



**Euroclear UK & Ireland Limited
(the “Company”)
Nominations, Remuneration
and Governance Committee
(the “Committee”)
Terms of Reference
(incorporating internal
governance practices &
procedures)**

Approved by the EUI Board on 4 July 2019

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1. Purpose

The Nominations, Remuneration and Governance Committee (the "Committee" or "NRGC") is an advisory Committee of the Board established to assist the Board in fulfilling its oversight responsibilities in relation to the nomination and remuneration of Board and Management Committee members, defining and overseeing the implementation of the Company's remuneration policy, Board and Committee composition, succession planning as well as corporate governance matters as they apply to the Company. The Committee reports to the Board.

2. Members

- 2.1. The Committee shall have at least two members, all of whom are non-executive Board members of the Company. The Chair and the majority of the members must be independent.
- 2.2. The Committee is composed in such a way so as to be able to properly and independently advise on the composition and the functioning of the Board and the Board Committees of the Company, governance and remuneration matters.
- 2.3. The Chair of the Committee as well as the majority of its members should be different from the chairs and members of the Risk and Audit Committees.
- 2.4. Committee members should possess individual and collective appropriate knowledge, skills, expertise and professional experience to be effective in achieving the purpose of the Committee.
- 2.5. All members are appointed by the Board on the recommendation of the NRGC.
- 2.6. 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 have appropriate experience;
- Shall be independent from the Company's executive members of the Board;
- May be a member of, but not chair any other Board Committee; and
- The Committee Chair shall have direct access to the Chair of the Board.

4. Attendees

4.1 Entitled to be present:

- Committee members
- Committee Secretary

4.2 Other attendees by invitation:

- A member of the Risk Committee;
- External advisors appointed by the Committee, if any;

- The Chief Human Resources Officer (CHRO) of the Company (or his/her delegate);
- Any additional invitees as deemed necessary or appropriate by the Chair.

5. Frequency of meetings

Meetings will take place:

- 5.1. At least five (5) times per year; and
- 5.2. Additional ad hoc meetings will be scheduled as deemed necessary by the Committee Chair.

6. Quorum

Two Committee members either physically present at the location of the meeting or by telephone/video conference.

7. Voting

In the event that voting is required, the following rules apply for a vote to carry:

- 7.1. A simple majority of Committee members present and eligible to vote in favour of the motion.
- 7.2. The Committee Chair has the casting vote in case of equality of votes.
- 7.3. Where the Committee is composed of only two members, all decisions shall be taken by a unanimous vote of members. To the extent that both members cannot agree a motion before them, the Committee shall refer the matter to the Board of the Company for final decision.

8. Meeting agenda and notice

- 8.1. The Committee Chair sets the agenda for the meetings.
- 8.2. Individual Committee members can place items on the agenda.
- 8.3. Items to be discussed must be included on the agenda. Exceptionally, an item not on the agenda may be addressed at the meeting provided all members present agree to this addition.
- 8.4. Notice of meetings shall be sent to Committee members by electronic means.
- 8.5. The agenda should allow sufficient time to undertake as full a discussion as may be required.

9. Committee support and resources

- 9.1 Each Committee member will:
 - Obtain an understanding of the detailed responsibilities of the Committee and the Company's business, governance (including culture and values), 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.
- 9.2 The Committee:
- Shall obtain such information and reports from Management of the Company as they deem necessary to prepare the issues to be discussed;
 - Can invite experts to advise the Committee or seek external professional advice at the Company's expense, necessary for the fulfilment of its duties; and
 - Will have ongoing contact with the key people associated with the Company's governance.
- 9.3 The Committee shall appoint a Secretary with the relevant skills and expertise (the "Committee Secretary").
- 9.4 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 dissention by Committee members.
- 9.5 The minutes will be kept in accordance with applicable legal requirements and internal procedures.
- 9.6 Written materials are made available to Committee members ahead of meetings.
- 9.7 The Committee shall be free to call on the support of external advisers competent in remuneration or governance matters, as deemed appropriate.

