



Application Banking Code 2020

 **BINCKBANK**
VOOR BELEGGER S

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1. Introduction

In October 2014, a new Code of Banks was presented, part of the Forward-Looking Banking ('Toekomstgericht bankieren') package, which also includes the Social Status ('Maatschappelijk Statuut') and Rules of Conduct for individual employees. The new Banking Code aims, in conjunction with the Social Status and the introduction of the Banking Oath, rules of conduct and disciplinary law to make an important contribution to confidence in society towards banks and their role in society. The principles in the code emphasise the importance of a controlled and ethical management of banks and develop this interest in principles for the Supervisory Board and the Executive Board, adequate risk management, sound audit processes and a managed, balanced and sustainable remuneration policy.

The Banking Code applies to all activities carried out in the Netherlands and targeted at the Netherlands by banks holding a banking license issued under the Financial Supervision Act (Wft). BinckBank N.V. ("BinckBank") supports the principles of the Banking Code and sees the Banking Code as an important step by the banking system to restore confidence in the sector, ensure stability and protect the interests of all parties involved. Restoring trust requires a sustainable approach and constant attention.

The Banking Code applies the comply or explain principle. A bank applies the principles of the Banking Code in principle. The application of the principles depends in part on the activities and other specific characteristics of the bank and the group of which it may be a member. The banks to which the Banking Code applies differ in many areas. For example, they have different corporate governance structures, operate in different (sub)markets and can be nationally or internationally oriented. Derogations, if justified, may therefore be justified. In this publication, BinckBank N.V. reports on the way in which the principles of the Banking Code are applied by BinckBank. As a bank with activities mainly focused on online brokerage and asset management services, BinckBank has taken into account the environment in which it operates when applying the Banking Code. The application of the principles is an ongoing process and BinckBank will continue to work to act not only according to the letter but also to the spirit of the Code, taking into account the ever-changing needs of our stakeholders.

2. Controlled and ethical operations

Principles Code Banks

In order to obtain and maintain its position as a stable and reliable partner, a bank formulates a mission, a strategy and objectives. These are long-term and are reflected, among other things, in the bank's risk policy and its policy on sustainability and corporate social responsibility.

A bank chooses its positioning in such a way that business interests and the social role it plays are in line with each other. This is also reflected in the bank's governance structure and is a leading part in the implementation of the bank's mission, strategy and objectives.

The Executive Board and the Supervisory Board are responsible – taking into account everyone's duties and powers – for the establishment of a good governance structure and for compliance with these governance principles. The members of those boards serve as role models for all employees of the bank. In their daily actions, they are well aware of this. The Supervisory Board annually assesses the way in which the members of the Executive Board fulfil their exemplary role.

The Executive Board and the Supervisory Board are responsible – taking into account everyone's duties and powers – for developing, promoting and maintaining standards in the bank with regard to integrity, morality and leadership. In addition, they ensure good checks & balances and ensure a robust IT infrastructure, which is essential for the functioning of the bank. Good checks and balances means, among other things, that the compliance function is also guaranteed within the executive board and supervisory board.

The Executive Board promotes responsible behavior and a healthy culture, both at the top of the bank and throughout the organisation. In doing so, it has an eye for the interests of the bank's customers and other stakeholders. The Supervisory Board will oversee this. The principles of the Social Statute apply to all member banks. These principles should be safeguarded in the organisation of the bank and the bank also engages them in contacts with its stakeholders. This will provide insight into how the bank deals with the principles of the statute.

All employees comply with the formal regulations and self-regulation applicable to them. The Executive Board and the Supervisory Board are responsible for this, taking into account everyone's duties and powers. The Executive Board is responsible for ensuring that the employees are and will continue to be aware of all rules, values and standards applicable to the bank and will continue to draw attention to them. The Supervisory Board will oversee this.

Application by BinckBank

BinckBank applies this principle.

Mission

Since joining forces with Saxo Bank, BinckBank has embraced and committed to the vision, mission and strategic direction of Saxo Bank. The Group's vision is to enable people to fulfil their financial aspirations and to make an impact.

BinckBank and Saxo Bank exist to democratise trading and investment. While it is BinckBank and Saxo Bank's business to facilitate access to global capital markets for traders, investors, banks, brokers, independent advisors and asset managers, BinckBank and Saxo Bank see it as their ethical duty to educate and empower every human being who wants to navigate their own financial destiny. Making sense of financial markets is too important to be a privilege that belongs exclusively to individuals or institutions with specific financial expertise. BinckBank and Saxo Bank believe that every human being deserves to be enlightened while given the opportunity to act. This is why it has been BinckBank and Saxo Bank's quest to level the playing field and create equal opportunities.

