



# **CHARTER OF THE MANAGEMENT BOARD**

This Charter governing the Management Board (“Charter MB”) was formally adopted by the Management Board (the "Management Board") of Commonwealth Bank of Australia N.V. (hereinafter to be referred to as the "CBA NV") on 18 January 2021 with effective date (with retrospective effect) of 2 December 2020.

## **Article 1**

### **Status and contents of the Charter MB**

- 1.1 This Charter MB is set up pursuant to the relevant provisions of CBA NV's Articles of Association and the Charter MB is complementary to the charter requirements and regulations application to the Management Board under Dutch law.
- 1.2 Where this Charter is inconsistent with CBA NV's Articles of Association, the latter shall prevail. Where this Charter conforms to CBA NV's Articles of Association but is inconsistent with Dutch law, the latter shall prevail. If one or more provisions of this Charter is or becomes invalid, this shall not affect the validity of the remaining provisions. The Management Board shall replace the invalid provisions by those which are valid and the effect of which, given the contents and purpose of this Charter is, to the greatest extent possible, similar to that of the invalid provisions.
- 1.3 This Charter has been based on:
  - i. the 2016 Dutch corporate governance code ("Code"),
  - ii. the Dutch Banking Code (“Code Banken”),
  - iii. the Financial Supervision Act (Wet op het financieel toezicht, "Wft"),
  - iv. the European Banking Authority (“EBA”) guidelines on internal governance,
  - v. the Regulation on sound remuneration policies as issued by the Dutch Central Bank (Regeling beheerst belongingsbeleid 2017),
  - vi. the EBA Guidelines on sound remuneration policies,
  - vii. the EBA guidelines on the assessment of the suitability of members of the management body and key function holders and
  - viii. Book 2 of the Dutch Civil Code. The Charter is periodically being reviewed and amended following developments in laws and regulations related to corporate governance and regulations for financial institutions.
- 1.4 Each individual member of the Management Board has taken the Banker’s oath. On appointment of new members the Management Board will ensure that new members will take the bankers’ oath within the legal term of 3 months from starting his/her function.
- 1.5 The term ‘General Meeting’ in this Charter MB shall have the same meaning as in CBA NV's Articles of Association.

## **Article 2**

### **General provisions regarding the Management Board**

#### **Article 2**

- 2.1 The Management Board members shall be collectively responsible for CBA NV’s management and general affairs. The Management Board is responsible for the quality of its own



- performance and shall perform its tasks in a scrupulous, expert and fair manner taking into account the applicable laws, codes of conduct and regulations. The responsibility for the exercise of its duties is a joint responsibility of the members of the Management Board.
- 2.2 The Management Board members shall divide their tasks by mutual consultation and subject to the prior approval of the Supervisory Board. In case of the absence of a Management Board member, his or her duties and powers shall be carried out by another Management Board member to be designated by the Management Board.
- 2.3 Each Management Board member shall be accountable to the Management Board for the fulfilment of his or her duties and must therefore update the Management Board on a regular basis and in such a manner as to give the Management Board full visibility of the performance of his or her duties. The Management Board as a whole shall function as a collective body.
- 2.4 Each Management Board member shall have the right to receive from other Management Board members and from employees any information about matters which he/she may deem useful or appropriate in connection with his/her joint responsibility for CBA NV's management. He/she must consult with the other Management Board members if the implementation of his/her duties affects the implementation of the duties of the other Management Board members or if the significance of the matter requires consultation with the other Management Board members.
- 2.5 The Management Board and / or at least two members of the Management Board acting together are entitled to contractually bind CBA NV. Further, one member of the Management Board acting jointly with one holder of a power of attorney or two holders of a power of attorney acting jointly, as far as holders of a power of attorney are concerned, with due observance of the powers granted to them, may represent CBA NV.
- 2.6. The following Annex is attached to, and forms an integral part of, this Charter:  
Annex 1: Roles and Responsibilities of Individual Members of the Management Board

### **Article 3**

#### **Responsibilities of the Management Board, Sub-committees**

##### **Article 3**

The Management Board shall be guided by the interests of CBA NV and its business, as well as the interests other stakeholders (being CBA NV's clients, shareholder and employees). The responsibility for the management of CBA NV is vested collectively in the Management Board.

