



SUSTAINABILITY REPORT



CEO STATEMENT

1 As a systemically important market infrastructure within Nigeria's capital markets ecosystem, this reporting period marks a significant milestone for our organisation. This is our first sustainability report, and it reflects our commitment to transparency, resilience, and long-term value creation as we align our disclosures with the IFRS International Sustainability Standards Board (ISSB) S1 and S2 Standards.

OUR APPROACH TO IDENTIFYING MATERIAL TOPICS

At the heart of this report is our first formal materiality assessment, undertaken to ensure that our sustainability disclosures focus on matters that are most relevant to our business, our stakeholders, and the markets we serve.

Our approach was pragmatic, structured, and grounded in our operating context. We began by leveraging our deep understanding of our operations, the Nigerian capital market ecosystem, and the broader technology landscape in which we operate. This informed the identification and prioritisation of our critical stakeholders, guided by their level of influence on our business and the issues most relevant to their interests.

THE ASSESSMENT PROCESS COMBINED:

- **Internal diagnostics and benchmarking to define our sustainability aspirations and risk landscape,**
- **Peer analysis and a review of sector and local sustainability trends, and**
- **Direct engagement with key internal and external stakeholders to identify and prioritise material focus areas.**

From this process, we developed a list of material themes that reflect our business activities and operations. These themes were further tested against our corporate strategy, global ESG reporting frameworks such as GRI and SASB, and emerging regulatory expectations, ensuring alignment with leading international best practice and ISSB requirements.

ISSB TIMELINE



KEY MATERIAL THEMES AND ACHIEVEMENTS DURING THE REPORTING PERIOD

The materiality assessment highlighted several priority themes that shaped our actions and performance during the year:

Infrastructure and Core Systems Modernisation

During the reporting period, we completed a comprehensive modernisation of our core infrastructure to enhance system resilience, processing capacity, and readiness for future growth. Key initiatives included upgrades to core processing platforms, data centre and network infrastructure, and disaster recovery capabilities, strengthening system reliability, scalability, and operational continuity in support of a resilient and efficient capital market infrastructure.



THE MATERIALITY ASSESSMENT HIGHLIGHTED SEVERAL PRIORITY THEMES THAT SHAPED OUR ACTIONS AND PERFORMANCE DURING THE YEAR:

1 INFRASTRUCTURE AND CORE SYSTEMS MODERNISATION	2 DATA PRIVACY, CYBERSECURITY, AND SYSTEM RESILIENCE	3 TRANSPARENCY, GOVERNANCE, AND ETHICS
<p>During the reporting period, we completed a comprehensive modernisation of our core infrastructure to enhance system resilience, processing capacity, and readiness for future growth. Key initiatives included upgrades to core processing platforms, data centre and network infrastructure, and disaster recovery capabilities, strengthening system reliability, scalability, and operational continuity in support of a resilient and efficient capital market infrastructure.</p>	<p>Cybersecurity remains a foundational issue for market confidence and capital market stability. During the year, we significantly strengthened our security architecture through enhanced monitoring, expanded Security Operations Centre coverage, upgraded firewall infrastructure, deployment of web application and API security solutions, and the rollout of staff cybersecurity awareness tools. We also implemented data masking and encryption controls and successfully completed independent ISO surveillance and integrated management system audits, providing assurance over our governance and controls.</p>	<p>We continued to embed strong governance and ethical practices across our operations. Key achievements include strengthening board composition through enhanced diversity, skills, and experience; progressing anti-money laundering, anti-bribery, and sanctions policy frameworks; and reinforcing third-party governance through vendor data protection training. No significant adverse regulatory or internal audit findings were recorded during the year, reflecting the robustness of our compliance culture.</p>



**THE MATERIALITY
ASSESSMENT
HIGHLIGHTED
SEVERAL PRIORITY
THEMES THAT SHAPED
OUR ACTIONS AND
PERFORMANCE
DURING THE YEAR
CONT:**

**4 FINANCIAL INCLUSION AND
ACCESS TO CAPITAL MARKETS**

Advancing inclusive access to the capital market remains central to our mandate. During the reporting period, we delivered major technology upgrades to investor and broker portals, achieved 100% adoption of mandatory self-service platforms, and completed seamless migrations with zero downtime. We also maintained cost structures that avoided barriers to entry and developed onboarding frameworks for non-traditional financial institutions, broadening participation across the market.

**5 CLIMATE CHANGE AND
ENERGY USE**

While our operations are not emissions-intensive, we recognise the growing importance of climate-related governance and disclosure. During the year, we completed a comprehensive energy retrofit of our Lagos office, upgrading HVAC systems, lighting, and power infrastructure to improve efficiency and reliability. We acknowledge current limitations in energy data granularity and see this as an opportunity to strengthen monitoring and reporting capability in future periods, particularly in light of emerging national climate regulation and ISSB adoption in Nigeria.

**6 SUSTAINABLE MARKET DEVELOPMENT
AND SUPPORTING GREEN FINANCE**

Through our role as post-trade infrastructure provider, we supported key sustainable and inclusive financial instruments, including the Federal Government of Nigeria Green Bond, Savings Bonds, and Sukuk issuances. Market-wide infrastructure milestones, such as our transition from T+3 to T+2 settlement and the upgrade of core systems, further strengthened the enabling environment for sustainable finance by improving liquidity, efficiency, and resilience.



1 LOOKING AHEAD

committed to enhancing data quality, strengthening governance and risk management, and deepening our contribution to a resilient, inclusive, and sustainable capital market ecosystem.



2. ABOUT THIS REPORT

2.1 REPORTING FRAMEWORKS

2.2 BOUNDARY, SCOPE AND REPORTING PERIOD

2.3 CONTACT AND FEEDBACK



ABOUT THIS REPORT

This report describes business, environmental, social and governance issues that have an impact or could potentially affect our business operations and activities. It also highlights environmental, social and governance issues that have a direct and significant impact on our company, employees, clients and others, as well as issues that our organisation has a unique opportunity to influence.

