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

**INTERPROFESSIONELE EFFECTENDEPOSITO- EN
GIROKAS NV**

Governance Charter

March 2020

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INTRODUCTION

This charter outlines the main aspects of the Corporate Governance 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.

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 a support institution within the meaning of Article 36/26/1, §4 of the Organic Law.

1.2. SHAREHOLDER STRUCTURE

1.1.1. Shareholders

All EBE's issued share capital is held by Euroclear SA/NV ("**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 is 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.

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

As direct or indirect shareholders in EBE, ESA, EI, AG and EH create the conditions necessary to ensure a sound, objective and prudent management of EBE and treat the holding of their interest in EBE in accordance with these conditions. ESA, EI, AG and EH have undertaken to adopt all measures necessary to promote EBE's stability and autonomous management of its business towards its long term development.

As majority shareholder, ESA participates in the definition of EBE's general strategy and policy including its risk tolerance and risk framework, the supervision of its activities and its management, the appointment of the members of the Management Committee/Board and the performance of the powers entrusted by law to the Board.

1.1.2. 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 a number of 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 need to be enacted in a notarial deed 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.

2. GOVERNANCE BODIES AND STRUCTURE

2.1. ESES GOVERNANCE MODEL

Since January 2009, EBE and the French and Dutch CSDs, Euroclear France ("**EF**") and Euroclear Nederland ("**ENL**") respectively, run most of their operations on the same IT platform and offer a largely integrated service to the clients of the Euronext

markets (to the exception of the Portuguese market), namely the Euroclear Settlement of Euronext-zone Securities ("**ESES**").

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 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.

2.2. BOARD OF DIRECTORS

2.2.1. Role and Responsibilities

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

The Board has the authority to carry out all acts that are useful to achieve the object of the Company, with the exception of those that according to law or the Articles of Association are reserved for the General Meeting.

The Company is a regulated entity forming part of Euroclear Group which is a financial 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 takes the group dimension into account when exercising its management powers. More particularly, pursuant to the "Standard Operating Procedure" with respect to Reserved Matters subject to referral to ESA (and as defined in the Board Terms of Reference), EBE:

- exercises its powers in accordance with the Euroclear Group strategy, governance and risk management frameworks and financial policy objectives as amended from time to time and with due respect for all applicable laws and regulations;
- adopts policies and frameworks consistent with the minimum standards contained in the Euroclear Group policies and frameworks;
- adheres to the referral procedure set forth in the ESA referral SOP.

In carrying out this 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 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 risk 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 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 EBE Board has access to the minutes of all EBE MC meetings upon request.

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

The responsibilities of the Board have been defined in detail in the Articles of Association and its own Terms of Reference, both amended with effect as from January 2020 to comply with the new Belgian Code of Companies and Associations.

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 Directors.

At least one third, but no less than two, of the non-executive Directors are independent. The Company strives to have four independent directors 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 Directors on the EBE Board are also members of the Group management. This promotes a coherence in strategy and policies as between Group entities and ensures the sensitivities of EBE are well understood by ESA and vice versa. All non-executive directors 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 infrastructure are preserved.

The Board comprises the MC Chair and one other Management Committee member as executive Directors.

In order to ensure that the Board shall be composed of suitable members of sufficiently good repute with an appropriate mix of skills, experience and knowledge of the Company and of the market, EBE has adopted the Board and Board Committee Composition Policy. All nominations to the Board are made, based on the particular need of the Board at the time of appointment:

- against merit, based on objective criteria defined by the Board;
- on the basis of a Director's potential contribution in terms of knowledge, experience and skills;
- with a view to ensuring a balanced Board;
- 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 reviews each year, as part of the annual review of Board and Board

Committee composition, and agree, as necessary, on measurable objectives for achieving and maintaining diversity on the Board.

The Nominations and Governance Committee (“**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 following considerations:

- Directors shall have the highest degree of personal integrity and ethics, leadership qualities and a proven ability to exercise sound business judgement.
- Directors should provide assurance that they are able to commit sufficient time to the work of the Board and its Committees.
- Directors should have sufficient seniority and experience so as to be able to take a strategic view.
- The Board should include Directors with relevant experience in both generic and company specific areas (i.e. General Management, Strategic planning/Business strategy, Risk Management/Internal controls matters, Finance/Accounting, EBE Business).