- 3.1 The Management Board shall ensure that CBA NV's duty-of-care (zorgplicht) for the client is embedded in CBA NV's culture. The Management Board shall ensure that the values of CBA's Europe N.V. Code of Conduct, CBA's business principles and the banker's oath referred to in article 1.4 form the guidelines for the behaviour of all of CBA NV's employees, as set from time to time by the Management Board and will be expressly pointed out to any new employee of CBA NV, and shall ensure that all employees are required to comply with these principles. Individual members of the Management Board may be charged with specific parts of the managerial tasks, without prejudice to the collective responsibility of the Management Board as a whole. The Management Board remains collectively responsible for decisions, even if they are prepared by individual members of the Management Board.
- 3.2 The responsibilities of the Management Board shall include the responsibilities set out in articles 3.3 to 3.8 below.

General:

- i. achievement of CBA NV's objectives;



- ii. the general state of affairs in and the results of CBA NV;
- iii. determining the long term value creating strategy and policy designed to achieve the objectives in consultation with shareholder;
- iv. taking all decisions that are of material significance of the risk profile, the capital allocation or the liquidity impact of CBA NV;
- v. the overall business strategy of CBA NV within the applicable legal and regulatory framework taking into account the CBA NV's long-term strategic and financial interests;
- vi. compliance with legislation and regulations, the Articles of Association of CBA NV and CBAs Europe N.V Code of Conduct;
- vii. developing and promoting high ethical and professional standards;
- viii. a robust and transparent organizational structure with effective communication and reporting channels;
- ix. an adequate and effective internal control framework, that includes well-functioning Risk Control, Compliance and Internal Audit functions as well as an appropriate financial reporting and accounting framework;
- x. the annual evaluation and assessment of the functioning of the members of the Management Board as a whole and that of the individual board members, as well as the reporting of the outcome of such assessment to the Supervisory Board;
- xi. a procedure on the nomination and succession of individuals with key functions in CBA NV;
- xii. recommending the appointment and/or dismissal of the internal auditor to the shareholder's Group Auditor and the Supervisory Board and appointing and/or dismissing the internal auditor following approval from the shareholder's Group Auditor and the Supervisory Board in respect of the appointment or dismissal; and
- xiii. establishing, implementing and maintaining effective policies to identify actual and potential conflicts of interest. Conflicts of interest that have been disclosed to and approved by the Management Board shall be appropriately managed.

xiv.

#### Risk Aspects:

- xv. adopting, implementing, monitoring and, where necessary, adjusting CBA NV's overall risk profile and set CBA NV's risk appetite for SB approval;
- xvi. ensuring that effective internal risk management and control systems are in place and ensuring reporting on this issue in the management report;
- xvii. ensuring that audits are conducted of the management of the risks related to CBA NV's business activities;
- xviii. assessing the performance of the risk control function annually, and informing the Supervisory Board of its assessment; and
- xix. its risk management framework.

#### Financial Aspects:

- xx. maintaining the financial reporting process;
- xxi. preparing the annual accounts and drawing up the annual budget and important capital investments of CBA NV;
- xxii. the amounts, types and distribution of both internal capital and own funds adequate to cover the risks of CBA NV; and
- xxiii. giving advice in connection with the nomination of the external auditor of CBA NV.



