

## **Euroclear Sweden (the "Company")**

### **Remuneration, Nominations and Governance Committee (the "Committee")**

#### **Terms of Reference**

#### **(incorporating Internal Governance Practices & Procedures)**

**Purpose** Advises and assists the Board in all matters in relation to remuneration, nomination and governance matters that fall within the Board's responsibility as they apply to the Company.

- Members**
- The Committee shall comprise of a majority of non-executive members
  - The Committee members will exercise relevant and independent judgment on the remuneration policies and practices. They collectively have the knowledge, expertise and experience concerning remuneration policies and practices, risk management and control activities, namely with regard to the mechanism for aligning the remuneration structure to the Company's risk and capital profiles.
  - The Committee members should possess individual and collective appropriate knowledge, skills, expertise and professional experience regarding Board members' selection process, suitability and control practices.
  - The Committee members individually and collectively shall have an understanding of the Company's business and shall have competence relevant to the sector in which the Company operates.
  - The Chair of the Committee as well as the majority of its members should be different from the chairs and members of the Company's Audit and Risk Committees.
  - All members shall be appointed by the Board on the recommendation of the Committee.
  - The Committee shall be 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 as well as on governance matters and remuneration matters.
  - Members should, if considered feasible, commit to the Committee membership for a period of up to three years, renewable at the Board's discretion.

- Chair**
- Shall be appointed by the Board from among the members of the Board;
  - Shall be independent from the executive members of the Board; and
  - May be a member of but not chair any other Board Committee.

<b>Attendees</b>	Attendees: <ul style="list-style-type: none"> <li>• Committee members; and</li> <li>• Secretary to the Committee</li> <li>• Any additional invitees as deemed necessary or appropriate</li> </ul>
<b>Frequency of meetings</b>	<ul style="list-style-type: none"> <li>• At least twice a year.</li> <li>• Additional ad-hoc meetings as deemed necessary by the Chair.</li> </ul>
<b>Quorum</b>	<ul style="list-style-type: none"> <li>• A simple majority of Committee members physically present at the location of the meeting or by telephone/video conference.</li> </ul>
<b>Voting</b>	<ul style="list-style-type: none"> <li>• A simple majority of Committee members present or represented.</li> <li>• The Committee Chair has the casting vote in case of equality of votes.</li> </ul>
<b>Meeting agenda and notice</b>	<ul style="list-style-type: none"> <li>• The Committee Chair sets the agenda for the meetings.</li> <li>• Individual Committee members can place items on the agenda.</li> <li>• 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.</li> <li>• Notice of meetings, including the relevant material, shall be sent to Committee members by electronic means no later than one (1) week prior to the meeting.</li> <li>• The agenda should allow sufficient time to undertake as full a discussion as may be required.</li> <li>• The Committee shall put in place a reporting calendar to ensure it has the reporting, tools and information necessary to fulfil its role.</li> </ul>
<b>Committee support and resources</b>	<ul style="list-style-type: none"> <li>• Each Committee member will: <ol style="list-style-type: none"> <li>1. obtain an understanding of the detailed responsibilities of the Committee and the Company's business, operations and risks;</li> <li>2. dedicate sufficient time to the fulfilment of their role as Committee member;</li> <li>3. carry out their duty with the necessary objectivity and independence from the CEO;</li> <li>4. receive induction training on all topics considered necessary for their membership; and</li> <li>5. receive ongoing training, as appropriate.</li> </ol> </li> <li>• The Committee: <ol style="list-style-type: none"> <li>1. shall obtain such information and reports from the CEO of the Company as they deem necessary to prepare the issues to be discussed; the CEO shall provide relevant information to the Committee to this end;</li> <li>2. may invite experts to advise the Committee or seek external professional advice at the Company's expense, necessary for the</li> </ol> </li> </ul>

fulfilment of its duties; and

3. may be in contact on a continuing basis with the key people associated with the Company's governance.
- The Committee shall appoint a Secretary to the Committee with the relevant skills and expertise.
  - The Committee Secretary will minute all meetings and submit these to the Committee for approval and signing. 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.

