International Securities Lending Association (ISLA)

Board Charter & Legal Entity Organisational Chart

Introduction for New Board Directors

Welcome to the Board of Directors of the International Securities Lending Association ("ISLA"; the "Association"). This Charter is intended to support new and continuing Directors by setting out the expectations, responsibilities and governance principles that guide the Board's work on behalf of ISLA's members and the wider securities financing industry.

This Board Charter should be read in conjunction with **ISLA's Articles of Association and Rules**, which are available on the ISLA website, www.islagroup.com and you should ensure familiarity with the **ISLA Legal Entity Structure,** which is attached as page 13 of this Board Charter.

A Board Director plays an important role in helping ISLA remain clear in its purpose, credible in its advocacy, resilient in its governance and responsive to the needs of a global membership. The Board provides strategic direction, constructive challenge and oversight, while supporting the Executive team in delivering outcomes that strengthen market confidence, legal certainty, operational efficiency and member value.

About ISLA

The International Securities Lending Association is the leading trade association for the securities financing industry. Its 280+ global members, based in 35 jurisdictions, include beneficial owners, institutional investors, asset managers, custodial banks, lending agents, prime brokers, fintechs and service providers, spanning the breadth of the securities financing ecosystem, including securities lending, borrowing, financing, collateral management and related digital transformation.

ISLA's role in today's evolving financing ecosystem is to ensure that market, legal, regulatory and operational foundations are aligned to stakeholder expectations, supporting growth that is credible, transparent and resilient. ISLA works with members, global regulators and policy-makers to drive clarity, certainty and best practice across regions, infrastructures and asset classes.

ISLA has supported the industry for more than 30 years and, in 2024, established its affiliate, ISLA Americas. Working with its global network of partners and peer associations, ISLA provides a global advocacy voice for the international securities finance market, helping members operating across borders benefit from a cohesive and unified approach to market evolution and regulatory change.

ISLA Current Strategic Objectives

- **Legal standards and documentation:** act as custodian and architect of the Global Master Securities Lending Agreement (GMSLA), maintaining the agreement and supporting legal opinions to provide capital efficiency, risk management and legal certainty for global securities lending activity.

- **Advocacy and public policy:** advocate for the critical market liquidity, efficiency and resiliency role of securities finance, acting as a bridge between the industry and policymakers and regulators.

- **Regulatory clarity and best practice:** track emerging regulation and produce regulatory responses, consensus-based analysis and practical guidance for members.

- **Global coordination:** coordinate responses across markets and institutions to support outcomes that are credible, robust and commercially relevant.

- **Market evolution:** help members shape the evolution of securities financing in a practical, coordinated and fit-for-purpose manner across regions, infrastructures and asset classes.

ISLA Core Services

- **Legal documentation and opinions:** providing members with access to the market-standard Global Master Securities Lending Agreement (GMSLA), including title transfer and security interest versions, together with legal opinions that support market certainty and risk management across jurisdictions.

- **Advocacy, regulation and policy engagement:** representing members' views with local, regional and global regulators and policymakers, and coordinating with peer associations on shared initiatives that benefit the global securities financing industry.

- **Working groups and member engagement:** convening standing and topic-specific steering groups and subgroups covering advocacy, legal, regulatory, digital and best-practice workstreams, with member access to related materials and minutes.

- **Events, briefings and knowledge sharing:** delivering conferences, regional roundtables, briefings, webinars and working group meetings that bring members together to discuss market developments and build networks.

- **Research, resources and market insight:** providing online resources, market data, regulatory horizon scanning, best-practice materials and educational content to support informed participation in the securities financing market.

Purpose

The Board is expected to clearly articulate the strategic vision of the Association and ensures its aims are being delivered effectively and sustainably. The Board's core role is a focus on strategy, performance, and risk management.