BinckBank and Saxo Bank see it as their mission to constantly innovate and improve their client experience, so that clients can act in a timely, relevant and informed manner in local and global financial markets.

The overarching goal of the strategy is to have 'more happy and active clients cheaper, whilst we reduce cost and complexity'. Five key supporting objectives have been defined for the coming three years by Saxo Bank. These objectives are embraced by BinckBank and are as follows:

- Deliver a world class client experience, enabling clients to act in a timely and relevant manner, with sound money making logic.
- Become the preferred provider for self-directed and delegating (wealth/asset management) investors in selected geographies.
- Regain position as global leading provider focusing on active traders.
- Become the preferred provider for banks, brokers, independent advisors and asset managers, selling BaaS and SaaS in selected geographies.
- Develop people, processes, products, platforms, technology, and the use of data to drive scale, flexibility and agility to meet objectives for traders, investors, banks, brokers, independent advisors and asset managers while managing risk and compliance prudently.

Governance structure, business operations & risk policy

BinckBank operates according to the three lines of defense model (3LoD). In this structure, the first line is formed by operational management and support units that are responsible and liable for the assessment, management and mitigation of risks. The frontline departments are supervised and monitored by the specialized second-line departments such as Risk management, Finance & control, Legal and Compliance. These departments are responsible for the infrastructure, methodologies and guidelines used within BinckBank.

The Internal Audit Department (IAD) is the third line of defense that provides additional assurance to the executive board and supervisory board through a risk-based approach, on how the first and second lines function and how effectively the organization assesses and manages risks. The Supervisory Board and its subcommittees (audit committee, risk & product development committee and remuneration committee) together with the external auditor are the final link in the governance risk compliance framework.

In our business operations, we want to constantly consider the impact on the wider environment. This environment consists of our customers and shareholders. Environmental aspects, our suppliers and any other socially relevant stakeholders also occupy a prominent place. By recognising and naming social values, setting standards for this and actively monitoring them, we anchor a responsible social policy in our way. The duty of care towards the customer is embedded in BinckBank's strategy and in its values, policies, procedures, communication, marketing and education programs (including for customers). Putting the customer first is also an important part of the Bankers oath that all employees take.

Both the executive board and the supervisory board weigh up the different social and economic effects, the risks to be taken, the applicable laws and regulations and the interests of all stakeholders. After all, every decision affects the stakeholders of a company such as customers, shareholders, supervisors, employees, suppliers, but, also 'society' in a general sense. This principle is laid down in the administrative regulations and the regulations of the Supervisory Board of BinckBank.

All BinckBank board members have signed a moral and ethical declaration and all aspects of this are addressed in BinckBank's governance regulations, codes of conduct and internal rules and processes. Furthermore, various initiatives have been undertaken to raise awareness among employees about how their own activities and behavior can contribute to winning and maintaining the trust of customers and stakeholders.

Integrity is of great importance to BinckBank. Within the organization there is a wide range of procedures to ensure an integrity organisation. All new employees receive training in the field of compliance and integrity. In addition to these regular trainings, the board has organised plenary awareness sessions. In these sessions, examples of dilemmas were discussed about integrity behavior and its importance to the organisation and the (restoration of) trust in the financial sector.

3. Supervisory Board

Principles Code Banks

The Supervisory Board is composed in such a way that it can carry out its duties properly. It sets up a risk committee and an audit committee. The members of the Supervisory Board are willing and able to free up sufficient time for their task and show commitment and commitment. At the same time, they are critical and independent.

Every member of the Supervisory Board is aware of the social role of a bank and of the interests of the various stakeholders. Specific competency and experience requirements apply to the members of the risk committee and of the supervisory board's audit committee. Members of the risk committee have in-depth knowledge of the financial and technical aspects of risk management or the necessary experience that allows a thorough assessment of risks. Members of the audit committee must have in-depth knowledge of financial reporting, internal control and audit or the necessary experience that allows thorough monitoring of these subjects.

The Chairman of the Supervisory Board oversees the presence of a program of continuing education for all members of the Supervisory Board. The aim of this program is to maintain the expertise of the members and, where necessary, to broaden them. Education in any case covers relevant developments within the bank and the financial sector, corporate governance in general and the financial sector in particular, the duty of care towards - and the interest of the customer, integrity, IT infrastructure, risk management, financial reporting and audit. Each member of the Supervisory Board participates in the program and meets the requirements of continuing education. The assessment of the effectiveness of the program of continuing education is part of the annual evaluation of the supervisory board's own functioning.

