

**Euroclear SA/NV (the "Company")**  
**Board of Directors (the "Board")**  
**Terms of Reference**  
**(Incorporating Internal Governance Practices & Procedures)**

- 1. Purpose**                    The Board determines the Company's general policy and strategy and is entitled to perform all undertakings reserved by law.
  
- 2. Members**
  - 2.1.    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 in line with the Company's Board and Board Committee Composition Policy.
  - 2.2.    All Board members must be natural persons.
  - 2.3.    The majority of the members of the Board are non-executive members.
  - 2.4.    The Board shall comprise a sufficient number of independent members. Independence is defined in accordance with the applicable legal and regulatory requirements at the time of appointment
  - 2.5.    The Board shall comprise Management Committee members as required by law.
  - 2.6.    Board members are appointed by the general meeting of shareholders for a term of 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, in accordance with the Articles of Association and the Company's Board and Board Committee Composition Policy. The directors may be re-elected. Directors above the age of 70 are subject to annual re-election by the shareholders.
  - 2.7.    The term of office of a Board member who is not re-appointed expires immediately after the relevant general meeting of shareholders. Falls vacant
  - 2.8.    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 appointment being confirmed by the shareholders at their next general meeting.
  - 2.9.    Removal and resignation of a Board member shall be in accordance with the Articles of Association of the Company.
  - 2.10.   Appointments of individual Board members are subject to prior fit and proper assessment and to prior regulatory approval by the supervisory authority. The Company will also

inform in advance the supervisory authority of any proposed renewal of appointment, as well as of non-renewal and removal. Board members must permanently comply with the fit and proper requirements during their term of office. The Board must collectively have the appropriate balance of skills, experience, independence, knowledge, and diversity to fulfil its duties.

2.11. As part of the Company's diversity policy, the Board composition shall take account of the target regarding the representation of the under-represented gender and the set timeframe to achieve this goal.

**3. Chair & Deputy Chair**

3.1. The Board appoints a Chair from its non-executive independent members, subject to prior regulatory approval by the supervisory authority. The Board may also appoint a Deputy Chair.

3.2. The Board may at any time remove the Chair and/or Deputy Chair from their office.

3.3. The Board and the Management Committee must be chaired by different persons.

3.4. The Chair presides every meeting of the Board. In the absence of the Chair, the Deputy Chair takes the chair. In the absence of both the Chair and Deputy Chair, the Board can nominate one of the other Board members to chair the meeting, in accordance with the procedure laid down in the Company's Articles of Association.

3.5. The Chair and, where relevant, the Deputy Chair's roles and responsibilities are defined and agreed upon their appointment.

**4. Meeting attendees**

4.1. Entitled to be present:

- i. Board members;
- ii. Board Secretary; and
- iii. Management Committee members and other attendees by invitation (e.g. heads of control functions), as deemed necessary or appropriate by the Chair.

**5. Frequency of meetings**

5.1. At least five scheduled meetings per year.

5.2. Whenever the interest of the Company requires it or whenever one Board member has asked for it.

5.3. Additional ad-hoc meetings as deemed necessary by the Chair.

- 6. Quorum**
- 6.1. The Board of Directors may only deliberate and adopt resolutions if at least a simple majority of its members are present or represented, provided that at least two Directors are physically present, either at the location of the meeting or by conference call or video conferencing.
- 6.2. Any Board member unable to attend a meeting may authorise in writing, one of his or her fellow Board member to attend and vote for him/her. Max 2 proxies
- 7. Voting**
- 7.1. A simple majority of Board members present or represented.
- 7.2. The Chair has the casting vote in case of equality of votes.
- 7.3. Unless provided otherwise in the Articles of Association, Board resolutions may be approved by unanimous written consent of all Directors.
- 8. Meeting agenda and notice**
- 8.1. The Chair sets the agenda after consultation with the Chief Executive Officer.
- 8.2. All Board members can place items on the agenda.
- 8.3. Items to be discussed must be included on the agenda. In exceptional circumstances, duly justified by the urgency of the matter or the Company's corporate interest, an item not on the agenda may be addressed at the meeting, provided all members are present or represented and agree.
- 8.4. Notice of Board meetings indicating date, time, place and agenda must be given to each Board member, at least three calendar days in advance of the meeting, by letter, e-mail or any other means of communication. Notice requirements can be waived in case of emergency subject to the provisions of the Company's Articles of Association.
- 8.5. The Chair shall ensure that adequate time is available at Board meetings for the discussion of all agenda items.
- 9. Board support and resources**
- 9.1. Each Board member must have a clear understanding of the detailed responsibilities of the Board and of the Company's operational structure, activities and services and of the risks associated with the services and products it offers.
- 9.2. Each Board member shall:
- i. receive induction training on all topics considered necessary for his or her Board directorship; and
  - ii. receive ongoing training, as appropriate.
- 9.3. In addition, the Board shall:

- i. receive regular reports from Board committees and the Management Committee on the implementation of the agreed strategy, risk profile and financial position of the Company and its subsidiaries and all other matters handled by the Management Committee, including amongst others regular reporting on risk appetite, metrics and critical residual risk, and any changes thereto;
- ii. obtain such other information and reports from Board committees and Management Committee as they deem necessary to prepare the issues to be discussed;
- iii. be granted access to information discussed in Board committees;
- iv. have full and direct access to the heads of internal control functions who should report relevant information regularly and have access to the Board and/or its relevant committees;
- v. receive accurate, timely and clear information;
- vi. be entitled to seek independent professional advice at the Company's expense.

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

- i. summaries of all matters reviewed;
- ii. details of the decisions taken by the Board; and
- iii. a record of any challenge and dissent by Board members.

9.5. The minutes will be kept in accordance with applicable legal requirements and internal procedures. They will be signed by the Chair and the Board members wishing to do so. Copies or extracts from the minutes will be valid if authenticated by a director or the Secretary. They will be made available to the regulators and the auditors upon request

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

**10. Responsibilities and Powers**

The Board's general responsibilities and powers include, but are not limited to, the following:

10.1. With respect to the Company:

- i. appointing the Chairman of the Board of Directors;
- ii. implementing the remuneration of Directors in line with the decision of the General Meeting;

- iii. filling vacancies on the Board of Directors subject to ratification by the General Meeting;
- iv. preparing the financial statements and annual reports ;
- v. ensuring the financial soundness of the Company;
- vi. proposing the allocation of profits;
- vii. approving the Charters and relevant annual Plans for Internal Audit, Compliance and Risk Management;
- viii. setting the agenda, convening shareholders meetings and approving all documents to be put forward at such meetings;
- ix. being accountable to shareholders, employees, users and other relevant stakeholders.

## 10.2. With respect to the Group:

### 10.2.1. Strategy, general policy and business developments

- x. providing leadership of the Group within a framework of prudent and effective controls;
- xi. setting the objectives and strategic orientation of the Group's activities, *inter alia* as regards Group product and service offerings
- xii. setting, approving and overseeing the consistent implementation of Group policies ; deciding or providing guidance on the matters referred by the Group subsidiaries pursuant to the "Standard Operating Procedure with respect to matters subject to referral to Euroclear SA/NV".

### 10.2.2. Finance matters

- xiii. approving the key accounting policies as well as financial reporting practices and any major changes thereto;
- xiv. ensuring the data quality of the accounting, financial and prudential reporting systems, including the rules for operational and financial control, and, in particular, obtaining assurance on the integrity of the financial reporting and the required fulfilment of duties by the external auditors ; when applicable, supervising the procedure for disclosing and communicating information toward stakeholders and supervisory authorities as per regulatory requirements;
- xv. setting key financial targets and dividend policy;
- xvi. establishing the principles with respect to the raising of capital and major financing facilities;

- xvii. approving the annual or longer-term business operating and capital expenditure plans and budgets, and any material changes to them;
- xviii. approving material investment and treasury policies.

#### 10.2.3. Risk Management and Internal Control

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

#### 10.2.4. Compliance, legal matters and regulatory issues

- xxv. monitoring and ensuring compliance with all relevant legal, regulatory and supervisory requirements;
- xxvi. approving prosecution, defence or settlement of any major tax claim or threatened arbitration, litigation or other litigated proceeding.

#### 10.2.5. Governance

- xxvii. overseeing and assessing all material aspects of governance arrangements relevant to the Group, including defining, approving and overseeing the adequacy and effectiveness of the Group's internal governance framework including a clear organisational structure and taking appropriate steps to address any identified deficiencies ; reviewing and updating, at least annually, the Group's Governance Memorandum; providing the supervisory authority with the (updated) Governance Memorandum;
- xxviii. establishing the culture, values, standards, ethics and conduct of business rules of the Group; setting and supervising the Group integrity policies and ensuring that the Company's obligations to its shareholders and other relevant stakeholders are understood and met; approving policies aiming at identifying, managing and mitigating actual and potential conflicts of interests;
- xxix. establishing and periodically reviewing policies, procedures and processes by which the Board, Management Committee and any Board committees shall operate, including Terms of Reference ; reviewing matters referred to the Board by its committees and taking appropriate actions.

