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# **Euroclear SA/NV Remuneration Committee**

## **Terms of Reference**

**(Terms of Reference adopted on 26 March 2008, last amended following Board meeting on 13 July 2012)**

<b>Approved/Reviewed by Remuneration Committee:</b>	12 July 2012
<b>Approved/Reviewed by Board:</b>	13 July 2012

## **TABLE OF CONTENTS**

<b>1. PURPOSE AND ROLE OF THE COMMITTEE.....</b>	<b>3</b>
1.1. Advisory Role .....	3
1.2. Decision Making Authority .....	3
1.3. Relationships with Other Corporate Bodies .....	3
<b>2. CONSTITUTION.....</b>	<b>3</b>
2.1. Membership .....	4
2.2. Meetings.....	4
2.3. Committee Support and Resources.....	5
<b>3. SELF-ASSESSMENT OF COMMITTEE EFFECTIVENESS.....</b>	<b>5</b>
<b>4. REPORTING TO THE BOARD .....</b>	<b>6</b>
<b>5. REVIEW AND AMENDMENT OF THESE TERMS OF REFERENCE .....</b>	<b>6</b>

## **Euroclear SA/NV Remuneration Committee Terms of Reference**

### **1. PURPOSE AND ROLE OF THE COMMITTEE**

The Remuneration Committee (the "Committee") assists the Board of Directors (the "Board") in (i) ensuring that the members of the Management Committee ("Executives") of Euroclear SA (the "Company"), the non-executive directors of the Company and the members of the Board committees of the Company are compensated in accordance with the Euroclear Compensation Policy (attached in Annex) and (ii) defining a global compensation philosophy for the Company.

In performing its duties, the Committee shall maintain free and open means of communication between the Board, the Chief Executive Officer and the Human Resources Division of the Company.

#### **1.1. Advisory Role**

The advisory role of the Committee consists in:

1. Reviewing the Euroclear Compensation Policy and overseeing its application. In particular advising on all those matters outlined in the Policy as being within the remit of the Remuneration Committee.
2. Providing advice to the Board or relevant Board Committees of Subsidiary Companies on relevant matters arising out of the Euroclear Compensation Policy.
3. Advising the Board in relation to the relevant pension scheme matters that require Board level approval.
4. Advising the Board on the global compensation philosophy for the Company and group as a whole.

#### **1.2. Decision Making Authority**

The Board has delegated the following specific power to the Committee:

- Approval of the Balanced Scorecard (BSC) results provided that any material differences in the BSC would be referred to the Board for approval;

All decisions made by the Committee pursuant to such delegation shall be duly reported to the Board and, where necessary, supporting documentation shall be provided.

#### **1.3. Relationships with Other Corporate Bodies**

In performing its duties, the Committee will maintain effective working relationships with the boards, other board committees and management of the Company and, as appropriate, the Subsidiary Companies. In this context the Committee reports to the boards on a regular basis as to the exercise of its duties.

### **2. CONSTITUTION**

The Committee has been established by the Board as an advisory committee and has been delegated specific powers as set out in these Terms of Reference, which have been approved by the Board.

## **Euroclear SA/NV Remuneration Committee Terms of Reference**

The Committee has no executive duties or powers, nor does it diminish the responsibility of individual Board members. However, it is invited and encouraged to make recommendations to the Board and senior management of Euroclear SA/NV (ESA).

### **2.1. Membership**

The Committee shall consist of not less than three members all of whom shall be non-executive directors of the Company, and at least one of whom shall be an independent director in the sense of Article 526ter of the Belgian Companies Code. At least one member of the Committee shall have sufficient expertise and professional experience concerning risk management and control activities.

The Chairman and Deputy Chairman of the Board are ex-officio members.

All members shall be appointed by the Board on the recommendation of the Nominations and Governance Committee, in consultation with the Committee Chairman. Appointments should be for a period of up to three years, renewable at the Board's discretion bearing in mind applicable best practice guidelines. The Chairman of the Committee shall be either, or be appointed by, the Chairman of the Board, in both cases subject to ratification by the Board.

The Committee may appoint advisors to the Committee who shall be professionals with relevant expertise and experience.

The membership of the Committee shall be disclosed in the Company's Annual Report.