#### Remuneration:

- xxiv. preparing and amending CBA NV's remuneration procedures for final approval by the Supervisory Board as well as implementing and monitoring these remuneration policies as described in CBA NV's Remuneration Policy; and
  - xxv. preparing a remuneration framework that is in line with the risk strategies of CBA NV.
- 3.3 The Management Board shall require the approval of the Supervisory Board for resolutions relating to:
- i. the annual strategic and financial plan of CBA NV;
  - ii. the strategy designed to achieve the objectives, including realizing long-term value creation and the manner in which the Management Board implements this;
  - iii. the parameters to be applied in relation to CBA NV's strategy;
  - iv. the recommended risk appetite of CBA NV as well as any material changes thereto proposed in the interim;
  - v. remuneration proposals for the Management Board members and material risk takers (MRT) as required under CBA NV's remuneration policy;
  - vi. expenses that exceed an amount of three hundred thousand euros (EUR 300,000), which are in excess of the approved annual operational expenditure of CBA NV;
  - vii. CBA NV's annual budget which will be submitted to the General Meeting for approval; and
  - viii. the appointment or dismissal of CBA NV's external auditor.
- The Management Board shall further require the approval of the Supervisory Board for such resolutions of the Management Board as the Supervisory Board shall have specified in a resolution to that effect and notified to the Management Board.
- 3.4 The Management Board shall, taking into account the risk appetite approved by the Supervisory Board, ensure a balanced assessment between commercial interests and related risks. The Management Board shall ensure that it is aware, in a timely manner, of all material risks faced by CBA NV so that these can be managed properly and take any decisions that are of material significance for the risk profile, the capital allocation or the liquidity impact.
- 3.5 The Management Board shall under the Supervisory Board's supervision be responsible for setting up and maintaining internal procedures ensuring that the Management Board is aware of all important financial information, in order to safeguard timely, complete and accurate external financial reporting.
- 3.6 The Management Board shall draw up a management report on how it has functioned and on the activities undertaken by it. In addition, the Management Board shall report on the sensitivity of CBA NV's results to external factors and variables. With regard to the internal risk management and control systems, the Management Board shall include in the management report of CBA NV a statement that, in its judgement, reasonable assurance can be given that the corporate financial reporting does not contain material inaccuracies. The Management Board shall report in the management report on the operation of technology systems and describe any significant changes that have been made and any major improvements that are planned and shall confirm that they have been discussed with the Risk and Audit Committee ("RAC") and the Supervisory Board. The management report shall be issued to the Supervisory Board on a quarterly basis.
- 3.7 The Management Board shall in the assurance of appropriate risk management, and the identification and implementation of effective controls, checks and balances associated with CBA NV's remuneration policies and practices, consult annually the control functions (HR,



Risk, Finance, Compliance, Legal and Audit, Operations), to assure that these policies and practices do not contain any incentives which would limit CBA NV's ability to act in the interest of its stakeholders, all in accordance with the corporate governance regulations.

- 3.8 The Management Board is entitled to institute one or more committees. The Management Board appoints the members to the committees. The (entire) Management Board remains responsible for its decisions even if they were prepared by or delegated to one of the Management Board's committees. A committee may only exercise such powers as are explicitly attributed or delegated to it and may never exercise powers beyond those exercisable by the management Board as a whole.
- 3.9 The Management Board shall prepare a charter governing the respective committee's practices and principles (responsibilities, composition, meetings, etc.).
- 3.10 The Management Board shall receive from each of the committees a report of its deliberations and findings after each meeting.

## **Article 4**

### **Composition, expertise and independence of the Management Board**

#### **Article 4**

- 4.1 The Management Board consists of three (3) or more board members. It shall be composed in such a way that it is able to perform its tasks properly with a focus on complementarity and diversity. The General Meeting of shareholders shall determine the number of Management Board members, taking the foregoing sentence into account. Both natural persons and legal entities can be appointed as Management Board members.
- 4.2 Each member of the Management Board shall possess a thorough knowledge of the financial sector in general and the banking sector in particular, thorough knowledge of the bank's functions in society and of the interests of all parties involved in CBA NV In addition, each member of the Management Board shall possess thorough knowledge so that he or she is able to assess and determine the main aspects of CBA NV's overall policy and then form a balanced and independent opinion about the risks involved. Each member of the Management Board shall possess relevant knowledge of remuneration policies and the risks involved.
- 4.3 The Management Board shall have a chair, who must ensure the proper functioning of the Management Board as a whole, and a vice-chair, who replaces the Chair in his absence.
- 4.4 The Management Board shall function independently from any instructions by third parties outside CBA NV All members of the Management Board have sufficient time to perform their duties.
- 4.5 Management board members are alert to conflicts of interest and should in any case refrain from the following:
  - i. competing with the company;
  - ii. demanding or accepting substantial gifts from the company for themselves or their spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree;
  - iii. providing unjustified advantages to third parties at the company's expense;
  - iv. taking advantage of business opportunities to which the company is entitled for themselves or for their spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree. The Supervisory Board shall decide, without the Management Board member being present, whether there is a



conflict of interest.

- 4.6 A Management Board member shall be trustworthy and act with integrity. If circumstances occur in respect of a Management Board member which may be important in the context of the integrity requirements applicable to members of the Management Board, the Management Board member will promptly notify the Chair of the Supervisory Board at CBA NV.
- 4.7 Management Board members should report any other positions they may have to the Supervisory Board in advance and, at least annually, the other positions will be discussed at the Supervisory Board meeting. The acceptance of membership of a supervisory board by a Management Board member requires the approval of the Supervisory Board.