In addition to the annual evaluation of the supervisory board's own functioning, this functioning is evaluated once every three years under independent supervision. The involvement of each member of the Supervisory Board, the culture within the supervisory board and the relationship between the Supervisory Board and the Executive Board are part of this evaluation.

Each member of the Supervisory Board receives appropriate compensation in relation to the time-taking of the work. This fee does not depend on the bank's results.

Application by BinckBank

BinckBank applies this principle.

Composition & expertise

The Supervisory Board has a sufficient number of members to carry out its duties, including in the committees. The Supervisory Board currently has five members. The members of the Supervisory Board are also sufficiently available and available to carry out their duties properly. This is reflected, among other things, in the attendance lists of the meetings of the Supervisory Board and its committees. Outside of these meetings, various topics are discussed by e-mail and by telephone.

The diversity within the Supervisory Board is reflected, among other things, the professional background of the members. The wide diversity of the commissioners' professional background ensures their critical view and the complementary profile of the board as a whole. The profiles of the individual Commissioners can be found on www.binck.com.

Education

Members of the Supervisory Board will follow shortly after appointment a tailor-made, BinckBank-funded introductory program to introduce BinckBank and its products and services.

It focuses on:

- (a) general financial, social and legal matters;
- (b) the Company's financial reporting;
- (c) specific aspects specific to BinckBank and its business activities;
- (d) the responsibilities of the members of the Supervisory Board.

Furthermore, the Chairman of the Supervisory Board oversees the presence of a program of continuing education for the members of the Supervisory Board, which aims to maintain and broaden the expertise of the Commissioners. Each member of the Supervisory Board participates in the program and meets the requirements of continuing education.

Within both the introduction program and the continuing education program risk management is an important part of supporting the members in assessing BinckBank's overall policies and associated risks. The Supervisory Board shall take into account the social function of the bank and the interests of all parties involved when performing its duties.

The committees

The Risk & Product Development Committee advises the Supervisory Board among others about the content of BinckBank's risk profile and risk appetite. In addition, it monitors the adequacy of liquidity and capital as well as the identification, testing and analysis of new products or adaptations of existing products and services with regard to the duty of care to the customer. Furthermore, the Risk & Product Development Committee's task is to identify, analyse and advise on all other material risks of BinckBank.

The activities of the Audit Committee consist of monitoring the design and operation of the system of internal control and risk management measures. The follow-up of the recommendations made and the functioning of the IAD. The members of the Remuneration Committee advises the Supervisory Board, among other things on the remuneration of the board and it advises on the remuneration of designated senior management (identified staff) and employees in control functions. The Remuneration Committee takes into account BinckBank's risk appetite, the long-term interests of shareholders, investors and all other stakeholders of BinckBank when decisions are taken.

Evaluation

Each year, the Supervisory Board decides, through a self-evaluation, whether the effectiveness of the continuing education program, the individual expertise of the members, the culture, the composition and the relationship with the board is still sufficient to carry out its duties properly. In addition to these annual self-evaluation, the functioning of the Supervisory Board is conducted once every three years evaluated under independent guidance.

Fee

Finally, the remuneration of the Commissioners is not dependent on the results of the the company.

4. Governance

Principles Code Banks

The Executive Board is composed in such a way that it can carry out its duties properly. Each member of the executive board is aware of the social role of a bank and of the interests of the various stakeholders.

One of the members of the Executive Board shall have the task of preparing decision-making within the Executive Board in the field of risk management. The member of the Executive Board concerned shall be involved in the preparation of decisions which are materially significant to the risk profile for the bank, in particular where such decisions may result in a deviation from the risk appetite approved by the Supervisory Board. The member may combine his/her duties with other areas of focus, provided that he/she does not have individual commercial responsibility for and operates independently of commercial tasks.

When exercising the risk management function, attention is also paid to the impact that systemic risks may have on the risk profile of the bank.

The Chairman of the Executive Board shall oversee the presence of a program of continuing education for all members of the Executive Board. The aim of this program is to maintain and broaden the expertise of the directors. Education in any case covers relevant developments within the bank and the financial sector, corporate governance in general and the financial sector in particular, the duty of care towards and the interests of the customer, integrity, risk management, financial reporting and audit. Each member of the Executive Board participates in the program and meets the requirements of continuing education.

Application by BinckBank

BinckBank applies this principle.

It is crucial for BinckBank to attract competent board members who are able to perform their duties properly. Board members are also decisive for the success of the company and must, among other things, have the required suitability (ambition, experience, expertise and capacities).