The responsibilities of the Board Members include:

- developing and maintaining a clear understanding and commitment to ISLA's purpose and ability to articulate it clearly;
- undertaking periodical reviews of the Association's strategy to ensure it remains

relevant and valid;

- measuring and assessing outputs, results and outcomes against agreed milestones;
- reviewing the annual remuneration;
- analysing the external environment and planning for the sustainability of ISLA's income sources in the short, medium and longer term;
- evaluating risks to the Association and the broader securities financing market, including legal, regulatory, reputational and financial risks; and
- recognising the Association's broader responsibilities to the industry and the wider financial services environment, within its available resources.

Key Principles

Leadership

Strong and effective leadership ensures the Association adopts an appropriate strategy to execute on its objectives and sets the tone for the Association, including its vision, values, and reputation.

The responsibilities of the Board Members in this regard shall include:

- the Chair is expected to provide leadership to the Board with prime responsibility for ensuring the Board has agreed priorities, has put in place appropriate structures and processes, is maintaining a productive culture and has Directors and senior staff who are able to govern well and add value to the Association
- in the case of the Chief Executive Officer ("**CEO**"), the Chair to ensures that there are proper arrangements in place through the operation of the Board, for their appointment, supervision, support, appraisal and remuneration;
- clearly recording the Board's functions and ensuring role descriptions are in place defining responsibilities for all Board Members that differentiate clearly, those of the Chair and other officer positions;
- the Board, through its relationship with the CEO, must create the conditions by which the Association's staff are confident and are enabled to provide the information, advice and feedback necessary to the Board;
- all Board Members to give sufficient time to the Association to carry out their responsibilities effectively. This includes preparing for meetings and sitting on Board committees and other governance bodies where needed;
- understanding the legal, organisational and governance structure of the Association (including its affiliates, subsidiaries and branches) and ensuring the long term soundness, protection and longevity of the ISLA brand, in all areas of its operation, including effective risk management for the ISLA brand globally; and
- understanding the legal and governance structure of ISLA's affiliate entity, ISLA Americas, which was established by ISLA in 2024, and maintaining a clear understanding that ISLA retains controlling veto rights over material decisions made by ISLA Americas; such rights exist in order to protect the integrity of the ISLA brand globally. Directors will receive training on the legal and governance structure upon appointment.

Integrity

The Board adopts values, applies ethical principles to decisions and creates a positive, inclusive and supportive culture which helps achieve the Association's purpose. The Board is aware of the significance of the trust of the Association's members. The Board reflects the Association's ethics, integrity and values in everything it does and Board Members must undertake their duties with this in mind.

The responsibilities of the Board Members shall include:

- safeguarding and promoting the Association's reputation by leading responsibly and supporting the Association's values through suitable behaviours and conduct;
- acting with honesty, integrity, trustworthiness and care;
- acting in the best interests of the Association;
- making objective decisions about the Association's purpose, ensuring ISLA is not unduly influenced by conflicts, commercial or personal interests. This applies to whether Board Members are elected, nominated, or appointed. Collectively the Board must be unbiased and independent in its decision making; and
- ensuring no person or organisation has undue power or influence over the Association.

Decision Making, risk and control

Though the Board may delegate some level of authority for operational and execution purposes, it remains ultimately responsible for its duties and must implement suitable financial and related controls and reporting arrangements to ensure the Board oversees any delegated matters. Board Members must also identify and assess risks and opportunities for the Association and make appropriate decisions, including assessing whether opportunities or risks are suitable, manageable and risk can be managed in a robust and prudent manner.