The content of this Report was determined through a systematic materiality assessment process, which included identifying sustainability-related topics, assessing their materiality and relevance as well as topic boundaries, preparing and validating the information reported and reviewing and addressing stakeholder feedback on the Group's sustainability reporting.

2.1 REPORTING FRAMEWORKS

We are on a journey to align with the IFRS ISSB S1 and S2 standards ahead of the deadline for mandatory reporting in line with the Financial Reporting Council (FRC) requirements. In preparing this report, we have considered the Sustainability Accounting Standards Board (SASB) standards specific to our industries. We have also prepared this report in reference to the Global Reporting Initiative (GRI) Standards. On Greenhouse Gas (GHG) emissions reporting, we have calculated our emissions in accordance with the extent of operational control by the GHG Protocol Corporate Accounting and Reporting Standard for our building, while we work to improve data collection and quality on our energy management.

2.2 BOUNDARY, SCOPE AND REPORTING PERIOD

Unless otherwise specified, this Report covers our operations in Lagos and Abuja only. The annual data presented in this report covers our 2025 fiscal year, from 1st January to 31st December 2025, unless otherwise stated.

2.3 CONTACT AND FEEDBACK

Please share any comments or suggestions regarding this report or our sustainability performance to: corpcomms@cscs.ng



3.ABOUT CSCS

OUR BUSINESS

Central Securities Clearing System Plc (CSCS) is Nigeria's premier Financial Market Infrastructure (FMI), responsible for the depository, clearing, settlement and timely reporting of all securities transactions in the Nigerian Capital Market. As the country's leading FMI, CSCS processes securities electronically, ensuring safe and efficient transactions while pioneering innovative market solutions. We provide a single access point for all post-trade services, covering equities, treasury bills, bonds, commodities, funds, and cash.

For three decades, CSCS has been a willing partner working alongside its reputable business stakeholders towards redefining the structure of the Nigerian Capital Market, leveraging technology to enhance transaction efficiency and assurance in post-trade execution. Supported by the Securities and Exchange Commission (SEC) among other regulators, CSCS facilitated the transition of the Nigerian equity market to an automated trading system as well as the full dematerialisation of share certificates in the Nigerian Market. CSCS is the leading post-trade agent for transactions on Securities Exchanges in the Nigerian Capital Market."

3.2 OUR PRODUCTS AND SERVICES

- 3.2.1 ELECTRONIC DOCUMENT MANAGEMENT SYSTEM
- 3.2.2 API AND DATA SERVICES
- 3.2.3 LIEN AND COLLATERAL MANAGEMENT SERVICES
- 3.2.4 ISSUER SERVICES
- 3.2.5 LEGAL ENTITY IDENTIFIER
- 3.2.6 ISIN ISSUANCE
- 3.2.7 TRANSFER AGENT SERVICES
- 3.2.8 INVESTOR ACCOUNT SERVICES
- 3.2.9 SPECIAL ACCOUNTS



3.2.1

ELECTRONIC DOCUMENT MANAGEMENT SYSTEM (EDMS)

CSCS Plc's EDMS streamlines document management, providing efficiency and effectiveness, while offering a comprehensive, user-friendly solution that enables businesses to manage documents and files, many of which are critical and need to be accessed for years to come.

3.2.2

API AND DATA SERVICES

Our Application Programming Interfaces (API) and Data Services offer seamless, real-time access to market data, enabling brokers, custodians, and regulators to integrate directly with our platforms. Through secure APIs, we facilitate efficient trade settlement updates, information exchange, and portfolio management, ensuring that our stakeholders have access to timely and accurate information for decision-making.

3.2.3

LIEN AND COLLATERAL MANAGEMENT SERVICES

We provide a robust framework for pledging securities as collateral, whether for loans, margin trading, or repurchase agreements. Our CM Connect Portal enhances this service by giving lenders self-management capabilities over assets pledged for credit facilities. This ensures real-time monitoring, substitution, and release of collateral, reducing operational bottlenecks and enhancing liquidity in the financial system.

3.2.4

ISSUER SERVICES

Our Issuer Services are designed to support companies throughout their securities lifecycle. From facilitating electronic securities issuance and initial public offerings (IPOs) to managing shareholder registers and corporate actions such as rights issues, stock splits, mergers, dividends and coupon payments, we provide a comprehensive platform for issuers.

3.2.5 LEGAL ENTITY IDENTIFIER

As the Local Operating Unit (LOU) of the Global Legal Entity Identifier Foundation (GLEIF) in Nigeria, we issue Legal Entity Identifiers (LEI), providing unique identification for financial institutions and corporate entities. This service enhances transparency in financial transactions, supports regulatory compliance with global standards such as MiFID II and Basel III, and ensures that market participants are accurately identified in international financial markets.

3.2.6 ISIN ISSUANCE

We are a globally recognised national numbering agency for the issuance of International Securities Identification Number ("ISIN"), which fosters standardisation within the financial industry by upholding the International Organisation for Standardisation ("ISO") principles and promoting ISIN, FISN and CFI codes for financial instruments.

3.2.7 TRANSFER AGENT SERVICES

Our Transfer Agent Services ensure the seamless processing and payment of dividends, coupons, and other entitlements to investors. This service supports timely and accurate corporate action execution, reinforcing trust between issuers and their stakeholders.

3.2.8 INVESTOR ACCOUNT SERVICES

Through our secure digital platforms, investors can access their securities holdings, monitor transactions, and oversee their investment portfolios with ease. This service enhances investor autonomy, transparency, and engagement in the capital market.