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

EBE is updating its suitability policy and internal appointment process for Board, Management Committee and key function holders to adapt as necessary to the latest European best practices principles.

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 Board and Board Committee Composition Policy. Directors 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 Directors can be re-elected. Where a Board member leaves the Board before the end of his or 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.

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

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.

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 office.

The profile and role of the Chair are defined by the Board upon a recommendation of the NGC. The Chair presides 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 Director 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.

2.2.5. Operating Rules

The Board normally has at least five scheduled meetings per year. 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, provided that at least two Directors are present, either physically at the location of the meeting or by conference call or video conferencing. Board resolutions are adopted by a simple majority of members present or represented at the meeting provided that Management Committee members do not form a majority of Board members present or represented. 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 Directors.

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 balance of arguments and challenge by the Board and to serve as guidance for future Board action. Directors 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 Director 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 each 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

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

The Board carries out a self-assessment and effectiveness review of the Board as a whole, the Board Chair and the individual Board members. This review endeavours to ensure that the directors remain suitable both individually and collectively. It takes into account the individual and collective performance and any relevant

situation which could cause a reassessment and the impact it has on the actual or required suitability, of the requirements on diversity and to include at least one third, but not less than two, independent directors. It further ensures that the Board has the necessary framework in place within which to make decisions, focusing on the optimum mix of skills and knowledge amongst the Directors, clarity of goals and processes, a culture of frankness that encourages constructive evaluation, full disclosure of procedures and an effective relationship with management. The Nominations and Governance Committee decides on areas of focus for the annual assessment process.

The self-assessment review is carried out by completion of a questionnaire or by conducting interviews with all Board members, as decided by the Board depending on the specific needs of the Board in the year assessed.

Part of the assessment process are:

- The composition of the Board and the Board Committees, including gender diversity and independence as defined above.
- The operation of the Board members (including the training of the Directors and the relationships of the Board with the Board Committees and with Management, involvement, commitment and independence of Board members);
- The role of the Board (including the way the strategic matters are treated by the Board and the control exercised by the Board over Management); as well as
- The Directors involvement and attendance at meetings.

The consolidated results of the assessment are reviewed by the NGC, and the results are reported to the Board for discussion. Concerns raised are followed up appropriately. The outcomes of the NGC and Board discussions as well as any agreed follow-up actions are reported in minutes.

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. The Chair takes steps to ensure that any areas of weak performance in the assessment are taken up with the relevant individual Director as necessary.

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

2.2.7. Training

Upon being appointed to the Board, all new Directors 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 Directors a global view of the Group, its strategy and policies and the major challenges it is facing. It also develops the Directors' understanding of their role and responsibilities under Belgian Law, and the legal and regulatory regime applicable to EBE.

Directors 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.

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.

2.2.8. Remuneration

The remuneration of the Board members is decided by the shareholders' meeting. The independent non-executive Directors are the only members of the Board who are remunerated for their mandate. The remuneration of the independent non-executive Directors shall not be linked to the business performance of EBE. The

amount of remuneration takes account the level of responsibility and time required in the fulfilment of their 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 Group. 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 Board Policy on External Mandates for Board and Senior Management.

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. Taking account of the ESES governance model, 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 Committees 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 director sits in no more than three advisory Committees.

Appointments to a Committee are for a period of up to three years, renewable at the Boards' discretion. Board Committee members are appointed by the Board upon recommendation of the NGC. 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 legal and corporate governance requirements applicable to EBE.

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.

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") has been established to assist 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.

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 five times a year 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, the Chief Executive Officer, the Chief Financial Officer, the Company's Head of Internal Audit, the Chief Compliance Officer, the Chief Technology Officer, the External Auditors, observers/advisers appointed by the Committee and additional invitees as deemed necessary or appropriate by the Chair may attend the Committee meetings.

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 Company Head of Internal Audit, the Chief Compliance Officer and the Chief Technology Officer have direct access to the ACC Chair and members.

The Committee Chair may be a member of but not chair any other Board Committee and has an 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. At times the ACC and Risk Committees meet in joint session to review issues relevant to both Committees, including, but not limited to, ICAAP, cyber security, internal control system reports.