The responsibilities of the Board Members shall include:

- ensuring that focus remains on strategy, performance and risk management, rather than purely operational matters;
- staying aware of the financial and non-financial risks that need to be monitored and managed (including reserves) to deliver ISLA's purpose;
- fostering a culture of sound management of resources, whilst encouraging a spirit of risk-managed innovation and ensuring future relevance and success;
- where aspects of the Board's role are delegated to committees, staff or contractors, retaining responsibility and oversight;
- implementing rules around potential conflicts of interest so that Board Members are excused from meetings and correspondence where a conflict of interest may present itself;
- regularly reviewing ISLA's key policies and procedures to ensure that they continue

to support, and are adequate and fit for purpose for, the delivery of ISLA's aims. This includes good employment practices, data protection, conflicts of interest, competitive behavior, for example;

- putting in place structures to monitor staff performance against agreed goals, to hold staff to account and to support them in meeting the aims of the Association;
- regularly considering information from other similar peer organisations to compare or benchmark the Association's performance and organisational structure and objectives against such organisations; and
- putting in place and regularly reviewing the Association's processes for identifying, prioritising, escalating, and managing risks.

Board Effectiveness

The Board works as an effective team, using the appropriate balance of skills, experience, backgrounds, and knowledge to make informed decisions.

The Board has a key impact on whether the Association thrives. The leadership, behavior, culture and overall performance of the Board is critical to the Association's success. It is important to have a rigorous approach to Board Member recruitment, performance and development and to the Board's overall conduct. In an effective team, Board Members feel it is safe to suggest, question and challenge ideas and address, rather than avoid difficult topics.

The responsibilities of the Board Members shall include:

- meeting as often as needed to be effective, at least four times a year;
- the Chair, working together with Board Members and staff, must plan the Board's program of work and its meetings and to make sure that Board Members have the necessary information, time and space to explore key issues and reach well considered decisions, ensuring good usage of Board time;
- the Board to must appoint a Vice-Chair who provides a sounding board for the Chair and serves as an intermediary for the other Board Members, if necessary;
- regularly discussing the Board's effectiveness and its ability to work as a team, including individual's motivations and expectations. Board Members must take time to build trust within the Board and the Chair should ask for feedback on how to create an environment where Board Members can constructively challenge each other;
- regularly reviewing the composition of the Board to ensure it has the necessary mix of skills, knowledge, and experience to govern effectively; and
- ensuring that new Board Members receive an appropriate induction program when they join the Board including meetings with senior management covering areas of the Association's work.
- undergoing and completing appropriate levels of training in respect of UK Company Law Director's duties and training on applicable competition law obligations.

- ensuring compliance at all times with such legally required Director's duties and competition law obligations.

Equality, diversity, and inclusion

Addressing equality, diversity and inclusion helps to ensure a Board is comprised of varied skillsets, perspectives and capabilities, which can foster constructive challenge and can lead to improved decision-making and outcomes.

All Board Members are subject to the same standards of Director's duties and responsibilities for the Association and must have an equal opportunity to contribute to decision making.

The responsibilities of Board Members shall include:

- regularly assessing the Association's approach to equality, diversity and inclusion, including range of skills, experience and perspectives, using available data and research;
- ensuring there are no biases in the Board Member election, recruitment and selection process;
- demonstrating inclusive behaviours when making decisions and engaging with staff, members and service providers; and
- periodically taking part in Board training to ensure the responsibilities of Board Members and their understanding of equality, diversity and inclusion are up to date.

Openness and Accountability

Trust that the Association is delivering against its core aims and objectives for its members is fundamental to its reputation and success. Making accountability real, through genuine and open two-way communication that celebrates success and demonstrates a willingness to learn from mistakes, helps to build this trust and confidence and earn legitimacy.

The responsibilities of the Board Members shall include:

- ensuring a process for regular and effective communication;
  with members about the Association's purpose, values, work and achievements;
- ensuring that members have an opportunity to hold the Board to account through an agreed route, for example question and answer sessions;
- establishing a clear policy on eligibility for membership of the Association;
- ensuring access to clear and accurate membership records is available; and
- seeking feedback and members' views on key issues.

