

**Euroclear SA (the "Company")**  
**Audit and Compliance Committee (the "Committee")**  
**Terms of Reference**  
**(incorporating Internal Governance Practices & Procedures)**

- 1. Purpose** The Committee is an advisory committee of the Board established to assist the Board in fulfilling its financial reporting, audit, and compliance and ethics oversight responsibilities.
- 2. Members**
- The Committee shall comprise at least three members.
  - The Committee should be composed of non-executive directors, with at least one independent member.
  - The Committee members collectively shall have an understanding of both the Company's and Group's business as well as collective competence in the area of accounting and audit. At least one member shall have specific expertise in accounting and/or auditing matters.
  - The Chair of the Company may be a member of, but not chair, the Committee.
  - A member may not sit on more than three Board Committees of the Company.
  - The Committee shall not be composed of the same group of members that forms another Committee.
  - All members shall be appointed by the Board on the recommendation of the Nominations and Governance Committee.
  - Appointments to the Committee should be for a period of up to three years, renewable at the Board's discretion.
- 3. Chair** The Committee Chair:
- shall be appointed by the Committee from among the independent non-executive directors;
  - may be a member of, but not chair any other Board Committee; and
  - shall have appropriate recent audit experience.
- 4. Meeting attendees**
- Entitled to be present:
- Committee members; and
  - Secretary to the Committee.
- Other attendees by invite:
- Board members;
  - Chief Executive Officer;
  - Chief Financial Officer
  - Group Chief Auditor;
  - Group Chief Compliance Officer;
  - Observers/advisers appointed by the Committee;
  - External Auditors; and
  - Any additional invitees as deemed necessary or appropriate.

5. **Frequency of meetings**
- At least four times per year.
  - At least one closed session per year (without executive management present) with each of the:
    - Group Chief Auditor;
    - Group Chief Compliance Officer;
    - External Auditor.
  - Additional ad-hoc meetings as deemed necessary by the Committee Chair.
  - Committee meetings shall in general, be organised a week or so before Board meetings in order to allow for input from the Committee to be duly incorporated in the recommendations and report to the Board
6. **Quorum**
- A simple majority of members either physically present at the location of the meeting or by telephone/video conference.
7. **Voting**
- A simple majority of Committee members present or represented.
  - The Committee Chair has the casting vote in case of equality of votes.
8. **Meeting agenda and notice**
- The Committee Chair sets the agenda for the meetings.
  - Individual Committee members can place items on the agenda.
  - Items to be discussed must be included on the agenda. Exceptionally, an item not on the agenda may be addressed at the meeting provided all Committee members present agree to this addition.
  - Notice of meetings shall be sent to Committee members by electronic means.
  - The agenda should allow sufficient time to undertake as full a discussion as may be required.
9. **Committee support and resources**
- The Committee shall appoint a Secretary to the Committee with the relevant skills and expertise.
  - The Group Chief Auditor and the Group Chief Compliance Officer shall report to the Committee Chairman and have direct access to the Committee.
  - The Committee Chair shall have direct access to the Chair of the Board.
  - Each Committee member will:
    - obtain an understanding of the detailed responsibilities of the Committee and the Company's and group companies' business, financial and accounting practices, operations and risks;
    - dedicate sufficient time to the fulfilment of their role as Committee member;

- carry out their duty with the necessary objectivity and independence from management;
- receive induction training on all topics considered necessary for their membership; and
- receive ongoing training, as appropriate.
- The Committee:
  - may obtain all information and reports from Management as the Committee deem necessary to prepare the issues to be discussed. Management shall provide relevant information to the Committee to this end;
  - may invite experts to advise the Committee or seek external professional advice at the Company's expense, necessary for the fulfilment of its duties;
  - may investigate any matters within its terms of reference and shall have unlimited access to any personnel, documents or Company records associated with such investigation.
- The Committee Secretary will minute all meetings and submit these to the Committee for approval. The minutes shall evidence the discussions that took place in the Committee meeting and shall include:
  - summaries of all matters reviewed;
  - details of the recommendations made;
  - details of the decisions taken by the Committee; and
  - a record of any challenge and dissent by Committee members.
- The minutes will be kept in accordance with applicable legal requirements and internal procedures.
- Written material is made available to Committee members in a timely manner ahead of its meetings.