3.2.9 SPECIAL ACCOUNTS

We offer a dedicated securities account for investors which gives them full standard custody solution, access and management of their shareholdings within the CSCS depository, separate from their stockbroking firms.



**SETTING THE COURSE:
A CONVERSATION WITH THE HEAD,
COMMUNICATIONS & MARKETING
TOMILAYO ALUKO
(ESG IMPLEMENTATION LEAD)**



1. THIS IS CSCS'S FIRST SUSTAINABILITY REPORT. WHAT DOES THIS MILESTONE REPRESENT FOR THE ORGANISATION, AND HOW DOES IT ALIGN WITH CSCS'S LONG-TERM STRATEGY?

The publication of CSCS's first Sustainability Report represents an important milestone in our sustainability journey. While ESG-related practices have long been embedded in aspects of our governance, operations, and stakeholder engagement, this report marks the first time we are formally articulating our sustainability approach in a structured and transparent manner.

This inaugural report reflects CSCS's commitment to strengthening trust, accountability, and long-term value creation within Nigeria's capital market ecosystem. It aligns with our Sustainability Strategy, which provides a clear roadmap for integrating environmental, social, and governance considerations into our operations, decision-making, and stakeholder engagements over time.

As a market infrastructure institution, we recognise that sustainability is fundamental to resilience, investor confidence, and market integrity. This report therefore serves as both a baseline and a foundation, allowing us to track progress, identify priority areas, and continuously improve our sustainability performance in line with our mandate.

2. HOW DOES CSCS'S SUSTAINABILITY STRATEGY SUPPORT ITS ROLE AS NIGERIA'S CENTRAL SECURITIES DEPOSITORY AND POST-TRADE INFRASTRUCTURE PROVIDER?

CSCS's sustainability strategy is designed to reinforce our core responsibility of safeguarding the integrity, efficiency, and resilience of Nigeria's capital market. Our approach focuses on embedding ESG considerations into areas that are most material to our business model, governance, operational resilience, technology, people, and

stakeholder trust. Through the implementation of our Sustainability Strategy, ESG considerations are being integrated into enterprise risk management, operational planning, and service delivery. This ensures that sustainability is not treated as a parallel initiative, but as an enabler of long-term market stability and responsible growth.

The strategy also recognises the importance of collaboration and market leadership. As a central market institution, CSCS is positioned to influence positive practices across the ecosystem by strengthening governance standards, promoting transparency, and supporting responsible market development.

3. AS CSCS BEGINS STRUCTURED SUSTAINABILITY REPORTING, WHAT PRACTICAL ACTIONS ALREADY DEMONSTRATE PROGRESS UNDER THE STRATEGY?

While this is CSCS's first Sustainability Report, several initiatives already reflect the principles set out in our Sustainability Strategy and demonstrate early progress in embedding ESG considerations into both our operations and the services we provide to market participants.

ELECTRONIC DOCUMENT MANAGEMENT SYSTEM (EDMS)

CSCS offers an Electronic Document Management System (EDMS) as a service to organisations across the public and private sectors, supporting secure, efficient, and long-term management of critical records. The EDMS provides a centralised, paperless platform that enables authorised users to retrieve documents, regardless of age, within minutes. By helping participating organisations strengthen regulatory compliance, audit readiness, and information security, the service contributes to improved governance practices across the market. In addition, reduced reliance on physical documentation supports environmental sustainability through lower paper usage and more efficient resource management, extending the ESG impact of the initiative beyond CSCS to the wider ecosystem.

DIGITAL TRANSFORMATION AND OPERATIONAL RESILIENCE

Digital transformation is a key enabler of CSCS' sustainability practices. Beyond core systems automation, CSCS continues to modernise its technology infrastructure to improve service reliability, strengthen cybersecurity, and enhance operational efficiency. These initiatives support faster and more transparent post-trade processes, reduce manual intervention and error risk, and reinforce business continuity arrangements. Together, they strengthen market confidence and ensure that CSCS' infrastructure remains responsive to the evolving needs of the Nigerian capital market—key pillars of a sustainable market infrastructure.

PEOPLE AND CULTURE

CSCS continues to invest in employee development, inclusive workplace practices, and internal engagement, recognising that human capital is central to long-term organisational sustainability. The organisation has been certified twice as a Great Place To Work, reflecting a strong organisational culture grounded in professionalism, accountability, and shared values.

GOVERNANCE AND STAKEHOLDER TRUST

Strong governance frameworks, ethical standards, and stakeholder engagement practices remain central to how CSCS builds trust and maintains confidence in the capital market.

These actions provide a practical starting point for measuring progress and deepening ESG integration over time.

4. WHAT ARE THE NEXT STEPS IN CSCS' SUSTAINABILITY JOURNEY FOLLOWING THIS FIRST REPORT?

This first Sustainability Report establishes a baseline from which CSCS can build. Going forward, our focus will be on strengthening data collection, refining performance indicators, and improving consistency in ESG



monitoring and reporting across the organisation. We will continue to implement our Sustainability Strategy in phases, prioritising areas of highest relevance to our mandate and stakeholders. This includes leveraging technology to enhance reporting and governance outcomes, deepening internal collaboration across departments, and engaging with external stakeholders to support shared sustainability objectives across the capital market ecosystem. As our sustainability journey evolves, future reports will reflect increased maturity, deeper insights, and clearer measurement of impact, demonstrating CSCS' commitment to transparency, accountability, and long-term value creation.



4.0 MATERIALITY ASSESSMENT

4.1 OUR PROCESS

4.2 IDENTIFYING MATERIAL THEMES AND TOPICS

4.3 PRIORITISING MATERIAL TOPICS



4. MATERIALITY ASSESSMENT

We conducted our first materiality assessment as part of the processes we undertook to prepare this report. The process involved identifying topics of potential importance through peer analyses and direct engagement with key internal stakeholders.

