

Charter of

# **The Nomination Committee**

As adopted by the Board of Directors on 10 December 2018.





## **Charter of the Nomination Committee**

### **1. Establishment and objective**

- 1.1. The board of directors (the "Board of Directors") of VP Securities A/S ("VP") has established a Nomination committee under the supervision of the Board of Directors. The objective of the Nomination Committee is to ensure an appropriate and efficient composition of VP's Board of Directors and Executive Board.
- 1.2. The Nomination Committee is established at the first ordinary board meeting after the annual general meeting.
- 1.3. The Nomination Committee shall assist the Board of Directors in providing a basis for its decisions for the purpose of:
  1. identifying and recommending appropriate candidates for the Board of Directors of VP and for the Executive Board;
  2. ensuring that the members of the Board of Directors and the Executive Board at all times have appropriate skills and a good reputation and that the Board of Directors, as a whole, represents an appropriate mix of qualifications, experience and knowledge of VP and the CSD market, relevant IT and other technological skills and expertise and international experience;
  3. ensuring that a sufficient number of the members of the Board of Directors are independent;
  4. meeting the policy target set by the Board of Directors for the underrepresented gender on the Board of Directors.
- 1.4. The duties of the Nomination Committee are described in more detail in section 5.
- 1.5. The Nomination Committee's function is merely preparatory in connection with the transaction of business by the Board of Directors. Accordingly, the setting up of the Nomination Committee does not limit or render superfluous any requisite consideration by the Board of Directors, and important information required by all members of the Board of Directors must therefore be provided to all members of the Board of Directors and not only to the Nomination Committee.
- 1.6. The Board of Directors has full responsibility for all decisions which have been prepared by the Nomination Committee and which are based on the Nomination Committee's recommendations.

### **2. Members and composition**

- 2.1. The Nomination Committee consists of three members. The Board of Directors appoints the chairman and members of the Nomination Committee from among its members.
- 2.2. Members are appointed to the Nomination Committee for one-year terms. The Board of Directors may remove members at any time. Any member of the Nomination Committee who resigns from the Board of Directors must also resign from the Nomination Committee.
- 2.3. At least half of the members of the Nomination Committee must be independent. The Board of Directors determines whether a member of the Nomination Committee can be deemed independent or not.
- 2.4. The Nomination Committee forms a quorum when at least half of its members are present.

### **3. Meeting**

- 3.1. Meetings will be held as often as deemed necessary by the chairman or if requested by a member of the Nomination Committee. A minimum of 2 meetings are held per year.



- 3.2. Meetings of the Nomination Committee will be convened by the chairman of the Nomination Committee. In the chairman's absence, meetings will be convened by an independent member of the Nomination Committee.
- 3.3. Copies of all meeting agendas must be sent to the Board of Directors for information. All material prepared for the Nomination Committee must be made available for the full Board of Directors.
- 3.4. The chairman of the Nomination Committee presides over the Nomination Committee's meetings.
- 3.5. The Nomination Committee must keep a minute book.
- 3.6. All recommendations by the Nomination Committee must be passed by a simple majority of votes.

#### **4. Authority, resources and secretariat**

- 4.1. The Nomination Committee reports and makes recommendations to the Board of Directors.
  - 4.1.1. The Board of Directors authorises the Nomination Committee to:
    1. investigate and assess all matters that fall within the guidelines set out in this charter;
    2. obtain all necessary information from the members of VP's Executive Board and employees of VP and its subsidiaries;
    3. obtain information from VP's auditor elected by the General Meeting; and
    4. obtain the advice, guidance and assistance from external advisers that the Nomination Committee deems to be necessary or appropriate for performing its duties.
- 4.2. Other members of the Board of Directors, the Executive Board as well as relevant members of the staff participate in meetings if requested by the Nomination Committee
- 4.3. The secretariat to the Board of Directors also acts as secretariat to the Nomination Committee and is responsible for setting the agenda, preparing meetings and taking minutes of meetings in coordination with the chairman of the Nomination Committee.

#### **5. Duties**

- 5.1. Assessment of the Board of Directors and the Executive Board.
  - 5.1.1. The Nomination Committee shall identify and recommend qualified and experienced candidates and ensure that board vacancies are duly filled, having regard to the shareholders' and the company's interests and the requirements laid down by law and the CSDR in relation to independence, composition, nomination and succession as well as the competence profile of the Board of Directors. The candidates must be qualified and have a good reputation to ensure a proper balance of skills, knowledge and experience on the board as well as knowledge of VP and the CSD market, relevant IT and other technological skills and expertise and international experience with due regard for the board's policy on the target for the underrepresented gender.
  - 5.1.2. Once a year the Nomination Committee shall assess whether the individual members of the Board of Directors live up to the requirements in relation to suitability and integrity.
  - 5.1.3. The Nomination Committee shall ensure that at least one third, but no less than two members of the Board of Directors are independent as determined by the definition in appendix 1.
  - 5.1.4. When assessing the experience of candidates, the Nomination Committee shall take into account both their education and training, their practical experience from previous positions and the skills and knowledge which the candidates have demonstrated through their professional behavior.



