of Identified Staff;
- advises on the CEO's and Company's objectives and assesses the achievement of the collective performance targets and the need for ex post risk adjustment, including the application of malus and clawback arrangements;
- ensures the adequacy of the information provided to shareholders on remuneration policies and practices, in particular on a proposed higher maximum level of the ratio between fixed and variable remuneration;

- assess the mechanisms and systems adopted to ensure that the remuneration system properly takes into account all types of risks, liquidity and capital levels and that the overall remuneration policy is consistent with and promotes sound and effective risk management and is in line with the business strategy, objectives, corporate culture and values and the long-term interest of the institution.

While preparing decisions on remuneration, in particular decisions that have consequences for the risks and risk management of the Company and on which the Board must decide, the Committee shall take into account the long-term interests of the shareholders, investors and other stakeholders of the Company as well as the general interest.

11. Relationship with other corporate bodies	The Committee maintains effective working relationships with the Board and its committees and management of the Company.
12. Committee evaluation	Annually the Committee shall evaluate its own performance against a benchmark that reflects regulatory requirements, authoritative guidance and best practices and report to the Board on the outcome of the same.
13. Reporting to the Board	<p>The Committee reports as follows to the Board:</p> <ul style="list-style-type: none"> • The Committee's activities and proceedings on all matters within its duties and responsibilities; • Dissenting views as well as majority views, where appropriate to support Board understanding or where explicitly requested by a member; • Minutes of the Committee meetings will be made available to all members of the Board.
14. Conflicts of Interest	<ul style="list-style-type: none"> • Committee members should notify potential or actual conflicts of interest to the Committee Chair immediately. The Committee Chair will determine how to conclude on the conflict of interest and the steps to be taken to manage a conflict where it is determined that one exists and that Committee member shall not be permitted to vote on the specific matter. • 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	<ul style="list-style-type: none"> • This document shall be reviewed annually by the Committee for recommendation to the Board. • Last approved by the Committee on 15 July 2019. • Last approved by Board on 15 July 2019.
16. Publication of Terms of Reference	This document was last published on the Euroclear website on 21 July 2019.