ISLA Board Officer Positions - Roles and Responsibilities

ISLA Chair of the Board

Obligations of the Chair include:

- ensuring that the Board is effective in its principal goal, which is to set and implement the ISLA's direction and strategy, in collaboration with the ISLA Senior Management team;
- working in conjunction with the CEO, acting as ISLA's leading representative. This involves the presentation of ISLA's aims and policies to members and external stakeholders;
- taking the chair at general meetings and Board meetings. For Board meetings, this involves determining the order of the agenda; ensuring the Board receives accurate, timely and clear information; keeping track of the contributions of individual Directors and ensuring they are all equally involved in decision-making. Regardless of the meeting type, the Chair should be directing discussions towards consensus views and agreements and should be summing up discussions so that everyone understands what has been agreed upon;
- taking a leading role in determining the composition and structure of the Board. This means regularly reviewing the overall composition of the Board, including experience, skillsets and representation of diverse perspectives;
- ensuring effective and constructive communication with members and stakeholders;
- the Chair must ensure effective communication of Board matters to all ISLA Board members; and
- the Chair will represent the ISLA Board as an ISLA Americas Board member and must ensure communication of ISLA Americas Board matters to all ISLA Board members, including representing the consensus view of the ISLA Board on ISLA Americas voting matters and decision-making.

Ex-Officio

- the Ex-Officio position is awarded to the outgoing Chair and in this context, the position is filled automatically, rather than through a vote by members;
- the Ex-Officio director shares all the duties and responsibilities of Directors, including the right and responsibility to vote on each matter that comes before the Board. Their contribution is one of expertise, providing advice and guidance to the new Chair and the full Board through their gained experience and tenure.

Vice-Chair

- the Vice-Chair stands in for the Chair and helps with difficult decisions between meetings;
- the Vice-Chair can act as an intermediary between Board Members and the Chair in the event of disagreement; and

- the Chair should liaise regularly with the Vice-Chair and ensure the Vice-Chair is sufficiently appraised of current issues within the organisation to be able to stand in at short notice.

Treasurer

- the Treasurer is responsible for the general financial oversight of ISLA and oversees and presents budgets, accounts, and financial statements to the Board; and
- the Treasurer's duties include:
  - financial planning and budgeting;
  - oversight of financial reporting;
  - monitoring of banking, book-keeping, and record-keeping; and
  - control of fixed assets and stock.

ISLA Board Committees

ISLA Board Committee Roles and Responsibilities

To assist in its discharge of duties and responsibilities, the Board may establish the following standing committees:

1. The Executive Committee
2. The Compensation Committee
3. The Membership Committee
4. The Governance Committee
5. The Strategy Committee
6. The Events & Communications Committee
7. The Co-Option Committee

(each a "**Committee**" and together the "**Committees**")

Committee Leadership: Any individual elected as the Chair of any of the Committees must have served as a Director on the Board for a minimum of 3 years.

Meetings: It is suggested each Committee shall convene at least 4 times per year or as needed to perform its oversight function.

Executive Committee (ExCo)

Composition: The ExCo will be made up of the Chair, the Ex-Officio, the Vice-Chair, the Treasurer and the Chair of the Governance Committee.

Responsibilities:

- The Executive Committee be responsible for overseeing the strategy, direction and risk management of ISLA.
- The ExCo will facilitate decision making between Board meetings or in urgent, high risk and crisis circumstances.
- The ExCo takes a robust assessment of both financial and emerging risks facing ISLA over the course of the upcoming year and reviews reports that support the management and mitigation of those risks.
- The ExCo also acts as a collaboration center for the executive director, a forum for conversation and a panel for vetting strategic plans.
- The ExCo, whilst more involved in immediate risk items, should at all times communicate key matters openly to all Board members to ensure socialisation of matters relevant to the Board and the effective running of the Association and execution of strategy.
- The Chair and the ExCo must ensure effective communication of Board matters to all ISLA Board members.
- ISLA is a full and permanent member of ISLA Americas and the ISLA Board is represented on the ISLA Americas Board by two ISLA Board members, the Chair and the Treasurer, who must ensure communication of ISLA Americas Board matters to all ISLA Board members, including but not limited to, any strategic decisions and any voting items. The Chair and/or the Treasurer may appoint a delegate to represent ISLA as an ISLA Americas Board member, where the Chair or Treasurer is not available to attend relevant ISLA Americas meetings; such delegate must be an ISLA Board Director and agreed between the Chair and Treasurer in advance.