10. Responsibilities

The Committee has the following responsibilities and advises the Board in relation to the following:

10.1 *Nominations, Board Composition and Governance:*

- Identify and recommend persons for election to the Board of the Company as executive and non-executive Board members in accordance with the principles described in the Board and Board Committee Composition Policy;
- Undertake the suitability re-assessment of directors to be re-elected and make recommendations to the Board regarding the re-election of directors;
- Propose persons to be elected or re-elected as members of the Company's Board committees (both advisory and executive (the "Board Committees")) taking into account the particular needs of the Board committees at a given point in time and the principles described in the Board and Board Committee Composition Policy;

- Periodically review the structure, size, composition, diversity, representation of the under-represented gender and performance of the Board and Board committees and make recommendations to the Board in this regard;
- Set a target for the representation of the under-represented gender on the Board and oversee that the CSDR requirement to disclose publically EUI's gender representation target, policy and implementation is met;
- Periodically review the balance of skills, knowledge, experience and participation on the Board (both individually and collectively) to ensure sufficient collective expertise and make recommendations to the Board in this regard;
- Prepare the terms of appointment and specification (including an assessment of the time commitment expected) for each appointment on the Board or advisory Board Committee, evaluating the balance of skills, knowledge and experience of the non-executive members on the Board or advisory Board Committee;
- Lead the process for succession planning for Board members and Management Committee members taking into account the challenges and opportunities facing the Company and the skills and expertise needed in each position;
- Consider, at least annually, the skills, knowledge and experience of Board and advisory Board Committee members against both the Board and advisory Board Committee objectives, as applicable, and current/expected challenges facing the business together with any best practice information available. The Committee will then recommend a structured training program for members of the Board and advisory Board Committees. Such training programs may form part of appropriate committee or Board meetings or specific sessions will be organised depending on the subject matter;
- Review and advise on all aspects of governance arrangements relevant to the Company, including the effectiveness of the Company's internal governance framework and implementation;
- Review all mandates exercised by directors outside the Company with a focus on whether such mandates could create a conflict of interest and/or prevent the director from having adequate time to fulfil his/her role as a director of the Company;
- Review and advise on corporate governance Board policies including the policy dealing with conflicts of interest, the composition of Board and Board Committees, guidance on the external mandates taken by Board members outside the Company, diversity guidelines and outsourcing;
- Review and advise on changes to the applicable governance framework in place from time to time;

10.2 *Remuneration:*

- Support and advise the Board on the design and implementation of the remuneration policy; provide an opinion on the remuneration policy, and on any changes required, and ensure that the policy does not give rise to conflicts of interest; supports strategy and promotes long-term sustainable success;
- Oversee the application of the remuneration policy, practices and processes and the compliance with the remuneration policy;
- Review the appointment of external remuneration consultants that the Board may decide to engage for advice or support;

- Advise the Board on material pension scheme and pension policy matters;
- Oversee and make recommendations to the Board on the compensation of the non-executive Directors;
- Advise the Board on the Management Committee's collective objectives;
- Review and advise the Board on the design, the annual quantum of the remuneration and the appropriateness of the individual remuneration for the members of the Management Committee as well as the other Identified Staff inclusive of the CCO, CRO and CIA (as defined in the remuneration policy); ensuring executive and management remuneration aligns with the Company's purpose and values, and is linked to successful delivery of the Company's long-term strategy;
- Recommend the remuneration policy to the Board for the Company and for each of the Identified Staff. The Committee is supported by specialised advice from Risk, Compliance, Audit, HR or external consultancy where necessary;
- Oversee any malus decisions (i.e. the return of a performance related incentive because of poor performance).

10.3 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

11.1 The Committee will maintain effective working relationships with the Board and its committees and management of the Company

11.2 The Committee works closely with the Risk Committee in evaluating the incentives created by the compensation policy. The Risk Committee shall advise the NRGC on its opinion with respect to:

- the consistency of the remuneration policy with sound and effective risk management;
- the identification process of Identified Staff in accordance with the policy and applicable regulatory requirements; the way the risk strategy and risk tolerance is reflected in the overall annual performance review so as to ensure that the NRGC takes into account all 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.

12. Committee evaluation

Annually the Committee shall evaluate its own performance against regulatory requirements, authoritative guidance and best practices and report to the Board on the outcome of the same.

13. Reporting to the Board

The Committee will report as follows to the Board:

13.1 The Committee's activities, observations and proceedings on all matters within its duties and responsibilities shall be reported by the Committee Chair at each Board meeting;

- 13.2 Dissenting views as well as majority views, where appropriate, to support Board understanding or where explicitly requested by a member shall be reported; and
- 13.3 Supporting materials and minutes of the Committee meetings will be made available to all members of the Board.

14. Conflicts of Interest

- 14.1 Committee members should notify potential, or actual conflicts of interest regarding any matter under consideration by the Committee to the Committee Secretary or 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.
- 14.2 Where the Committee Chair has an actual or potential conflict of interest, he/she should notify it to the Board Chair immediately. The Board 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.

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 Board on 4 July 2019.

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Approved by and date of approval	Approved by the EUI Board on 4 July 2019
Next revision	July 2020