**10. Responsibilities**

- The Committee has the following responsibilities and advises the Board in relation to the same:
  1. Financial:
    - monitors the financial reporting process and the data quality of the accounting, financial and prudential reporting systems, including obtaining assurance at least once a year that appropriate human resources and technical capacities are in place to comply at all times with the prudential reporting requirements ; reviews annual and half-yearly reports/financial statements, including financial reporting judgements, as well as formal announcements relating to the Group's financial performance ; is informed of all significant and unusual transactions and how they are accounted for;
    - oversees the establishment and review of accounting and reporting policies and recommends to the Board any changes to such policies having a potential material impact;

- o advises the Board with regard to the financial soundness of the Company and the group as a going concern.
2. Internal Controls and audits:
- o monitors and reviews the effectiveness of the Company's and Group's internal control and risk management systems;
  - o reviews and oversees control reports received from the Group Chief Auditor and monitors management's responsiveness to findings and recommendations;
  - o monitors and reviews the effectiveness and independence of Internal Audit and ensures that they have adequate resources and appropriate access to information;
  - o reviews and recommends to the Board for approval the following:
    - Internal Audit Plan; and
    - Internal Audit Charter.
  - o reviews and recommends to the Board for approval the appointment and removal of the Group Chief Auditor as well as advise on his performance and, together with the Remuneration Committee, on remuneration.
3. Compliance:
- o Supervises compliance with laws and regulations ; follows up on recommendations of supervisory authorities ; is kept informed on ongoing litigation issues;
  - o reviews the Company's and Group's integrity policies, a.o. arrangements in place to prevent bribery, corruption and fraud (incl. arrangements for its management and employees to raise concerns, in confidence, about possible wrongdoings) and arrangements to make sure the Company and the Group maintains high ethical standards;
  - o monitors and reviews the functioning, effectiveness and independence of the Compliance function and ensures that they have adequate resources and appropriate access to information; to this end takes note of the compliance activity report ;
  - o reviews and recommends to the Board for approval the following:
    - Compliance & Ethics Plan; and
    - Compliance & Ethics Charter.
  - o reviews and recommends to the Board for approval the appointment and removal of the Group Chief Compliance Officer as well as advise on his performance and, together with the Remuneration Committee, on remuneration.
4. External Auditor:
- o oversees the relationship with the External Auditor, considering relevant professional and regulatory requirements, including:

- monitoring the statutory audit of the annual and consolidated accounts. Inform the NBB of the outcome and the involvement of the Committee therein;
  - follow up of recommendations made by the External Auditor;
  - reviewing the External Auditor's Audit Plan and assessing the effectiveness of the audit process;
  - assessing annually the External Auditor's independence and objectivity, in particular regarding the provision of additional services to the Company, and discuss with the statutory auditor the threats to his independence and the safeguards applied to mitigate those threats, and review the annual written confirmation by the statutory auditor of his independence;
  - monitoring the provision of additional services to the Company or to a person with which it has close links and pre-approve all permitted non-audit services performed by the statutory auditor;
  - reviewing the Company's policy on the engagement of the External Auditor. Reviewing the procedure for the selection of external statutory auditor(s) and recommend for approval their appointment, compensation and dismissal.
- In discharging its responsibilities, the Committee should review the controls over material outsourced services on which the Company is dependent.
  - The Committee shall put in place a reporting calendar to ensure it has the reporting, tools and information necessary to fulfil its role.

**11. Relationship with other corporate bodies**

- The Committee will be informed about the major risk issues reported to the Company's Risk Committee.
- The Committee should have 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 shall have an open invitation to attend the Audit and Compliance Committee meetings where desired. At times the Audit and Risk Committees should 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 shall be informed by the subsidiaries' Audit Committee about:
  - any material issues of concern at subsidiary level; and
  - the level of assurance on the safety and soundness of the subsidiary.
- To ensure that the financial reporting, compliance and audit practices are consistent across the Group, the Committee will keep the subsidiaries' Audit Committee informed about any material group level issues under its review having an impact on the subsidiary.

- The interaction between parent and subsidiary audit committees will be organised via a cross-attendance programme, sharing of relevant minutes and informal contact between members.
12. **Committee evaluation** The Committee shall regularly evaluate its own performance against a benchmark that reflects regulatory requirements, guidance and best practices and report to the Board on the outcome.
13. **Reporting to the Board** The Committee will report as follows to the Board:
- Committee's activities, observations and recommendations will be reported by the Committee Chair at each Board meeting;
  - dissenting views as well as majority views, where appropriate, to support Board understanding or where explicitly requested by a member; and
  - supporting materials and minutes of the Committee meetings will be made available to all members of the Board.
14. **Conflicts of Interest**
- Committee members should notify potential or actual conflicts of interest regarding any matter under consideration by the Committee to the Committee Chair immediately. The Committee Chair will determine how to conclude on the conflict of interest and, where necessary, the steps to be taken to manage such potential conflict in line with the procedure set out in the Board Policy on Conflicts of Interest.
  - Where the Committee Chair has an actual or potential conflict of interest, the process to conclude on that conflict of interest shall be the responsibility of the other independent non-executive directors of the Board.
15. **Review of Terms of Reference**
- This document shall be reviewed annually by the Committee, who will recommend any changes to the Board.
  - Last approved by the Committee on 15 May 2018
  - Last approved by the Board on 16 May 2018.
16. **Publication of Terms of Reference** This document was last published on the Euroclear website on 24 May 2018.