## **Article 5**

### **Appointment, re-appointment, term and resignation**

#### **Article 5**

- 5.1 In case of a vacancy in the Management Board, the Supervisory Board shall draw up a specific profile, taking into account the high-level criteria for the relevant board position that follow from the role and responsibilities of the Management Board as set out in Annex 1. On the basis of this profile the Supervisory Board shall coordinate the process to select a candidate for appointment.
- 5.2 The General Meeting shall appoint the members of the Management Board pursuant to a binding nomination by the Supervisory Board in accordance with the Articles of Association. The General Meeting may overrule the binding nature of a nomination by a resolution of the General Meeting adopted with a majority of at least two-thirds of the votes cast, representing more than half of the issued share capital. In such event, the Supervisory Board may draw up a new binding nomination.
- The General Meeting may at any time suspend or remove any member of the Management Board. Members of the Management Board may also be at any time suspended by the Supervisory Board. If specific titles are granted to specific members of the Management Board, the Supervisory Board shall determine which title is granted to which member.
- 5.3 Each Member of the Management Board shall be appointed for a period of four years. The General Meeting may at any time suspend or remove any Management Board member. A decision of the General Meeting to suspend or remove the Chief Risk Officer ("CRO") or the Head of Compliance ("HoC") is subject to prior non-binding advice of the Supervisory Board. A Management Board member may also be at any time suspended by the Supervisory Board. Suspension and dismissal shall be effected pursuant to relevant provisions of CBA NV's Articles of Association.
- 5.4 The Supervisory Board shall maintain a succession plan for the Management Board, and evaluate and monitor such plan periodically.

## **Article 6**

### **Remuneration**

#### **Article 6**

The remuneration of the members of the Management Board shall be determined by the Supervisory Board and submitted for approval to the PRC. The Nomination and Remuneration Committee of the Supervisory Board ("NRC") will prepare proposals for adjustments to the Management Board





remuneration policy. After the approval of the Supervisory Board these proposals are submitted for approval to the PRC.

## **Article 7**

### **Management Board meetings (agenda, teleconferencing, attendance, minutes) and resolutions**

#### **Article 7**

- 7.1 The Management Board shall be held at least monthly and whenever one or more of its members have requested a meeting. The meetings shall generally be held at the offices of CBA NV, but may also take place elsewhere. Meetings should be held in person. Meetings of the Management Board can be held through audio or audio-visual communication facilities, unless a Management Board Member objects thereto.
- 7.2 The Chair of the Management Board, and in his absence the vice-chair, shall chair the meeting. If both are absent, the meeting shall take place at the time when either the Chair or the vice-chair of the Management Board can be present. All other members of the Management Board shall be present.  
The meetings shall be convened in due time by the Chair.
- 7.3 The Chair shall determine the agenda of each meeting. Other Management Board members may submit to the Chair items to be discussed in the meeting. An item to be discussed which has not been submitted on time or is not supported by sufficient documentation shall not be placed on the agenda.
- 7.4 At the request of a Management Board member and with the agreement of the majority of other Management Board members urgent matters may be discussed immediately in the meeting or in an additional meeting.
- 7.5 The Management Board members should attend the meetings of the Management Board. Where they are unable to attend, the Chair of the meeting shall inform them about the resolutions passed and the discussions held in the meeting in question. Attendance of the meeting shall be recorded.
- 7.6 Each member of the Management Board may cast one vote at a meeting of the Management Board. Only a Member of the Management Board can represent another member of the Management Board for the purpose of decision making by the Management Board. Resolutions shall be passed by a Simple Majority (more than 50% of the votes cast) in a meeting where at least the majority of the Management Board members is present or represented, provided that Management Board members who have a conflict of interest shall not be taken into account when calculating this quorum. Invalid votes and blank votes shall not be counted as votes cast. In the event of a tie at a meeting of the Management Board, the Supervisory Board shall decide.
- 7.7 If there is insufficient consensus at the meeting about certain subjects, the Chair of the Management Board may refer the relevant item on the agenda to the next meeting for further consideration.
- 7.8 Resolutions of the Management Board can be adopted outside a meeting, provided that the proposal concerned has been submitted to all the members of the Management Board in writing, by means of any usual channels of communication, including email, all members of the Management Board without a conflict of interest have been given the opportunity to express their opinion on the proposed resolution, the members of the Management Board without a