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

1. Remuneration

- provide its support and advice to the Board on the design of the Company's remuneration policy that must be established by the Board; provide an opinion on the remuneration policy, and on any changes made thereto; the Committee shall ensure that the remuneration policy and practices are subject to a central and independent review at least annually;
- oversee the application of the Company's remuneration policy, practices and processes and the compliance with the Company's remuneration policy;
- Review the appointment of external remuneration consultants that the Board may decide to engage for advice or support;
- periodically review and make recommendations to the Board in relation to the remuneration of Board members, with the support of external advisors where necessary, within the limits set by shareholders, and review such overall limit from time to time and make recommendations to the Board to be submitted to the shareholders;
- review and advise the Company Board on the design, the annual quantum of the remuneration and the appropriateness of the individual remuneration for the Chief Executive Officer, Identified Staff and the senior officers of the control functions (Compliance, Risk and (unless outsourced) Internal Audit); the Committee shall be actively involved in the identification process of Identified Staff in line with its responsibilities for the preparation of decisions regarding remuneration.
- recommends to the Board on the remuneration policy for the relevant entity and for each of the Identified Staff; the Committee is supported by specialised advice from Risk,

Compliance, Audit, HR or external consultancy where necessary;

- Review and advise the Board as appropriate on, any recommendations for changes to the remuneration policy to ensure conformity with the Euroclear Group principles, and assesses whether they meet the objectives of the company and are appropriate for the current environment;
- ensure that the Chief Executive Officer of the Company is compensated as per the principles described in the Company's remuneration policy; and
- recommend to the Board on the Chief Executive Officer's and Identified Staff's variable remuneration;
- recommend to the Board on the release of the deferral payments;
- oversee the Chief Executive Officer's and the Identified Staff's implementation of the Company's remuneration policy.
- oversee any malus decisions (i.e. the return of a performance related incentive because of poor performance).

While preparing decisions on remuneration, in particular decisions that have consequences for the risks and risk management of the Company and on which the Board must decide, the Committee shall take into account the long-term interests of the shareholders, investors and other stakeholders of the Company as well as the general interest.

## 2. Nominations and Governance

- Board and Board Committees Composition:
  - assist the Board in identifying candidates for election to the Board of the Company as Board members, assess their suitability and make a recommendation to the Board in view of their appointment as member, as per the principles described in the Company's Board and Board Committee Composition Policy; when assessing the suitability of Board candidates, the Committee shall assess whether the Board is suitable collectively;
  - undertake the suitability re-assessment of Board members to be re-elected and making recommendations to the Board regarding the re-election of Board members;
  - propose persons to be elected or re-elected as members of the Company's Board committees taking into account the particular needs of the Board committees at a given point in time and the principles described in the Company's Board and Board Committee Composition Policy;
  - review at least annually the structure, size, composition, representation of the under-represented gender and performance of the Board and Board committees and make recommendations to the Board in this regard;

- make a recommendation to the Board on a target for representation of the underrepresented gender on the Board;
- review at least annually the balance of skills, 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 Board Committee, evaluating the balance of skills, knowledge and experience of the non-executive members on the Board or Board Committee;
- Appointments of the ExCom
  - review and make recommendations to the Board in respect of nominations made by the Chief Executive Officer, including his or her suitability in view of the relevant regulatory requirements;
- Succession Planning
  - assist the Board in the process for succession planning for Board members, Chief Executive Officer and Identified Staff members taking into account the challenges and opportunities facing the Company and the skills and expertise needed in each position;
- Governance
  - review and advise on all aspects of governance arrangements relevant to the Company, including assessing the effectiveness of the Company's internal governance framework and implementation and ensure the same is reflected in the Description of Governance Arrangements and Reporting Lines of the Company;
  - review all mandates exercised by Board members held outside the Company with a focus on whether such mandate could create a conflict of interest and/or prevent the director from having adequate time to fulfil his/her role as a Board member 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; and
- review and advise on changes to the Description of Governance Arrangements and Reporting Lines. The Committee shall put in place a reporting calendar to ensure it has the reporting, tools and information necessary to fulfil its role.

**Relationship with other corporate**

- The Committee maintains effective working relationships with the Board and its committees and the CEO.
- The Committee shall work closely with the Risk Committee in

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evaluating the incentives created by the compensation policy. The Risk Committee shall advise the Committee on its opinion with respect to Remuneration and:

- the consistency of the compensation policy with sound and effective risk management;
- the identification process of material risk takers in accordance with the regulation;
- the way the risk strategy and risk tolerance is reflected in the overall annual performance review so as to ensure that the Committee 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 CEO and other Identified Staff.

**Committee evaluation**

The Committee shall regularly evaluate its own performance against a benchmark that reflects regulatory requirements, authoritative guidance and best practices and report to the Board on the outcome of the same.

**Reporting to the Board**

The Committee reports as follows to the Board:

- the Committee’s activities and proceedings on all matters within its duties and responsibilities;
- 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.

**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, 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.

**Review of Terms of Reference**

- This document shall be reviewed at least annually by the Committee for recommendation to the Board.
- Last approved by the Committee on 21 August 2019.
- Last approved by Board on 21 August 2019.

**Publication of  
Terms of  
Reference**

These terms of reference were last published on the Euroclear website on [INSERT DATE].