4.1 OUR PROCESS

Material issues within the context of our stakeholders and business activities. Our process started by leveraging our comprehensive understanding of our operations, the Nigerian capital market ecosystem and relevant technology players to identify and prioritise critical stakeholders. This included defining our sustainability aspirations and conducting internal diagnostics and benchmarking to map relevant stakeholders in line with their interests and influence on our business operations.

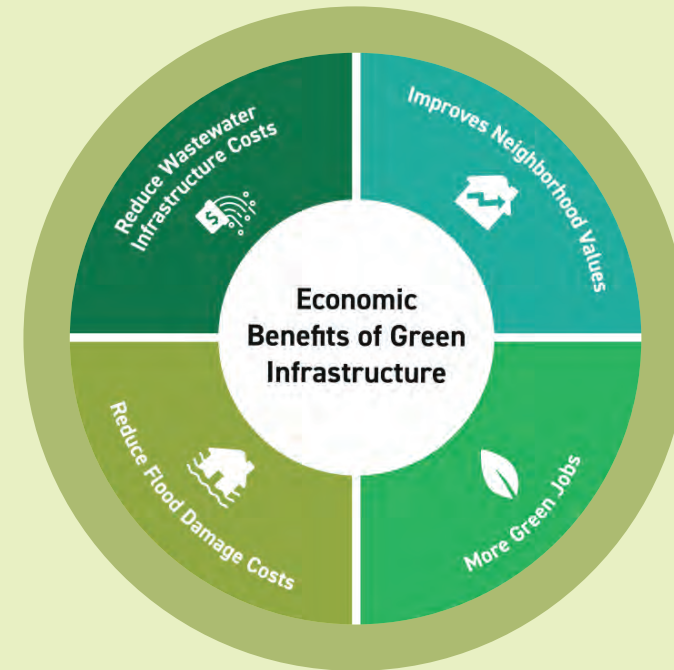
4.2 IDENTIFYING MATERIAL THEMES AND TOPICS

As part of the materiality assessment, we conducted a review of the current stakeholders, business activities and services, clients and geographies served by CSCS and developed a list of material topics. The list of topics was generated by conducting a detailed review of local and sustainability trends and reviewing relevant sustainability topics, and benchmarking against peer companies. This list of topics was verified against the corporate strategy, international ESG reporting frameworks and standards, including GRI and SASB, and sector trends, to validate the strategic themes for the assessment.

4.3 PRIORITISING MATERIAL TOPICS

We assessed and determined the priority of material topics using qualitative and quantitative data supported by expert judgement from critical internal stakeholders. The final list of 17 sustainability topics and accompanying definitions is detailed below:

Data Privacy & Cybersecurity	System Protection and Threat Detection
	Secure Data Storage and Data Privacy
Employee Engagement & Well being	Learning and Development
	Health and Safety
	Employee Welfare
Climate Change & Energy Use	Energy Consumption Monitoring
	GHG Emissions
	Green Finance
Transparency, Governance & Ethics	Antibribery & Corruption
	Board Composition & Governance
	Regulatory Compliance
	Voluntary ESG Reporting
	Diversity and Inclusion
Market Integrity & System Resilience	Business Continuity and Resilience
	Technological Disruption and Innovation
	Data Optimisation
Financial Inclusion & Access to Capital Markets	Investor Education
	Increasing Market Access





5 MATERIAL TOPIC 1: DATA PRIVACY AND CYBERSECURITY

5.1 Highlight/Quote from Business Leaders and Data Owners



“Cybersecurity is foundational to the resilience, integrity, and trust of the capital market infrastructure we operate. During the reporting period, we strengthened our cybersecurity posture through independent audits, enhanced system protection, and expanded real-time monitoring across our platforms.

We focused on reducing both technical and human-related cyber risks—deploying advanced controls such as web and API security solutions, strengthening data loss prevention, and continuing targeted staff awareness programmes. These initiatives reinforce our readiness to detect, respond to, and recover from cyber threats, while supporting regulatory compliance and the reliability of data that underpins market confidence. As we embark on our sustainability reporting journey, cybersecurity remains a critical enabler of operational resilience and long-term value creation”.

Isioma Lawal, Divisional Head, ERM & Resilience Services



KEY MILESTONES ACHIEVED

- Upgraded core firewall infrastructure
- Completed Integrated Management System (IMS) Audit, with specific focus on cybersecurity and business continuity controls
- Deployed a Web Application Firewall (WAF) to protect web-based platforms
- Implemented API security solution to strengthen protection of system integrations and data exchanges
- Extended Security Operations Centre (SOC) monitoring

5.2 GOVERNANCE

5.2.1 BOARD AND MANAGEMENT ACCOUNTABILITY FOR DATA PRIVACY AND CYBERSECURITY



5.2.1 BOARD AND MANAGEMENT ACCOUNTABILITY FOR DATA PRIVACY AND CYBERSECURITY

The Company recognises data privacy and cybersecurity as critical enterprise risks given its role as a capital market infrastructure provider and the sensitivity of the data it processes. Ultimate accountability for data privacy and cybersecurity risk resides with the Board of Directors, which is responsible for establishing and overseeing the Company's overall risk management framework.

At the Board level, the Board Audit and Risk Committee is specifically mandated to develop, oversee, and monitor risk management policies relating to data privacy, cybersecurity, and information security.

During the reporting period, the Risk Committee deliberated on data security and privacy matters 3 times during the year and formally reported its deliberations and recommendations to the full Board, ensuring effective oversight and informed decision-making at the highest governance level.

At the management level, operational responsibility for managing cybersecurity and data privacy risks is managed by the Management Risk Committee (MRC), which works to ensure alignment between strategic oversight and day-to-day execution. The MRC ensures that all cybersecurity and data privacy findings for the reporting period are reviewed, emerging threats, incidents, and vulnerabilities are discussed, and mitigating actions and control effectiveness are evaluated.