conflict of interest have unanimously expressed themselves in favour of the relevant proposal in writing by means of any usual channels of communication, including email, and none of them have objected, on reasonable grounds, to this manner of decision making process. The adoption of resolutions outside a meeting must be reported at the next meeting of the Management Board. A statement from a Management Board member who wishes to abstain from voting on a particular resolution which is adopted in writing must reflect the fact that he does not object to this form of adoption.

- 7.9 The minutes of a Management Board meeting, taken by the corporate secretary, shall be adopted in the next meeting. Adopted minutes including attendance shall be evidence of the proceedings and are available at request to the Chair of the Supervisory Board.
- 7.10 The Management Board shall require the approval of the General Meeting for resolutions regarding a significant change of the identity or character of CBA NV or the business, as specified in CBA NV's Articles of Association.

## **Article 8**

### **Conflict of interests**

#### **Article 8**

- 8.1 A Management Board member shall not participate in the discussions and/or decision-taking process on a subject or transaction in relation to which he/she has a conflict of interest with CBA NV within the meaning of article 8.3.
- 8.2 Transactions in which there are conflicts of interest with any member of the Management Board must be concluded on terms at least customary in the sector concerned and be approved by the Supervisory Board.
- 8.3 A Management Board member shall have a conflict of interests ("conflict of interests") if:
- i. he/she personally has a material financial interest in a company with which the company intends to enter into a transaction;
  - ii. he/she has a family law relationship (his/her spouse, registered partner or other life companion, foster child or relative by blood or marriage to the second degree) with a member of the Management Board or Supervisory Board of the company with which the company intends to enter into a transaction;
  - iii. he/she is a member of the Management Board or Supervisory Board of, or holds similar office with, the company with which the company intends to enter into a transaction;
  - iv. under applicable law, including the rules of any exchange on which the company's shares (or depositary receipts thereof) are listed, such conflict of interests exists or is deemed to exist; or
  - v. the Supervisory Board has ruled that such conflict of interests exists or is deemed to exist.
- 8.4 Each Management Board member shall immediately report any (potential) conflict of interests concerning a Management Board member to the Chair of the Supervisory Board and to the other members of the Management Board. A Management Board member with such (potential) conflict of interests must provide the Chair of the Supervisory Board and the other members of the Management Board with all information relevant to the conflict of interest, including information relating to the persons with whom he/she has a family law relationship as referred to in article 8.3 (b) above. The Supervisory Board shall decide, without the Management Board member concerned being present, whether there is a conflict of interest. The assessment and the





decision of the Supervisory Board will be documented in its minutes.

- 8.5 The Conflict of interest policy and the Conflict Registers apply to the members of the Management Board.
- 8.6 Any external additional function or extracurricular function requires prior approval of the Supervisory Board taking into account prior advice of the Head of Compliance. Such position may not conflict with the Bank's interest or reputation.
- 8.7 The Management Board will see to it that employees engaged in control functions shall:
  - 1) be independent from the business units they oversee;
  - 2) have appropriate authority; and
  - 3) are remunerated:
    - a. adequately to attract qualified and experienced employees; and
    - b. in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

The remuneration of senior officers in risk management and compliance functions will be monitored by the NRC.