### **2.2. Meetings**

The Committee will, in principle, meet at least once a year to review compensation policy issues in anticipation of a meeting of the Board. The duration of meetings, which will depend on the importance of the matters to be discussed, will be set by the Chairman, who will also have the power to call additional meetings if required.

The Committee may obtain such information and reports from the Management Committee as the Committee deems necessary to prepare the issues to be discussed.

The agenda for meetings will be set by the Chairman of the Committee. Each member of the Committee and any member of the Management Committee have the right to place items on the meeting agenda. Items to be discussed at the meeting have to be included in the agenda, but under exceptional circumstances an item not on the agenda may be addressed by the meeting provided all members present agree to its addition.

Invitations to the meeting and the agenda of the meeting may be sent by facsimile, email or other electronic means.

A quorum shall be two members. In cases where a member has resigned as a member of the Board of the Company, such member shall not be taken into consideration when determining the quorum. Meetings can be attended in person, videoconference or by conference call as agreed by the Chairman of the Committee.

It is expected that members will devote sufficient time to preparation for the meeting and will normally attend in person.

To the extent that voting is required at a meeting, a simple majority of voting members present or represented will be required for approval of a motion. In the case of equality of votes the Chairman of the Committee will have a casting vote.

## **Euroclear SA/NV Remuneration Committee Terms of Reference**

The Chairman of the Committee should update the Board in a timely manner on the activities of the Committee. Where necessary, a sufficient interval should be allowed between Committee meetings and main Board meetings to allow any work arising from the Committee to be carried out and reported to the Board as appropriate. Where there is disagreement between the Committee and the Board, adequate time should be made available for discussion of the issue with a view to resolving the disagreement. Where any such disagreements cannot be resolved, the Committee has the right to report the issue to the shareholders as part of the report on its activities in the annual report.

### **2.3. Attendees**

Only the Committee members and ex officio members are entitled to be present at a meeting of the Committee. However, to facilitate the effective conduct of its business, the Chairman of the Committee may invite other persons to attend meetings, such as Board members, the Chief Executive Officer and other senior managers as well as any advisor appointed by the Committee.

### **2.4. Committee Support and Resources**

To perform his or her role effectively, each Committee member will obtain an understanding of the detailed responsibilities of Committee membership as well as the Company's business, operations and risks.

Once appointed to the Committee, members will receive induction training regarding the Group and any other topics considered necessary for their membership. Ongoing training will be provided, as appropriate, to ensure that members' knowledge is kept up to date and may take various forms e.g. formal courses, internal Group seminars or briefings by external parties.

Staff support will be provided by the Executive Secretary of the Company. Meetings and decisions or recommendations will be minuted and promptly prepared for approval.

The Executive Secretary will endeavour to ensure that each Committee member receives written material in a timely manner ahead of meetings so that the meetings can function effectively.

The Committee may, at its discretion, retain and have direct access to independent compensation consultants and may authorise independent studies of corporate compensation and benefits, for instance to ensure that it keeps abreast of current developments in executive compensation outside of the Company.

The Committee has the right to seek external professional advice, at the Company's expense, which may be necessary for the fulfillment of its duties.

## **3. SELF-ASSESSMENT OF COMMITTEE EFFECTIVENESS**

The Committee will evaluate its own performance on a periodic basis against a documented benchmark that reflects regulatory requirements, authoritative guidance, and evolving oversight good practices.

**Euroclear SA/NV Remuneration Committee  
Terms of Reference**

**4. REPORTING TO THE BOARD**

It is expected that feedback from the Committee will be a regular item on the agenda for Board meetings. The Chairman of the Committee shall report to the Board in a timely manner on the Committee's activities and proceedings on all matters within its duties and responsibilities. In particular, the Committee shall report to the Board on the decisions taken by the Committee pursuant to specific delegations. Where appropriate to support Board understanding, or where explicitly requested by a member, dissenting views as well as majority views will be reported.

Minutes of the Committee will be made available to all members of the Board.

**5. REVIEW AND AMENDMENT OF THESE TERMS OF REFERENCE**

The Terms of Reference will be reviewed periodically by the Committee, who shall make recommendations for revision to the Board, as they consider appropriate.