#### 10.2.6. Human Resources

- xxx. setting out a suitability policy and ensuring an effective individual and collective assessment process for the Board and key function holders ; overseeing and approving as necessary the selection, appointment and removal of key personnel, including among others Board and Board committees members, the Chair of the Board and Board committees (except the Chair of the Audit Committee), the members of the Management Committee, the Group Chief Compliance Officer, the Group Chief Auditor, the Group Chief Risk Officer and the Board Secretary; ensuring appropriate succession planning ; The supervisory authority will be informed as per applicable regulatory requirements;
- xxxi. setting the overall principles for an adequate Group Compensation Policy, assessing the Compensation Policy regularly and at least once a year, supervising its implementation and confirming remuneration of executive

and non-executive Board members as well as deciding for the members of the Management Committee, other Identified staff and senior officers of the control functions (Compliance ,Risk and Internal Audit); determining pension policies as well as following-up on the pension schemes; approval of any share incentive plan.

#### 10.2.7 Supervision of Management

- xxxii. supervising and monitoring the decision-making, actions and performance of the Management Committee, its management culture, and the management of all significant risks; constructively challenging and critically reviewing proposals and information provided by the Management Committee;
- xxxiii. supervising Management’s implementation of the business of the Group and monitoring business performance against pre-set budget and key targets;
- xxxiv. ensuring that the Management Committee takes the necessary measures to remedy any shortcomings;
- xxxv. ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;

#### 10.2.8. Other specific responsibilities

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

- 10.3. The Board has set up several advisory committees with defined responsibilities (e.g. the Audit & Compliance, Risk, Remuneration and Nominations & Governance Committees) to assist and advise it in carrying out its role effectively; Terms of Reference shall be drawn up for each committee, detailing the role, composition and operation of each committee; and ;

- 11. Board evaluation** At least annually the Board evaluates its own performance and effectiveness to ensure it has the appropriate balance of skills, experience, independence, knowledge and diversity necessary to make decisions effectively and that the Board and its individual members are performing effectively. The Board undertakes a periodic evaluation with the assistance of an external party.
- 12. Directors' conduct**
- 12.1. Board members should among others:
- i. adhere to the highest standards of fairness, honesty and integrity and act with sound judgment in accordance with relevant legal and regulatory requirements and in the Company's interest;
  - ii. devote sufficient time to fulfil their role and responsibilities and comply with the rules governing the limitation of external functions;
  - iii. carry out their duties with the necessary objectivity and independence of mind; and
  - iv. comply with confidentiality rules; in respect of any non-public information that might come to the knowledge of Board members in the exercise of their functions as Board members, whether in writing or orally, whether during formal meetings or informal discussions, each Board member:
    - i. should acknowledge that such information is confidential and is divulged to them only in their capacity as Board member; and
    - ii. undertake to keep such information confidential and not use it for purposes other than for the exercise of their Board membership.
- 13. Directors' liabilities**
- 13.1. Board members are informed upon appointment of their duties and potential liabilities and are reminded of these on a periodic basis.
- 13.2. Board members benefit from directors and officers insurance taken out by the Company.

- 14. Directors' remuneration**
- 14.1. The remuneration of the Board members is set by the shareholders general meeting.
- 14.2. Remuneration details of Board members is determined in line with the Compensation Policy of the Company and the applicable laws and regulations on remuneration and is set out in their employment contracts and/or in their terms of appointment, as appropriate, or in any amendments thereof. The remuneration of the independent and other non-executive members of the Board will not be linked to the business performance of the Company.
- 15. Conflicts of Interest**
- 15.1. When the Board has to decide on any issue or transaction whereby one of the Board members would have a direct or indirect personal financial interest within the meaning of the Code on Companies and Associations that conflicts with that of the Company, the conflicted Board member will not be allowed to participate in the deliberations nor to vote on the matter and the procedure will be followed as set out in the Code. Furthermore, Board members have to comply with the rules on conflicts of interest specified in the Company's Policy on Conflicts of Interests for Board members.
- 16. Review of Terms of Reference**
- This document shall be reviewed at least annually by the Board.
  - Last approved by the Board on 17 October 2019 with effect as from 1 January 2020
- 17. Publication of Terms of Reference**
- This document was last published on the Euroclear website on 2 January 2020.