Compensation Committee

The Compensation Committee is responsible for setting the policy for the remuneration of existing and new ISLA staff.

Composition: The Compensation Committee will be made up of the ExCo and the CEO, save for during discussions pertaining to the remuneration of the CEO, at which time the CEO shall recuse themself from attending the meeting. The Chief Operating Officer ('COO') will also be involved in proposing compensation for employees to the Compensation Committee, however will defer to the Compensation Committee on final decision making and recuse themselves from discussions regarding COO and CEO remuneration.

Responsibilities

- Determining targets for performance-related pay and determining the total individual remuneration package of each member of staff, including cash bonuses as applicable.
- Setting level of staff benefits, including pension contributions
- Ensuring ISLA remains competitive as an employer and can attract and retain suitable

high talent and strong performers, in a competitive financial services landscape, and having regard to the fact that ISLA is required to deliver leadership, subject-matter expertise and the highest levels of professional execution for members.

Membership Committee

Responsibilities:

- Determines the fees for membership subscriptions and legal opinions on an annual basis (in conjunction with the Treasurer).
- Decides the different tiers of membership and categorises members within those tiers.
- Exercises overall authority on new membership applications and expulsion.

Governance Committee

The Governance Committee is tasked with ensuring that the decisions of the Board and the procedures and operations of ISLA align with the ISLA's governance requirements, corporate values and external compliance demands. Effectively, this Committee governs the Directors, providing rigorous oversight to make sure that the Board is fit for purpose, now and in the future and is suitably resourced to carry out its duties and performs those duties effectively, in a well governed, transparent and accountable manner.

Responsibilities:

- Establishes Board Member criteria, creation of officer positions and committees, regular monitoring suitability of Directors.
- Puts in place processes by which appropriate policies and procedures are implemented, maintained, and upheld by the Association.
- Ensures the Association's constitutional documents are regularly reviewed and that ISLA's Membership Rules are kept updated and in line with its Articles.
- Ensures that the Board pack and supporting materials are delivered at a suitable time in advance of each Board meeting and in a suitable medium for effective review by all Board members.

Strategy Committee

The Strategy Committee is responsible for overseeing progress of execution of the agreed strategic goals of ISLA over a 3–6-year time horizon. The agreed strategy will be set with the full Board.

Responsibilities:

- Regularly reviews the Association's plans and projects to ensure they are in line with the approved strategic vision.
- Evaluates the Association's performance against agreed aims and objectives to ensure the strategy is being delivered in accordance with communication to membership

- Identifies areas where strategy may require adjustment or revision over time, for example due to market developments and member demand.

Events & Communications Committee

The Events & Communications Committee's main role is to provide a level of guidance and oversight to key strategic initiatives and outputs managed across global events and communications.

Responsibilities:

- In respect of the Annual Securities Finance & Collateral Management Conference, the Events & Communications Committee's members may bring in additional Board representatives that better reflect the wider membership, to provide input on the broad framework, as well as outline themes and topics for inclusion.

- The group are to keep appraised of any upcoming content or general communications that are material or sensitive in nature, ahead of publication to the wider Board, followed by external subscribers.

Co-Option Committee

The Co-Option Committee's role is to identify and appoint to the Board candidates to become co-opted directors, to achieve an appropriate geographical or sectoral representation or area of expertise and skillset on the Board.

Composition: The Co-Option Committee will be made up of Chair, the Chair of the Governance Committee and the CEO. The meetings and discussions of the committee shall be kept strictly confidential at all times.