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") has been established to assist the Board in fulfilling its risk oversight responsibilities. Its responsibilities are detailed in its own Terms of Reference.

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 four times a year 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, the Chief Risk Officer, the Chief Executive Officer, Observers/advisers appointed by the Committee and additional invitees as deemed necessary or appropriate by the Committee Chair may attend the Committee meetings. The RC meets at least once a year with the Chief Risk Officer without executive management being present (closed session). The Chief Risk Officer shall report to the Committee Chair and have direct access to the Committee.

The RC Chair may be a member of, but not chair any other Board Committee and 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.

To ensure consistency across the group on risk practices and material risk issues, the parent risk committee 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 risk committees at parent level informed about any material issues at Company level.

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.

At times the ACC and RC meet in joint session to review issues relevant to both Committees, including, but not limited to, ICAAP, cyber security, internal control system reports.

2.3.7. Remuneration Committee

The Remuneration Committee ("RemCo") has been established to assist and advise 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 Group;
- ensuring that the members of the Management Committee, the non-executive Board and Board Committee members of the Company, the Heads of the control functions and the CTO as well as the 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.

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 twice a 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), External advisors appointed by the Committee, if any, the Head of Human Resources division or his delegate and 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 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**") has been established to assist and advise 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 (as previously described in this charter), succession planning as well as corporate governance matters as they apply to the Company. Its responsibilities are detailed in its own terms of reference.

Members of the NGC should have adequate collective knowledge, expertise and experience relating to the business of the Company, to be able to assess the appropriate composition of the Board/MC, including recommending candidates to fill vacancies.

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, the Chief Executive Officer, Observers/advisers appointed by the Committee and additional invitees as deemed necessary or appropriate by the Committee Chair may attend the Committee meetings.

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

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;
- Ad-hoc conference calls/meetings between Independent directors;
- 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, CIO and CBDO reports shared with the subsidiary, ESA external report on developments in cyber risk environment);
- Open contact between the ESA and EBE 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 against 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) propose 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 once 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 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.

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. 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. 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, then 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

2.4.5.1. 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 NBB.

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 an 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.

2.4.5.2. 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 controls 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.

2.4.5.3. Chief Administrative and Network Officer (“CANO”)

The CANO is in charge of managing legal, regulatory 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.

2.4.5.4. 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 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.

2.4.5.5. Chief Development and Innovation Officer (“CDIO”)

The Chief Development and Innovation Officer oversees all product strategy, commercial development and maintenance activities as well as data services and innovation. S/he further monitors the de development and implementation of ESES product strategy and the maintenance and growth of existing, 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.

2.4.5.6. Chief Technology Officer

In line with CSDR Requirement, the ESES Chief Technology Officer (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 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

2.4.5.7. 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 overall composition (skills, competences, experience) of the MC as part of the Board self-assessment. The Chair of the Board ensures follow-up of any points requiring action.

2.4.5.8. 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. Fixed and variable compensation of MC members is based on principles of the Euroclear compensation policy.

2.4.5.9. 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 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 (excluding any banking related aspects).

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

Nominees for User Committee Chair are proposed based on data available in the EBE records (e.g. list of participants, segments of activities) The independent non-executive directors of EBE approve the appointment of (one of) the preferred candidate(s) as Chair.

The User Committee Chair must be 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. INTERNAL CONTROL FRAMEWORK

3.1. RISK MANAGEMENT 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.

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. Reflecting this, the Board has established a risk strategy (its key principles are included in the Company's Corporate Risk Management Board Policy and the Company's Operational Risk Management Board Policy), supported by an appropriate risk appetite framework, that ensures and preserves Company's long-term strength and the trust of its key stakeholders.

The Company's Operational Risk Management Board Policy in line with the risk appetite set by the Board describes the requirements and principles the Board has established to support the achievement of its strategic objectives through the effective identification, assessment and management of operational risk. The principles laid down in this policy are further developed in the Operational Risk Management Policy Handbook that elaborates on how MC expects these principles to be applied.