## **Article 9**

### **Information, relationship with the Supervisory Board**

#### **Article 9**

- 9.1 The Supervisory Board shall be responsible for supervising the policies of the Management Board and CBA NV's general affairs and the business connected with it, and for advising the Management Board.
- 9.2 The Management Board shall provide the Supervisory Board with all relevant information (if possible, in writing) on all facts and developments concerning CBA NV which the Supervisory Board may need to function as required and to properly carry out its duties, and when necessary, verified by an internal accountant and/or external accountant in a timely manner. The Management Board shall provide the Supervisory Board with the relevant information so that it is in a position to form informed opinion as to whether commercial activities are generally in line with CBA NV's risk appetite.
- 9.3 The Supervisory Board is authorized to gather all types of information necessary from each employee of CBA NV and from third parties. The Supervisory Board is entitled to obtain external (legal) advice. The Chair of the Supervisory Board should act on behalf of the Supervisory Board as the main contact for the Management Board regarding the functioning of the members of the Supervisory Board. The vice-chair should act as contact for (individual members of) the Management Board regarding the functioning of the Chair.
- 9.4 The Supervisory Board, and its individual members, have their own responsibility for obtaining, when necessary, additional information from the Management Board and the external auditor that the Supervisory Board requires for the due performance of its duties. If the Supervisory Board considers it necessary, it may obtain information from employees and external advisors of CBA NV. The Management Board shall provide the necessary means for this purpose. The Supervisory Board may require that certain officers and external advisors attend its meetings.
- 9.5 The Management Board shall at least quarterly provide the Supervisory Board with a report prepared in a format as agreed from time to time and setting out detailed information on inter



alia, the financial performance of CBA NV

## **Article 10**

### **Relationship with the shareholders**

#### **Article 10**

- 10.1 The members of CBA NV's Management Board and Supervisory Board shall participate in General Meetings, unless they are prevented from attending on serious grounds.
- 10.2 The Management Board shall provide the General Meeting with any information it may require, unless important interests (*zwaarwegend belang*) of CBA NV or any law, charter or regulations applicable to CBA NV prevent it from doing so. The Management Board shall specify the reasons for invoking such important interests.
- 10.3 The Management Board and the Supervisory Board are responsible for the corporate governance compliance statement of CBA NV and must give account to the general meetings of shareholders in relation to such statement. Each year the broad outline of CBA NV's corporate governance structure shall be set forth in a separate chapter of the management report. In this chapter it shall be stated to what extent the best practices of the Code and the Banking Code were followed and if not, the reason for not doing so, and to which extent CBA NV deviates from these best practices.

## **Article 11**

### **Governing law and jurisdiction**

#### **Article 11**

- 11.1 This Charter MB shall be governed by and construed in accordance with the laws of the Netherlands.
- 11.2 The courts of Amsterdam, the Netherlands, shall have exclusive jurisdiction to settle any dispute arising from or in connection with this Charter (including any dispute regarding the existence, validity or termination of these Charter).



## Annex 1

### **ROLES AND RESPONSIBILITIES OF INDIVIDUAL MEMBERS OF THE MANAGEMENT BOARD**

#### **Role of the CEO**

The role of the CEO is to establish and maintain a corporate culture reinforcing appropriate norms for responsible, robust and ethical behaviour. These norms are especially critical in terms of the risk awareness, risk-taking behaviour and risk management of the CBA NV

The role of the CEO as the most senior representative of CBA NV will be to reinforce sound governance by suitable “tone at the top”. In doing so, the CEO will:

- Set corporate values to the effect that all business shall be conducted in a legal and ethical manner by senior management and other employees;
- Promote risk awareness within a strong risk culture with the objective that all employees will be responsible for ensuring that CBA NV operates within established risk appetite and risk limits;
- Ensure that Internal Audit provides independent assurance to the Management Board and the Supervisory Board on the appropriateness of the design and the operational effectiveness of CBA NV’s internal control, risk management and governance;
- Communicate throughout CBA NV the corporate values, professional standards and codes of conduct, together with supporting policies; and
- Confirm that employees are aware that disciplinary actions will follow in the case of breaches of internal policies or laws that govern the subsidiary.

The CEO will be accountable for managing the front office of CBA NV, including by directly managing the senior managers within that front office team. The CEO will hold senior managers accountable for their actions and enumerate the possible consequences (including dismissal) if those actions are not aligned with performance expectations. This will include adhering to CBA NV’s values, risk appetite and risk culture, under all circumstances. Internal Audit will have a functional reporting line to the CEO and the CBA Group Auditor, and in addition (to maintain an adequate separation of lines) Internal Audit will have a direct escalation towards the Supervisory Board.

In order to do so, the CEO will:

- Monitor senior management’s actions to ensure that are consistent with the strategy and policies approved by the Management Board, including the risk appetite;
- Meet regularly with senior management;
- Question and critically review explanations and information provided by senior management; and
- Assess whether senior management’s collective knowledge and expertise remains appropriate given the nature of the business and CBA NV’s risk profile.