Composition & expertise

BinckBank Board members shall be subject to a suitability and reliability test by DNB to ensure that BinckBank's management is composed in such a way that it can perform its duties properly. The members of BinckBank's board have diverse backgrounds in banking, the financial sector and risk management. The profiles of the individual board members can be found on www.binck.com.

Education

In order to maintain the expertise of the members of the Executive Board and, where necessary, to broaden the level of education, there is a permanent education program for the board. In any case, continuing education shall cover:

- (a) relevant developments within the bank and the financial sector;
- b. corporate governance in general and that of the financial sector in particular;
- c. the duty of care to the customer, integrity, risk management, financial reporting and audit.

In addition, presentations on various substantive topics are given during the regular board meetings that contribute to the general education of the board. The board is also a regular presence at financial regulatory education sessions organized by BinckBank's Legal & Regulatory department. The expertise of the board will be discussed during the annual assessment of the functioning of the members of BinckBank's Executive board by the Supervisory Board.

Risk management

Within the board, the Chief Financial & Risk Officer (CFRO) is tasked with making decisions prepare within the board for risk management. The CFRO is hereby timely involved in the preparation of decisions taken for the company of material significance for the risk profile, in particular where these decisions are a deviation from the risk appetite approved by the Supervisory Board may have. The CFRO does not combine this function with any other commercial Focus.

The board as a whole ensures that risk management is so adequate that it is aware in good time of material risks that the company faces so that these risks can be controlled. Decisions of material significance for the risk profile, capital allocation or liquidity, are taken by the board. More information on risk management can be found in BinckBank's annual report on www.binck.com.

Method

In carrying out its duties, BinckBank's Executive board makes a careful consideration between both the commercial interests of the bank and the risks to be taken. In doing so, taking into account the interests of all stakeholders and the applicable legal regulations. This principle is laid down in the charter of the Executive Board.

5. Risk policy

Principles Code Banks

A bank's risk policy is characterised by an integrated approach, transparent and focused on both short and long term. The risk policy also takes into account reputational and non-financial risks.

The Executive board of a bank is responsible for the bank's risk policy and ensures adequate risk management. The risk appetite is submitted to the Supervisory Board for approval at least once a year on a proposal from the Executive Board. Interim material changes to risk appetite are also submitted to the Supervisory Board for approval.

The Supervisory Board oversees the risk policy pursued by the Executive Board. To this end, the Supervisory Board shall discuss the risk profile of the bank and assess at the strategic level whether capital allocation and liquidity seizure are generally consistent with the approved risk appetite and whether the business activities in general fit within the bank's risk appetite. In the performance of this supervisory role, the Supervisory Board is advised by the risk committee of the Supervisory Board.

Application by BinckBank

BinckBank applies this principle.

Division

Within the collective board, a board member has been appointed CFRO with primary responsibility for risk management. As part of this, he is also responsible for product approval and evaluation.

The product approval process

The product approval process is designed in such a way that all relevant risks are taken into account when assessing risks and other relevant factors. The product approval process should ensure that new or customized products meet BinckBank's requirements in the context of the ongoing attention to the interest of the customer. The product approval process is audited annually by the IAD BinckBank on an effective design, existence and operation of the process and reports on this to the board and the Audit Committee.

Risk and capital reporting

Every quarter, BinckBank's board prepares a risk and capital report for the supervisory board. This enables the Supervisory Board to discuss and assess whether BinckBank's business activities are within BinckBank's established risk appetite.

Supervisory Board

The Risk & Product Development Committee (RPC) oversees the risk appetite, risk profile and the assessment of the adequacy of capital and Liquidity. The RPC also oversees the composition of the investment portfolio and the development of BinckBank's key risk indicators. This means that they may signal changes in BinckBank's risk profile in a timely manner. This principle is recorded in the regulations of the Supervisory Board of BinckBank.

Each year, the risk appetite is presented by the Executive Board to the Supervisory Board for approval. Interim material changes are also submitted to the Supervisory Board for approval. This principle is laid down in the charter of the Executive Board.

6. Audit

Principles Code Banks

The Board of Directors of a bank shall ensure systematic control of the risks associated with the bank's business activities.

To this end, an independently positioned internal audit function operates within a bank. The head of that audit function shall report to the Chairman of the Executive Board. He also has a direct reporting line to the chairman of the supervisory board's audit committee.

Information exchange takes place periodically between the internal audit function, the external auditor and the audit committee of the Supervisory Board.