The MRC monthly report culminates into the quarterly report to the Board, ensuring that senior leadership maintains continuous visibility over the Company's cyber and privacy risk profile. This structured escalation supports timely decision-making and proactive risk management, in line with the IFRS ISSB S1 requirements for risk governance transparency.

5.2.2 CYBERSECURITY AND DATA PRIVACY POLICY FRAMEWORK

5.2.3 MANAGING DATA PRIVACY AND CYBERSECURITY



5.2.2 CYBERSECURITY AND DATA PRIVACY POLICY FRAMEWORK

We have established a comprehensive Cybersecurity Policy that provides a robust framework governing threat detection and incident response, data protection and information security, acceptable use of information assets, and general cyber risk management practices.

CSCS prioritises cybersecurity as a Tier 1 risk, which ensures the potential strategic, operational, financial, and reputational impact of this risk is effectively managed.

As such data privacy and cybersecurity risk are embedded within our Consequence Management framework. Our Consequence Management framework serves as a performance-based service-level agreement (SLA) between departments and directly influences appraisals at both Executive Management and staff levels. This approach reinforces individual and collective accountability for cybersecurity performance across our organisation, thereby ensuring that cybersecurity responsibilities are not treated as purely technical issues, but as core performance drivers across the organisation.

5.2.3 MANAGING DATA PRIVACY AND CYBERSECURITY

Cybersecurity and data privacy considerations are embedded across all technology innovation and digital transformation initiatives. Members of our ERM function are integral members of cross-functional project teams, ensuring that cyber risks, data protection requirements, and information security controls are incorporated at the design, development, and implementation stages of all digital projects. This integrated governance approach enables proactive risk mitigation and ensures alignment with the company's cybersecurity standards and risk appetite.

Maintaining high-level awareness of data privacy and cybersecurity among our employees is paramount to our governance framework. Training participation is integrated into our Consequence Management framework, reinforcing accountability and ensuring that cybersecurity awareness forms part of individual performance expectations. This approach strengthens the Company's first line of defence against cyber threats.

To address human-related cyber risks, we operate a mandatory cybersecurity awareness and training programme for all employees. Key features of the programme include quarterly cyber-awareness training sessions, regular phishing simulation exercises to test real-time employee responsiveness, and automated participation tracking through a dedicated application, enabling real-time monitoring of employee engagement.

We operate a structured Vendor Management System that includes risk rating of vendors based on the nature and criticality of services provided. Our processes involve vendor evaluation and appraisal processes before and during engagement, implementing vendor validation procedures, and implementing physical site visits where feasible to assess operational and security controls.

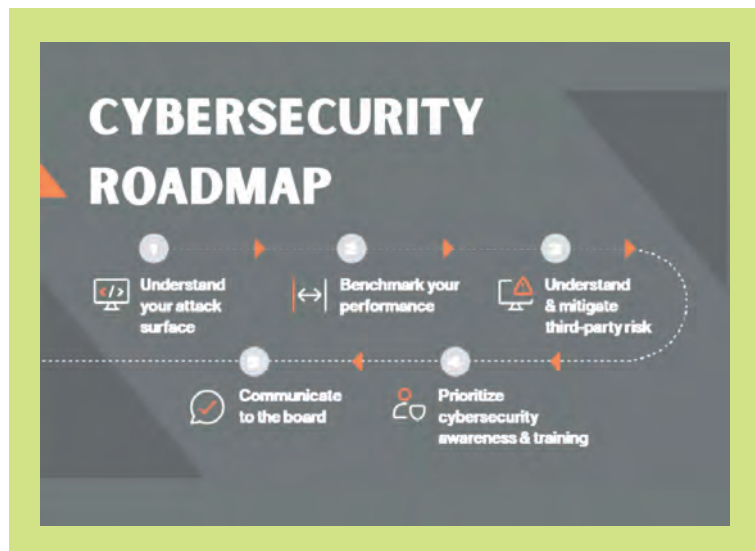
In addition, we operate a third-party Security Operations Centre (SOC) to enhance our cybersecurity posture. This facility supports cloud security management, provides threat intelligence, and issues real-time alerts and actionable recommendations on emerging risks and required response actions. This multi-layered approach ensures that outsourced and cloud-related cyber risks are proactively identified, monitored, and mitigated.

We operate a structured Vendor Management System that includes risk rating of vendors based on the nature and criticality of services provided. Our processes involve vendor evaluation and appraisal processes before and during engagement, implementing vendor validation procedures, and implementing physical site visits where feasible to assess operational and security controls.



5.3 STRATEGY

5.3.1 DATA PRIVACY AND CYBERSECURITY ARE PIVOTAL TO OUR CORPORATE STRATEGY



5.3.1 DATA PRIVACY AND CYBERSECURITY ARE PIVOTAL TO OUR CORPORATE STRATEGY

Cybersecurity and data privacy are recognised as strategic priorities within CSCS's business strategy and enterprise risk framework. As we continue to advance in our digital transformation and digitalisation of operations, protecting digital systems, customer data, and critical information infrastructure are fundamental to maintaining operational resilience, stakeholder trust, and regulatory compliance. Cyber resilience forms a core pillar of the our broader business resilience strategy. This ensures that cybersecurity risks are systematically identified, assessed, and managed in alignment with long-term business objectives.

Our current 2021 - 2025 strategy is approaching completion, with a new corporate strategy scheduled for launch in the next financial year. Cybersecurity and data privacy were incorporated in the now ending strategy in the strategic lever where we are to demonstrate operational excellence at all times. This was done by enhancing risk management capabilities and control environment effectiveness. In

preparation for this transition, CSCS has engaged an independent third-party consultant, Deloitte, to conduct a comprehensive cybersecurity maturity assessment. This assessment evaluates the current security environment, governance structure, and control framework and will inform the development of a three- to four-year cybersecurity roadmap. The current review includes initiatives implemented over the past two to three years, which are approximately 75% complete.

