

# Board and Board Committee Composition policy

Applicable to board of directors of Euroclear Sweden AB



*Post-trade made easy*

## Reference information

Policy Owner	Corporate Secretary
Key contact(s)	Corporate Secretary
Version	Final 1.0
CSDR reference	A1007-16
Approved by and date of approval	Board 12 September 2017 Board 14 December 2018 Board 26 June 2019
Next revision	June 2020
Applicable from	27 June 2019
Applicable to	Board of Directors and Board Committee Members

## Table of contents

Reference information .....	2
1. Introduction .....	4
2. Consideration of Board Composition.....	4
2.1. Objectives.....	4
2.2. Board Gender-Diversity .....	5
3. Expectations for Nominee Non-executive and Independent Board Members.....	6
4. Oversight of this Board policy .....	6
4.1. Creating awareness on committee composition matters .....	6
4.2. Violations of Euroclear Sweden’s policies .....	6
5. Definitions .....	7

# 1. Introduction

This Policy on the Board and Board Committees' Composition of ES sets out the process and general rules and requirements for the Board of Directors (the "Board") and Board composition and selecting and appointing the members of the Board and Board Committees.

The Board has established three (3) Board Committees for the purpose of assisting the Board in carrying out its responsibilities in an efficient way.

The Board Committees are:

- Board Audit Committee
- Board Risk Committee
- Board Nomination, Remuneration and Governance Committee

The roles and responsibilities of the Committees shall be determined in the Terms of Reference for each Committee.

## 2. Consideration of Board Composition

### 2.1. Objectives

According to ES Articles of Association, the Board of ES shall comprise of a minimum three (3) and maximum nine (9) members.

The composition of the Board shall be considered in the context of the requirements of the business of ES at a given point in time, including prevailing legal and regulatory considerations.

To adequately fulfil its role and responsibilities, the Board shall be composed of suitable members of sufficiently good repute with an appropriate mix of skills, experience and knowledge of the entity and of the market of ES to set the general policy and strategy for ES and to properly supervise management in the implementation of such policy and strategy. The skills that should necessarily be represented on the Board are both generic and specific to the business of ES.

All nominations to the Board are made:

- 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; and
- actively taking all aspects of gender-diversity into account.

With a particular focus on gender-diversity the Board defined, in 2015, a target of achieving and maintaining a minimum of 1/3 representation of the under-represented gender within a four-year period (see further Section 2.2).

The Remuneration, Nominations and Governance Committee shall lead the process for Board nominations and make recommendations to the Board in this respect.

The following will be considered by the Remuneration, Nominations and Governance Committee before putting forward proposals for appointment for the membership of the Board:

- The Board shall include at least one third (1/3) and not less than two (2) independent members;

- The members shall exercise objective and independent judgement;
- Members shall have the highest degree of personal integrity and ethics, leadership qualities and a proven ability to exercise sound business judgement;
- Members shall have sufficient seniority and experience so as to be able to take a strategic view;
- In order to ensure congruence with the strategy and policy of the Euroclear group, the Board shall have amongst its members, persons at the Euroclear Group Senior Management
- The Board shall include members with relevant experience in the following areas:
  - General Management;
  - Strategic planning/Business strategy;
  - Risk Management/Internal controls matters;
  - Finance/Accounting; and
  - CSD Business.
- Members shall provide assurance that they are able to commit sufficient time to the work of the Board and its Committees;

It is not intended that the above list be applied mechanically or rigidly to individual appointments. However, should it appear that the proposed composition of the Board is not in compliance with, at least in broad terms, the requirements listed above, the Nomination, Remuneration and Governance Committee should present the justification of its reasoning to the Board.

Board members' appointment shall be subject to a prior regulatory assessment of Fitness and Propriety.

## 2.2. Board Gender-Diversity

ES supports the principles and aims of gender-diversity at Board level.

The voluntary targets set by the Board are as follows:

At least one third (1/3) of the Board should comprise of the under-represented gender.

The non-executive members of the Board / Board Nomination, Remuneration and Governance Committee shall annually:

- i) review the voluntary targets
- ii) measure the actual representation of the under-represented gender on the Board against the voluntary targets
- iii) make recommendations to the Board / Board Remuneration, Nominations and Governance Committee in regard to (i) and (ii) above.

The Board Nomination, Remunerations and Governance Committee, in considering the nomination and recommendation on the appointment of members to the Board, shall take into account the requirements of the Policy.

### 3. Expectations for Nominee Non-executive and Independent Board Members

In addition to the above guidance on selection and appointment of Board Members, the following shall be considered in connection with the selection and appointment of non-executive and independent members of the Board:

- If considered feasible, commit to a minimum of a three-year term of office as Board member;
- Confirm that they can devote the necessary time to properly perform their role in the Board;
- Attend to all physical Board and Board Committee meetings in person (except under urgent and unavoidable circumstances). Non-attendance at two consecutive meetings will be discussed with the Chair of the Board.
- Confirm that they are not aware of any reason they would fail to comply with the regulatory assessment of Fitness and Propriety and can commit to the ongoing obligations of Board Members as advised to them upon appointment;
- Provide details of any actual or potential conflicts of interest or duty associated with the Board membership;
- Enhance the existing gender-diversity of Board's composition; and
- In respect of Independent members, agree to become an active member of minimum one Board Committee. Which Committee, will depend on the expertise of the member in question and the balance of skills and expertise more generally in the Board and Committees at the time of election.

### 4. Oversight of this Board policy

#### 4.1. Creating awareness on committee composition matters

The Corporate Secretary is responsible for implementing an effective training framework in support of this Board policy and more generally in driving the awareness of committee composition matters. In addition, the Corporate Secretary is available for any questions or concerns.

#### 4.2. Violations of Euroclear Sweden's policies

Violations of ES's policy documents, Code of Business Conduct, laws, regulations or market practices may lead to legal proceedings or criminal sanctions in line with domestic legislation, as well as administrative or disciplinary action. For further information about reporting violations, please refer to the "Speak Up Policy Handbook" available on Pulse+.

## 5. Definitions

Definitions of significant terms used in this document are set out below:

Board	Board of Directors of Euroclear Sweden AB
ES	Euroclear Sweden AB, company reg. no. 556112-8074
CEO	ES Chief Executive Officer
Staff	Any person employed full-time or part-time by a Euroclear Sweden AB under a contract of employment, whether based at ES's premises or otherwise.
Policy Documents	Euroclear Sweden's board policies and policy handbooks
ESA	Euroclear SA/NV