- 5.1.5. The Nomination Committee shall on an ongoing basis and at least once a year assess the structure, size, composition and results of the Board of Directors and the Executive Board and recommend potential changes to the Board of directors.
  - 5.1.6. The Nomination Committee must set targets for the proportion of the underrepresented gender on the Board of Directors and draw up a policy stating how the target is achieved.
  - 5.1.7. The Nomination Committee shall prepare a diversity policy which promotes an appropriate balance of qualifications and competencies among the members of the Board of Directors.
  - 5.1.8. For the annual general meeting, the Nomination Committee shall assess candidates nominated for the board of Directors by the shareholder groups I – V (as defined in the shareholders' agreement regarding VP SECURITIES A/S, consolidated in April 2010, collectively the "Shareholder Groups") with respect to:
    1. Adequate number of independent candidates for the Board of Directors;
    2. Observation of the Board of Directors' diversity policy and competence profile;
    3. Observation of the Board of Directors' target for the underrepresented gender and policy for achieving this target.
  - 5.1.9. The Nomination Committee shall no later than 8 weeks prior to the annual general meeting receive information from each of the shareholder groups regarding the candidates they wish to nominate for the Board of Directors. This is in order to give the Nomination Committee adequate time to coordinate the nominations and ensure compliance with the principles for the composition of the Board of Directors, cf. sections 1.4 and 5.1.1-5.1.7 above.
- 5.2. Reporting on the work and assessments by the Nomination Committee
- 5.2.1. The Nomination Committee shall report to the Board of Directors on its work, including its assessments and conclusions.
- 5.3. Other duties
- 5.3.1. At the annual general meeting, the chairman of the Nomination Committee shall be available to answer questions regarding the Nomination Committee's charter and the Committee's activities.

## **6. Reporting to the board of directors**

- 6.1. Minutes of the meetings of the Nomination Committee must be prepared as soon as possible and approved by the members of the Nomination Committee, be submitted to the Board of Directors.
- 6.2. The Nomination Committee's reasoned recommendations to the Board of Directors must be set out in the minutes.
- 6.3. Minutes of the meetings of the Nomination Committee must be considered by the Board of Directors at its next meeting.
- 6.4. Meetings of the Board of Directors to consider the Nomination Committee's recommendations must be attended by the chairman of the Nomination Committee or by an independent member appointed by the chairman.
- 6.5. At least every six months, the Nomination Committee must report on its activities, etc. to the Board of Directors, including on the performance of its duties under section 5 of this Charter



## **7. Evaluation of the charter**

- 7.1. Once every year, the Nomination Committee evaluates the Charter for the Nomination Committee and recommends any changes to the Board of Directors.

## **8. Publication of information about the nomination committee**

- 8.1. VP must publish the following information in its annual report and on its website:
- a. that VP has set up a Nomination Committee;
  - b. the names of the members of the Nomination Committee;
  - c. the name of the chairman of the Nomination Committee;
  - d. which members of the Nomination Committee are independent members; and
  - e. the Charter for the Nomination Committee.

## **9. Remuneration**

- 9.1. The members of the nomination Committee shall receive remuneration for their work. The remuneration shall be determined by the General Meeting.

As adopted by the Board of Directors on 10 December 2018.

## **Appendix 1**

### **Independence**

No member of the Board of Directors will be considered as independent if he or she (list not exhaustive):

1. is - or has been within the last five years - a manager or executive officer in VP or in any of VP's subsidiaries or affiliated companies;
2. has received a significant amount of remuneration from VP or any of VP's subsidiaries or affiliated companies other than as member of the Board of Directors;
3. represents the interests of a controlling shareholder;
4. within the last year has had important business relations (for instance personal or indirect relations as a partner, employee, shareholder, customer, supplier or member of a governing body of a company or companies with similar relations) with VP or any of VP's subsidiaries or affiliated companies; or
5. is, or has been within the last three years, an employee or partner of VP's external auditor;
6. is manager of any company and there is overlapping board membership between that company and VP;
7. has served on the Board of Directors for more than twelve years; or
8. is closely related to any person who is not considered to be independent.