A subsequent maturity assessment will be conducted following the finalization of the new corporate strategy to define updated cybersecurity priorities, investment needs, and strategic initiatives aligned with the company's future digital and business growth plans.

5.4 RISK MANAGEMENT

5.4.1 RISK MANAGEMENT OF CYBERSECURITY AND DATA PRIVACY

5.4.2 RISK IDENTIFICATION AND ASSESSMENT

5.4.3 INCIDENT ESCALATION AND COMMUNICATION

5.4.4 TESTING, SIMULATIONS, AND PREPAREDNESS

5.4.5 CYBERSECURITY INCIDENTS



5.4.1 RISK MANAGEMENT OF CYBERSECURITY AND DATA PRIVACY

CSCS's cybersecurity and data privacy management framework is guided by internationally recognised best practice. We operate under a robust cybersecurity framework that has been independently validated through ISO/IEC 27001:2022 certification, demonstrating a strong, systematic approach to information security management, data protection, and risk governance.

5.4.2 RISK IDENTIFICATION AND ASSESSMENT

We identify cybersecurity and data risks through a combination of independent third-party testing and internal control reviews. We conduct annual Vulnerability Assessments and Penetration Tests (VAPTs) through external specialists to identify potential system weakness. In addition, we conduct internal reviews and continuous monitoring activities to strengthen risk detection capabilities. Identified risks and incidents are documented through formal incident reporting mechanisms and escalated to the Board.

Through our enterprise risk management framework, we categorise risks into defined severity tiers (low, medium, and high). Each identified risk is assigned to a designated risk owner, who is responsible for defining mitigation actions and response plans. All cybersecurity and data privacy risks are formally recorded in the corporate risk register and are consolidated into monthly risk reports and presented to the relevant Board and Management committees for oversight and decision-making.

5.4.3 INCIDENT ESCALATION AND COMMUNICATION

Cybersecurity and data privacy incidents are subject to formal escalation procedures. Internally, incident updates and risk communications are shared with relevant risk owners through structured reporting mechanisms, currently supported by email-based workflows and risk tracking in structured formats.



A summary of cybersecurity and data privacy risks, incidents, and mitigation actions is presented to the Management Risk Committee on a monthly basis.

Externally, communication regarding cybersecurity or data privacy incidents is conducted in a controlled and targeted manner. Notifications are issued via direct communications to affected organisations and individuals, including targeted email notifications and formal written correspondence where required, ensuring regulatory and stakeholder communication obligations are met.

5.4.4 TESTING, SIMULATIONS, AND PREPAREDNESS

To continuously strengthen cyber resilience, we conduct quarterly cybersecurity simulations to test response readiness and operational resilience under realistic threat scenarios. In addition, we conduct formal scenario analyses annually to assess the company's exposure to evolving cyber threats and to validate the effectiveness of preventive, detective, and response controls.

5.4.5 CYBERSECURITY INCIDENTS

We operate a formal Incident Handling Management System, which defines clear escalation protocols and response responsibilities. These execution procedures are tested annually to ensure continued effectiveness, organizational readiness, and rapid response capability in the event of future incidents. During the reporting period, we experienced a cybersecurity attack which was assessed as non-material, with no financial loss or material business disruption recorded.



5.5 METRICS & TARGETS

5.5.1 Cybersecurity and Data Privacy Performance, Metrics, and Targets

5.5.1 CYBERSECURITY AND DATA PRIVACY PERFORMANCE, METRICS, AND TARGETS

CSCS monitors a set of key performance indicators (KPIs) to assess the effectiveness of our cybersecurity and data privacy controls, detect emerging threats, and evaluate the organisation's overall cyber resilience. These KPIs support both operational decision-making and governance oversight and are reviewed regularly by management and the Board. Data accuracy and integrity for cybersecurity and data privacy KPIs are supported through independent reporting and governance controls. All cybersecurity findings and KPI performance results are formally presented at the Management Risk Committee (MRC) on a monthly basis. Consolidated cybersecurity performance updates are subsequently escalated to the Board every quarter for oversight.

Key Cybersecurity and Data Privacy KPIs that we track include antivirus compliance rate, cybersecurity risk index and number of compromised user accounts. In addition, specifically on vulnerability and our response to attacks, we track various KPIs, including the number of outstanding Vulnerability Assessment and Penetration Testing (VAPT) findings, Mean Time to Detect (MTTD) cybersecurity incidents and Mean Time to Respond (MTR) to cybersecurity incidents. For each KPI, we have defined performance thresholds to ensure a consistently strong security posture. Examples include:

- **Cybersecurity Risk Index: Maintained within the low-risk range (0–29.9%), reflecting the organisation's objective to operate as a low cyber-risk entity.**
- **PATCH Management Compliance: Target of 98%, ensuring timely remediation of system vulnerabilities.**
- **Antivirus Compliance: Target of 100%, ensuring all relevant systems are protected by up-to-date antivirus solutions.**

These metrics provide early warning of vulnerabilities, monitor the effectiveness of preventive controls, and assess the organisation's responsiveness to cyber threats.