The Company's enterprise risk management framework is documented in the ERM Framework Policy Handbook and is applicable to all risk types. The ERM Framework Policy Handbook acts as an umbrella reference document for all other risk specific frameworks operated by Euroclear.

An Information Security Management System (ISMS) Policy Handbook – complementing the Company’s Operational Risk Board Policy – provides the principles of how the Company maintains the required level of information security, safeguards its information assets, the interest of its key stakeholders, reputation, brand and value-creating activities system. The Company’s Information Technology framework board policy complements the Company’s Operational Risk Board Policy and sets out the principles for the governance and management of the end-to-end IT environment (see also 3.1.2). A Business Continuity Management Policy Handbook provides a framework for building organisational resilience with the capability of an effective response that safeguards the interest of its corporate reputation, key stakeholders, brand and value-creating activities system.

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, Risk & Operating Committee (ROC). Effective risk governance is critical to the overall effectiveness of the Company’s risk management.
 - **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. 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 of defence** - the three lines of defence model within the Company facilitates the effective operation of the ERM framework as described under section 3.1.1.

3.1.1. Three lines of defence

In line with best market practice, Euroclear has adopted a three lines of defence model, to facilitate the effective operation of the ERM framework. Each line plays a distinct role providing senior management teams and the Board with confidence that the Company is likely to achieve its key goals through the effective management of risks.

- **1st line of defence – Line Management:**

Line management is the primary source of assurance on the adequacy and effectiveness of the control environment to MC and the Board. Line Management:

- ensures that the right risk culture is embedded in the different business units;
- owns the risks linked to the activities it undertakes to reach its business objectives;
- identifies, measures, controls and manages these risks; and
- defines and operates a control system to ensure the Company reaches its business objectives within its risk appetite.

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

The Risk Management (“RM”) function provides robust, independent oversight of 1st line’s risk-taking activities. The Company 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 MC with high quality, independent advice and guidance; and
- helps foster a healthy risk culture throughout the organisation.

The Compliance & Ethics (“C&E”) function:

- monitors on an ongoing basis the Company’s compliance with all applicable legal and regulatory obligations falling in its remits;
- embeds a firm-wide C&E risk framework, supported by policies and operational procedures, that provides assurance to the Board and MC that compliance and ethics risks are effectively identified, controlled and escalated;
- tests and reports to Management on controls relating to laws and regulations falling within its remit and advises on remedial actions, and
- also provides regular trainings across the organisation to increase awareness of compliance risks and ethical issues.

- **3rd line of defence – Internal Audit:**

Internal Audit (“IA”) provides:

- comprehensive assurance based on the highest level of independence and objectivity within the organisation, in order to support the Board and MC in reaching their objectives.
- IA’s scope is unrestricted, and provides assurance on the adequacy and effectiveness of the Company’s governance, risk management and internal controls.

3.1.2. IT oversight

The ESES Information Technology framework board policy (the “IT Framework”) complements the ESES Operational Risk Board Policy and sets out the principles for the governance and management of the end-to-end IT environment to ensure:

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

The ESES IT Framework defines the scope and guiding principles for managing and controlling end-to end IT, irrespective of whether IT is internal to ESES or outsourced (within or outside the Euroclear group).

The ESES IT Framework demonstrates how ESES board and MC oversee IT services in accordance with their risk appetite for operational risk. It also articulates how ESES meets external IT requirements from regulations and associated guidelines (including CSDR Regulation, CPMI-IOSCO Principles for Financial Market Infrastructures and General Data Protection Regulation and related guidelines as appropriate).

ESES must also ensure that it retains sufficient expertise to challenge and oversee the broad range of IT deliverables supporting the critical IT functions of a financial market infrastructure.

3.2. INDEPENDENT CONTROL FUNCTIONS

EBE has in place independent internal audit ("IA"), compliance & ethics ("C&E") and risk management ("RM") functions according to the highest applicable standards in ensuring a robust and transparent management structure and control environment. Each of these independent control function 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 of Defence model which EBE has adopted, as described above.