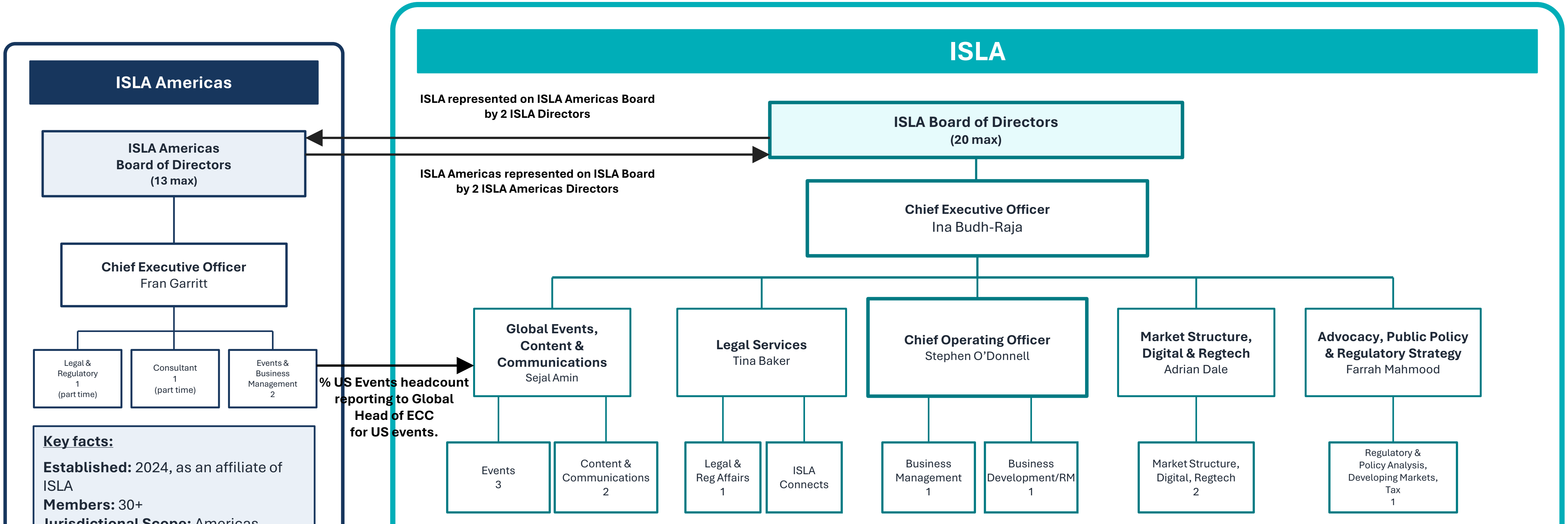
Responsibilities:

- Regularly reviews the composition of the Board to determine whether it has appropriate geographical or sector representation, or whether additional areas of expertise or skills would be desirable to have on the Board.
- Identifies suitable candidates drawn from its members.

Conducts its selection and appointment process in a manner which is fair, fosters diversity of perspectives, skills and representation across the securities finance ecosystem, functionally and geographically and is confidential and independent.

International Securities Lending Association (ISLA) - Legal Entity Structure

ISLA and its affiliate entity, ISLA Americas



ISLA Americas

Key facts:

Established: 2024, as an affiliate of ISLA
Members: 30+
Jurisdictional Scope: Americas
Website: islaamericas.org

ISLA

Key facts:

Established: 1989
Members: 280+
Jurisdictional Scope: Global
Website: islagroup.org

ISLA Governance:

ISLA retains controlling veto rights over material decisions made by ISLA Americas

ISLA & ISLA Americas are permanent full members of both group entities.

Board Linkages:

(i) ISLA Loan granted to ISLA Americas Board to establish affiliate entity (active)
(ii) 2 ISLA Board members represent ISLA on the ISLA Americas Board
(iii) 2 ISLA Americas Board members represent ISLA Americas on the ISLA Board