5.6 PROGRESS DURING THE REPORTING PERIOD

5.6.1 CYBERSECURITY AND REGULATORY COMPLIANCE ENHANCEMENTS

5.6.2 SYSTEM PROTECTION, THREAT DETECTION, AND DATA PRIVACY – 2024 INITIATIVES AND ACTIVITIES

5.6.3 THREAT DETECTION AND SYSTEM PROTECTION

5.6.4 SECURE DATA STORAGE AND DATA PRIVACY CONTROLS

5.6.5 CERTIFICATIONS, AUDITS, AND INDEPENDENT ASSESSMENTS

5.6.1 CYBERSECURITY AND REGULATORY COMPLIANCE ENHANCEMENTS

Recognising cybersecurity as a systemic risk to capital market stability, we strengthened our cybersecurity and monitoring capabilities during the reporting period by implementing a Database Activity Monitoring (DAM) solution aimed at enhancing visibility into database access and activity and extended our Security Operations Centre (SOC) monitoring to additional platforms, strengthening real-time threat detection and response. Furthermore, we upgraded our core firewall infrastructure which improved perimeter security and threat prevention and deployed a Web Application Firewall (WAF) to protect digital platforms from application-level attacks.

5.6.2 SYSTEM PROTECTION, THREAT DETECTION, AND DATA PRIVACY – 2024 INITIATIVES AND ACTIVITIES

During the reporting period, we strengthened our cybersecurity infrastructure through the implementation and enhancement of several critical system protection and threat detection initiatives. During the year, we:

- Deployed a Web Application Firewall (WAF) to protect web-based systems from external threats.
- Implemented an API security solution to secure system integrations and data exchanges.
- Continued our rollout of a staff cybersecurity awareness tool to enhance employee vigilance and reduce human-related cyber risks.
- Enhanced our Data Loss Prevention (DLP) tools to protect sensitive information from unauthorised access, leakage, and exfiltration.
- Continued our implementation of Network Access Control (NAC) to regulate and secure access to the corporate network.

5.6.3 THREAT DETECTION AND SYSTEM PROTECTION

In enhancing our threat detection and monitoring activities, we continued our implementation of a dedicated Cybersecurity Operations Centre (CSOC) that provides 24/7 continuous monitoring of our network and digital infrastructure.

This system leverages advanced detection tools and real-time alerting systems to identify suspicious activity, potential intrusions, and cybersecurity incidents. This implementation involved maintaining an integrated security solutions suite, which provided detective, defensive, preventive, and protective controls, which continues to form a multi-layered defence model designed to safeguard critical systems and data across our operations.

5.6.4 SECURE DATA STORAGE AND DATA PRIVACY CONTROLS

To enhance secure data storage and data privacy protection, we implemented data masking and encryption of data at rest during the reporting period. These controls ensure that sensitive and personal information is protected against unauthorised access and remains secure within the organisation's systems, in alignment with recognised data protection best practices.

5.6.5 CERTIFICATIONS, AUDITS, AND INDEPENDENT ASSESSMENTS

During the year, we completed:

- ISO Surveillance Audit, confirming the continued effectiveness of the company's certified management systems.
- Integrated Management System (IMS) Audit, with a focus on cybersecurity and business continuity controls.

These independent assessments provide assurance on the robustness of our cybersecurity governance framework, system resilience, and operational readiness.

In 2026, we will continue implementing key initiatives to enhance data privacy and cybersecurity across our operations. We are in the process of enhancing our governance infrastructure through the planned implementation of an integrated Governance, Risk, and Compliance (GRC) tool, which will further strengthen real-time reporting, escalation, and monitoring capabilities.



6.0 MATERIAL TOPIC 2: EMPLOYEE ENGAGEMENT AND WELL-BEING

6.1 HIGHLIGHT/QUOTE FROM BUSINESS LEADERS AND DATA OWNERS GOVERNANCE

6.2.1 GOVERNANCE AND ACCOUNTABILITY FOR EMPLOYEE ENGAGEMENT AND WELL-BEING

6.2.2 POLICIES, STANDARDS AND GUIDING FRAMEWORKS

6.2.3 RESPONSIBILITIES, PERFORMANCE MANAGEMENT AND LEADERSHIP ACCOUNTABILITY

6.2.1 GOVERNANCE AND ACCOUNTABILITY FOR EMPLOYEE ENGAGEMENT AND WELL-BEING

At CSCS, we recognise employee engagement and well-being as critical enablers of organisational performance, resilience, and long-term value creation..

Governance for employee engagement and well-being originates from the Employee Experience function, which is responsible for identifying needs, developing proposals, and coordinating related initiatives. These proposals are reviewed by Executive Management to ensure operational relevance and feasibility, and escalated to the Board of Directors to confirm alignment with the Company's corporate strategy and to obtain formal approval. Following Board approval, relevant policies are developed and implemented, ensuring that employee engagement and well-being initiatives are supported by appropriate governance oversight and strategic alignment.

6.2.2 POLICIES, STANDARDS AND GUIDING FRAMEWORKS

Our Employee Engagement and Well-Being Policy provides a formal framework for promoting employee welfare, engagement, and a supportive workplace environment. Our policy places strong emphasis on Industry best practices, and what is practical and achievable within the context of our operations and workforce profile. In implementing this policy, we adopt a responsive and risk-based reporting approach for employee engagement and well-being matters.

Employee engagement and well-being incidents are reported immediately when they arise, particularly where urgent action or intervention may be required. Matters are typically addressed at the Executive Management level, with escalation to the Board of Directors where the nature, severity, or strategic implications of an issue warrant Board attention. This approach ensures timely management response, while maintaining appropriate Board oversight where necessary.

6.2.3 RESPONSIBILITIES, PERFORMANCE MANAGEMENT AND LEADERSHIP ACCOUNTABILITY

Employee engagement and well-being considerations are embedded within our performance management framework, particularly at leadership and supervisory levels. Roles and responsibilities relating to employee engagement and well-being are formally communicated through written channels, including employee communications and policy documents, and the annual Code of Conduct sign-off, through which employees reaffirm their understanding of their responsibilities and expected standards of behaviour as employees of the Company. For third parties such as vendors and contractors, expectations relating to conduct and engagement are communicated through Service Level Agreements (SLAs) and Memoranda of Understanding (MOUs), thereby ensuring alignment with our workplace standards.