3.3.1. Set up of Control Functions

The following conditions apply in respect of each Control Function:

- The staff of the function does not perform any operational tasks for, and are organisationally separate from, the activities they monitor and control ;
- None of the above named 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);
- C&E and, RM functions are subject to separate independent review by IA;
- Remuneration of staff within each of the above named functions, including the relevant Control Function Head, is not linked to the performance of the activities the function oversees;
- These 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 EBE's discretion according to its own operating model, subject to CSDR and local requirements. Under the same conditions, Functions may be shared between EBE and other Euroclear CSDs.

Currently all Head of Internal Control functions are shared between the ESES Companies. In addition the services pertaining to those functions are provided by ESA (see also section 4.3. of this charter).

3.3.2. Control Function Heads

3.3.2.1. 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 (CEO) 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 to the Chair of the Board, the Board itself and the Audit and Compliance Committee. The CCO may also directly contact the statutory auditor or the competent authorities when deemed necessary.

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

- has a direct reporting line to the CEO and to the RC Chair;
- has unmediated access to the Board Chair, the Board itself and members of the relevant Board Committee (i.e. without requiring advance notice to, or approval by the Company management). The CRO may also directly contact the statutory auditor or the supervisory authority where deemed necessary ; and

- has a functional reporting line to the Euroclear Group Chief Risk Officer (ESA CRO). This dotted line is meant to ensure that processes are in place so that the ESA CRO is made aware of risk and control issues emerging in the Company and is empowered to request any information to the Company CRO in order for him/her to meet its obligations to provide ESA Management and the ESA Board with a consolidated view of the Group risks. This reporting line ensures alignment, consistency, smooth delivery and operational effectiveness of risk management services across the Group - including adherence to ESA Board Reserved / Consultation Matters.

(iii) Head of Internal Audit

- Reports functionally to the Chair of the Audit and Compliance Committee, with an administrative reporting line to the CEO (gathering audit intelligence, sharing of audit planning and reports, etc.);
- Has a functional reporting line to the Group Chief Function.

3.3.2.2. Appointment and removal

- The EBE 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 Function for an opinion.
- Appointment and removal is approved by the Board upon the recommendation of the relevant Board Committee. An internal fit and proper assessment is performed, subject to review by the NGC, in accordance with local regulatory guidance.
- Appointment is subject to prior approval by the NBB as to the suitability of the proposed candidate with regard to the fitness and propriety criteria required for the role. Those criteria should be met at all times. Removal is subject to prior approval from the Board and information of the NBB.

3.3. FRAMEWORK FUNCTIONS

EBE has all the necessary framework functions as well as resources to carry out its mission. The framework functions have access to the information they need for fulfilment of their tasks.

ESA delivers a.o. the Corporate Secretariat, Human Resources, Legal and Communication services to EBE.

Reference is also made to section 4.3. on outsourcing of this charter as well as to ESA governance charter.

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. This OM consists of:

- An organisation by business domain rather than by geographical location;
- An organisation adapted to the evolution of the services and to their level of maturity;
- An organisation seeking continuous improvement (operational excellence) in a well-controlled environment.

ESES Management regularly reviews and adapt as necessary the model aiming at better aligning to the post T2S environment and the upcoming ESES strategy in view of the increase of transversal tasks at the ESES level for the future operational services and client services teams.

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 EBE.

4.1. OPERATING DIVISIONS

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

4.1.1. Operations, Transformation, Client Services & Issuers Relationship Management

These departments manage and execute all business operations of ESES (see below), headed by a Manager who reports to the COO. The ESES CSDs have implemented dedicated client service teams managing the relationship with participants and offering a first line operational support to participants. A transformation team is in charge of optimizing the operational processes.

4.1.2. Projects, Testing and Support

These dedicated departments contribute to the improvement and development of the ESES CSDs services, headed by a Manager who reports to the COO. Their activities cover ensuring the operational readiness to adapt to changes (new systems, new products and services, new regulations, etc.), participation to the testing phase of new systems, production of ad hoc reports based on data available in the systems, lead internal projects from inception to delivery.

4.1.3. The Internal Control Unit (ICU)

The ICU reports directly to the ESES CSDs Chief Operating Officer. The mission of the ICU is to verify that controls are in place and are effective within ESES Operations through the execution of a Control Plan including testing of control samples. The team holds regular control awareness training sessions contributing to the development and maintenance of a good level of control awareness within Operations. The ICU is responsible for the maintenance of the ESES resilience framework.