The internal audit function takes the initiative to discuss each other's risk analysis, findings and audit plan at an early stage with De Nederlandsche Bank and the external auditor. The bank's executive board and internal audit function shall ensure that this tripartite consultation takes place periodically. In doing so, they strive for a clear demarcation of everyone's tasks and responsibilities.

Application by BinckBank

BinckBank applies this principle.

Risk management control

The IAD of BinckBank draws up an annual risk analysis and audit plan. This plan is approved by the executive board and the Audit Committee. By implementing this audit plan, the IAD assesses whether the internal management measures are properly designed, present and work effectively. This risk-based assessment also extends to the quality and effectiveness of the governance, risk management and management processes within BinckBank.

Periodic reporting and consultation

Twice a year the IAD reports to the board and the Audit Committee on the progress of the audit plan realization and the main identified risks. On the basis of this report, both the risk analysis and the audit plan are periodically evaluated and discussed with the board, the Audit Committee, the external auditor (Deloitte) and DNB. The tripartite consultation between IAD, Deloitte and DNB in which the risk analyses, findings and audit plan are discussed takes place upon request of DNB.

Independence

The IAD is independently positioned within the governance of BinckBank. The Head of IAD reports directly to the Chairman of the Board of BinckBank and the Audit Committee. The independence and quality of the IAD was tested in 2020 by the Institute for Internal Auditors (IIA) with a positive outcome.

7. Remuneration policy

Principles Code Banks

A bank implements a careful, controlled and sustainable remuneration policy, which is unambiguous and transparent, in line with national and international regulations.

The remuneration policy is primarily focused on the long term and in line with the bank's risk policy. It is characterised by balanced relationships, both internal and external, taking into account the expectations of the various stakeholders and the public support. It also takes into account the relevant international context.

The total income of a member of a bank's board of directors is below the median of comparable functions within and outside the financial sector at the time of fixing, taking into account the relevant international context.

The variable remuneration of a member of the Executive Board shall be determined in accordance with national and international regulations.

Application by BinckBank

BinckBank applies this principle.

BinckBank's remuneration policy is based on a careful consideration of the interests of customers, employees, shareholders, (inter)national relations and society as a whole.

BinckBank's remuneration policy is consistent with BinckBank's business strategy, objectives, values and long-term interests and ensures that conflicts of interest are avoided. BinckBank's remuneration policy is in line with and contributes to sound and effective risk management and does not encourage risk-taking that is not acceptable to BinckBank. BinckBank's remuneration policy can be found on www.binck.com.

The Supervisory Board has adopted the general principles of BinckBank's remuneration policy and is responsible for implementing and evaluating the established remuneration policy with respect to the members of the Board of Directors. The remuneration for the board of BinckBank is tested against (inter)national legislation and compared with a reference group of (similar) institutions within and outside the sector. Executive remuneration is lower than the median level in the market.

The fixed and variable remuneration for senior management (identified Staff) is submitted for approval to the remuneration committee of the supervisory board and the remuneration policy BinckBank does not allow guaranteed bonuses. In the case of performance-related remuneration, the total amount of remuneration is based on a combination of the assessment of the performance of the director concerned and the results of BinckBank. Financial, non-financial, quantitative and qualitative criteria are used to assess the personal performance of the directors. The company's assessment, the performance of the business units in the portfolio and the individual assessments together form the basis for the allocation of variable remuneration.

When awarding variable remuneration to a director, long-term components such as strategic objectives, profitability and continuity are taken into account, among other things. This is also reflected in the fact that the granted variable remuneration for board members is partially conditional. This conditional remuneration is paid over a period of five years, subject to reassessments.

The Supervisory Board has the power to recover the variable remuneration awarded to the executive board on the basis of incorrect (financial) data under the supervisory board's regulations, remuneration policy and the statutory 'Claw Back' scheme.

In order to prevent excessive, variable, rewards, BinckBank has per employee category, a maximum ratio between the fixed and variable remuneration based on the “Regeling beheerst beloningsbeleid” and the Act on remuneration policy for financial companies (Wet beloningsbeleid financiële ondernemingen).

The allocation of variable remuneration is based on predetermined and assessable performance indicators. The performance indicators are derived from the objectives for the company as a whole and for the relevant business Unit. When determining personal performance, financial, non-financial, quantitative and qualitative performance indicators. It is not allowed that performance indicators encourage risk-taking that are not acceptable for BinckBank. In order to ensure this, the assessment of performance and the allocation of variable remuneration made a correction for all types of current and future risks and take into account the cost of the capital used and the cost of the required liquidity.