## **Role of the CFO**

The role of the CFO is to establish and maintain a financially stable and sufficiently capitalized entity. The CFO will have the following accountabilities aligned with the finance function of CBA NV:

- The allocation and maintenance of CBA NV's capital, funding and liquidity;
- Accountable for Treasury, Finance, Data & IT and outsourcing
- CBA NV's back-office activities supporting treasury management;
- The production and integrity of CBA NV's financial information and its regulatory reporting under the regulatory system (for this purpose regulatory reporting is interpreted as the provision of all prudential and liquidity-related information required by CBA NV's regulators);
- Developing and maintaining CBA NV's recovery plan and for overseeing the internal processes regarding its governance;
- CBA NV's independent price verification (IPV) of transactions in securities and derivatives; and
- Additionally, the CFO will manage the Finance and Treasury functions of CBA NV. The CFO will be ultimately accountable for the respective performance of those functions.

The CFO will regularly review key policies and controls with senior management and with the heads of Risk Management department, Legal and Compliance department to identify and address significant risks and issues as well as determine areas that need improvement.

## **Role of the CRO**

The role of the CRO is to design and establish a strong risk governance framework, consisting of a strong risk culture, a well-developed risk appetite articulated through the Risk Appetite Statement (RAS), and well-defined responsibilities for risk management in particular and control functions in general. The CRO will act independently from the business and will have a direct escalation line to the Chair of the Supervisory Board of CBA NV

The CRO will be preparing a draft of the risk appetite of CBA NV for the Management Board to endorse and the Supervisory Board to approve and ensuring its alignment with CBA NV the CBA NV's strategic, capital, and financial plans and compensation practices and will clearly convey this message through a risk appetite statement that is easy to understand by the Management Board, the Supervisory Board, senior management, CBA NV's employees, and its regulators. The RAS will:

- Include both quantitative and qualitative considerations relating to risk appetite;
- Establish the individual and aggregate level and types of risk that CBA NV will be willing to assume in advance of and in order to achieve its business activities within its risk capacity;
- Define the boundaries and business considerations in accordance with which CBA NV will be expected to operate when pursuing its business strategy; and
- Communicate the Management Board's risk appetite (after the Management Board's risk appetite has been approved by the Supervisory Board), linking it to daily operational decision-making and establishing the means to raise risk issues and strategic concerns.
- Ensure regular reporting on CBA NV RAS Compliance.

The risk governance framework will outline actions to be taken when stated risk limits are breached, including disciplinary actions for excessive risk-taking, escalation procedures, and Management Board notification.

In accordance with the Charter of the Management Board, the duty of the CRO is to ensure that the Risk Management of CBA NV will be properly positioned, staffed and resourced and will carry out



their accountabilities independently, objectively and effectively. The CRO will regularly review key policies and controls with senior management and with the heads of Risk Management department, Legal and Compliance department to identify and address significant risks and issues as well as determine areas that need improvement.

### **Role of the Head of Compliance**

The role of the Head of Compliance (“HoC”) is to design and establish a strong compliance framework, consisting of a strong compliance culture and adequate monitoring and controls. The HoC will act independently from the business and will have a direct escalation line to the chair of the Supervisory Board of CBA NV

Specific responsibilities of the HoC are:

- Identifying, assessing, monitoring and reporting on compliance risks as defined in the Compliance Charter of CBA NV;
- Being the responsible board member for the compliance by CBA NV with the anti-money laundering and counter-terrorism financing legislation and notifying the other members of the Management Board promptly if it becomes aware of any material breach of this legislation;
- Advise management of changes to regulations, regulators expectations as well as industry standards and analyse the impact of new/proposed/amended laws, regulations and industry codes in the compliance related area regarding compliance topics, recommend to management changes to relevant policies and process, to ensure compliance and manage compliance implementation efforts of compliance related laws and regulations;
- Supporting and advising first line in executing (fulfilling) its responsibilities to manage and control compliance risks;
- Evaluate and advise on compliance issues in relation to product/process initiatives and reviews;
- Supporting and advising staff members regarding management of compliance risks;
- Assessing and monitoring the compliance related control framework including recommendations for enhancement;
- Contact and co-ordination with the relevant regulators and compliance oversights;
- Contributing to the development of the compliance learning and training program; and
- Ownership of the annual compliance plan including a monitoring plan, which will form the basis for executing and maintaining the compliance monitoring framework.