4.2. SERVICES & PRODUCTS

ESES offers a wide range of international participants, which are mostly banks, custodians, broker-dealers, central banks and issuers.

The core business services offered by the ESES CSDs are summarised below:

Settlement:

The ESES matching and settlement services are fully outsourced to the T2S platform offering Free Of Payment (FOP) and Delivery Versus Payment (DVP) book-entry settlement services. This service offers the following key features:

- DVP settlement in central bank money
- Real-time settlement with immediate finality
- Integrated model by which securities accounts and cash positions in central bank money are held within the same environment
- Auto-collateralisation mechanism
- Multi-CSD and multi-NCB platform
- Cross-CSD settlement

- Overnight batch settlement and daytime real-time settlement
- Real-time exchanges with payment systems

ESES CSDs continue to offer the following services:

- Trade confirmation via the SBI which is a pre-settlement STP solution for processing stock exchange and over-the-counter (OTC) trades, from execution through to settlement.

Asset Services:

The ESES CSDs offer a large number of new issues and custody services facilitating the exercise of securities holders' rights and corporate actions, including voting services, information on corporate events and processing for collection of income and redemption proceeds, market claims, and subscription rights.

New issues services:

The ESES CSDs provide securities admission services on issuer's behalf.

Custody:

Safekeeping: the ESES CSDs hold securities on behalf of their clients and do not hold any ownership right on the securities deposited with them. The ESES accounting system guarantees, for each issue, that the number of securities held by its clients is always equal to the total of the issuing account or equivalent;

Corporate actions services include the provision of data on corporate actions, electronic dividends payments, automatic generation and processing of market claims and transformations, the processing of elective events and settlement of the movements associated with the full range of mandatory, optional or voluntary corporate actions;

Physical Securities Handling:

Physical securities are kept in vaults. Inventory controls are performed to ensure securities stocks correspond to clients' securities accounts.

Physical securities services include deposits, withdrawals, destructions and oppositions in accordance with the applicable laws.

Due to the specific dematerialisation legislation in Belgium, France and the Netherlands, the quantity of bearer securities has been greatly reduced over the last years.

Issuer Services:

The ESES CSDs offer a large number of issuers' services including:

- Belgium Registered Securities (BRS): BRS is a service which provides support to issuers of listed registered shares for the management of their share register via a data feed. The service includes the processing of both on-exchange transactions traded on the Euronext Brussels market and out of stock exchange transactions like succession and transfer of ownership and usufruct;
- Euroclear Capitrack™: Since all bearer securities need to be dematerialised pursuant to Belgian law, Euroclear Belgium offers (1) dematerialisation services to all issuers of Belgian securities, (2) a facility for the management of their nominative shareholders register and (3) payment services for the securities eligible in its CSD system and admitted to Euroclear Capitrack™.

4.3. OUTSOURCING

4.3.1. Outsourced services

To ESA

The Group has centralised a significant number of business and support activities within ESA in order to ensure consistency across the group in delivering its objectives and create greater organisational efficiency.

All support to control functions (Internal Audit, Risk Management and Compliance and Ethics) is also partially outsourced to ESA for the benefit of the Group and with a view to avoiding gaps in efficiency and allowing coherence due to fragmentation between the different Group legal entities. Hence, EBE has at its disposal several divisions or units whose responsibility is to define and to monitor the implementation of control processes in EBE, and to advise MC and other staff, as well as the EBE Board as appropriate, on risk and control matters.

Between CSDs

In order to generate synergies and to benefit from existing expertise in the three ESES entities, EF, EBE, and ENL provide to each other certain operational and client services ("services"). This set-up also ensures that the three ESES entities have at all times a solid back-up solution in place which contributes to the overall business continuity plan of the three ESES entities. These services are provided by a pool of staff employed by EF, EBE, or ENL. EF is also the provider of access to the ESES platform to EBE and ENL.

Finally, Euroclear Bank provides services related to collateral management and to the management of cross-border settlement links with foreign CSDs.

To the Eurosystem

Since September 2016, EBE, EF and ENL have migrated to TARGET2-Securities (T2S), the European securities settlement engine which offers centralised delivery-versus-payment (DvP) settlement in central bank money across all European securities markets. This entails outsourcing of a core part of CSD's IT functions (technical record keeping and processing of settlement) to the Eurosystem, the service provider. This has been arranged in a specific outsourcing agreement.

4.4. BUSINESS CONTINUITY MANAGEMENT

As a systemically important Financial Market Infrastructure (FMI), Euroclear has in place Business Continuity Strategy and Management Framework (BCM) 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 BCM framework, describing roles and responsibilities, the approach and objectives supporting the business targets for the timely resumption of critical operations. BCM is in line with the risk appetite set by the board.

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

Euroclear is evolving its BCM framework with the objective is to take practical steps to "raise the bar" on Euroclear Business & Operational Resilience.

Built on existing recovery and continuity, Business resilience aims to prevent, detect, respond and recover from operational disruptions, limiting the impact on our clients and the wider markets.

Acknowledging that extreme but plausible events happen, Euroclear aims to recover fully or partially critical business services.

As a systematically important FMI, it is key that Euroclear builds stronger collaboration with its Clients, Market Participants and Ecosystem Partners to understand their challenges and needs in case of extreme but plausible events.

4.5. 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).

5. STRATEGIC OBJECTIVES & BUSINESS VALUES

5.1. COMPANY OBJECTIVES

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.

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).

The Group has established high standards of professional conduct that direct the ongoing activities of the Group.

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,:

Board Policies are principle-based documents outlining the expectations of the Board from a risk mitigation perspective and – when applicable - the requirements to be imposed to the members of the Board on the basis of their mandate.

Policy Handbooks are practical-based documents defining how to ensure compliance with the requirements set at group and Board level. They can be further complemented by Implementing Procedures outlining the process followed at divisional level for the implementation of the Corporate Policy and by Standard Operating Procedures (SOP) used by staff when executing day-to-day activities.

Set out below is an overview of the key integrity policies in place in the Group, all of which are reviewed and updated annually.

5.3.1. Ethical, Legal & Compliance Risk Board Policy

The Ethical Conduct, Legal and Compliance Risk Board Policy:

- Consists of a Group code of ethics setting out the list of minimum standards to which senior management, employees, and as appropriate contractors must conform;
- Sets out Euroclear's commitment to protect its reputation for integrity, fairness and honesty;
- Establishes the basic principles governing legal and compliance risk, including a compliance program to detect and prevent money laundering and terrorist financing;
- Details the actions to be taken in the event of non-compliance.

In line with the policy framework described above, the ethical standards referred to in the Board Policy are further elaborated and implemented through a number of separate handbooks.

Those company objectives, values and codes are communicated and promoted throughout the Company and the Group i.e. by postings and comments on Euroclear's internal website. Practical awareness tools include e-Learning modules and targeted training such as the biennial Compliance test.

EBE 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. These consist in a yearly self-certification performed by business owners to provide first-line assurance on the adequacy and effectiveness of their controls (review) followed by a risk-based testing program carried out by the Assurance Team (confirm) in ESA C&E.

5.3.2. Board Code of Ethics and Conflicts of Interest Policies

The Board has adopted a specific Board Code of Ethics setting forth values to which Board members shall adhere in carrying out their duties and promoting honest ethical conduct by establishing standards to which Board members should conform and outlining the actions that should be taken in the event that a Board member wishes to raise a concern.

Similar to other groups, the management of the Euroclear Group gives rise to a range of situations that (could) amount 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").

CoI Policy Documents require all board, 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 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 Policies 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 evidence the arms' length nature of the relationship and detail the process steps to hold EBE or any other group undertaking to account for due performance of its obligations.

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

5.3.3. Speak up (Whistleblowing)

Euroclear encourages everyone –regardless of their role in the organization- 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

EBE has therefore a Speak-Up Policy Handbook which:

- Provides a framework which ensures that speaking up is possible at all levels and through various channels;
- Provides guidance on the reporting arrangements explaining:
 - What can be reported?
 - What is the process for reporting, including the available internal and external channels?
 - How a report is handled.
- Ensures that all reports will be treated in confidence, in a timely manner and with due regard for the rights of all individuals concerned, in accordance with local laws.

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. APPROVAL

This Charter is reviewed annually.