Across our business operations, considerations on integration into performance management and leadership accountability are reflected through “Soft skills” performance metrics, including how interactive, collaborative, and supportive employees are in their roles and the application of defined KPI-setting standards, which incorporate engagement-related indicators. Furthermore, evaluation of leadership effectiveness is based on their ability to foster engagement, communication, and positive employee experiences. Linking engagement and well-being outcomes to performance assessment helps reinforce shared accountability for creating a healthy and productive workplace.



6.3 STRATEGY

6.3.1 OVERALL APPROACH TO EMPLOYEE ENGAGEMENT AND WELL-BEING



6.3.1 OVERALL APPROACH TO EMPLOYEE ENGAGEMENT AND WELL-BEING

At CSCS, our approach to employee engagement and well-being is guided by a commitment to industry best practices and a strategic objective of positioning the organisation as an employer of choice. The strategy is informed by continuous benchmarking against peer organisations, market research, and an assessment of what is both competitive and sustainable within the context of our operating environment and ability to pay.

To support this objective, we conduct regular reviews and benchmark compensation, insurance, and welfare packages to ensure competitiveness and fairness, and we conduct employee surveys and evaluations to inform continuous improvement. In addition, we engage with Great Place to Work to both showcase our workplace culture and obtain independent insights into employee expectations and engagement drivers.

Employee well-being is supported through a comprehensive welfare package, which includes health insurance, pension contributions, and hybrid working arrangements. These initiatives are complemented by structured learning and development programmes designed to enhance employee capability, engagement, and long-term career progression.

6.3.2 FOCUS AREAS FOR EMPLOYEE ENGAGEMENT AND WELL-BEING

6.3.2.1 LEARNING AND DEVELOPMENT

6.3.2.2 HEALTH AND SAFETY

6.3.2.3 EMPLOYEE WELFARE AND WELL-BEING



6.3.2 FOCUS AREAS FOR EMPLOYEE ENGAGEMENT AND WELL-BEING

Our employee engagement and well-being strategy focuses on three key areas, which have been identified as material in this report. These areas are learning and development, health and safety, and employee welfare and well-being.

6.3.2.1 LEARNING AND DEVELOPMENT

Learning and Development (L&D) is a core pillar of the Company's employee engagement strategy. As part of our strategy, to support talent development, succession planning, and workforce resilience while reinforcing a culture of performance and growth, we implement several initiatives, including implementing a structured competency framework aligned with business needs and role requirements and establishing self-development schemes that encourage employees to pursue professional qualifications and continuous learning. All employees benefit from organised L&D programmes to build technical, leadership, and functional skills.

6.3.2.2 HEALTH AND SAFETY

Occupational Health and Safety (OHS) processes are in place across all our business operations and locations. We recently implemented initial ergonomic interventions to address workstation-related risks. We are committed to organising four emergency preparedness drills annually, and as such, we conduct annual OHS training delivered in compliance with Industrial Training Fund (ITF) statutory requirements, with documentation submitted to ITF. Furthermore, we implement systemic hazard management, supported primarily through ITF-led training.

6.3.2.3 EMPLOYEE WELFARE AND WELL-BEING

Our Employee Well-Being Policy aims to promote a healthy and safe workplace. As such, we implement mental and emotional well-being initiatives, including physical well-being initiatives addressing ergonomics, workplace hygiene, fitness, and general health awareness. Some targeted initiatives we implement to support mental health, stress management, and overall well-being include:

- Partnership with the Company's Health Maintenance Organisation (HMO) to provide access to psychological and mental health services,
- Mandatory annual mental health training, comprehensive checkup, delivered in line with ITF requirements,
- Wellness and awareness programmes delivered by external vendors and consultants, focusing on well-being and culture,
- Maintained flexible and hybrid working arrangements to support work-life balance, and
- Gym registration benefits are available to all employees.

These programmes aim to promote holistic well-being and reinforce our commitment to a healthy, engaged, and productive workforce.





6.3.3 ADDRESSING EMERGING WORKPLACE ISSUES

Our strategy is designed to be flexible and emergent, thereby enabling us to actively incorporate emerging workplace trends and risks into our employee engagement and well-being planning. In recent years, we have implemented various measures that align our working environment with recent workplace trends. Throughout the reporting period, we have maintained a hybrid working arrangement, with a standard structure of three days in-office and two days remote, to promote work-life balance.

During the reporting period, we implemented strong policies on diversity, bullying, and harassment, supported by a zero-tolerance approach to toxic behaviour. This implementation has been supported by active monitoring and swift resolution of issues that may affect employee morale. Through internal campaigns, we have promoted a collaborative culture where work ethics are shared, and respectful conduct is enforced.

No incidents relating to workplace bullying or discrimination were reported during the period.

6.4 RISK MANAGEMENT

6.4.1 IDENTIFICATION AND ASSESSMENT OF EMPLOYEE ENGAGEMENT AND WELL-BEING RISKS

6.4.2 ERGONOMIC RISKS AND WORKPLACE SAFETY

6.4.3 EMERGENCY PREPAREDNESS AND SAFETY CONTROLS

6.4.4 AUDITING, INSPECTIONS, INCIDENT REPORTING AND INVESTIGATION PROCEDURES



6.4.1 Identification and Assessment of Employee Engagement and Well-Being Risks

At CSCS, we apply a structured approach to identifying and assessing employee engagement and well-being risks across our workforce.

Key processes we apply include:

- Periodic employee surveys measuring workplace stress levels, recognition, fairness, and overall engagement,
- Health, safety and well-being risk assessments addressing occupational hazards and workplace risks,
- Use of HR data analytics to monitor indicators such as employee turnover rates and absenteeism, and
- Multi-directional feedback mechanisms, including peer-to-peer feedback, leadership assessments, and structured feedback sessions.

We leverage our robust ERM to monitor and apply controls for employee engagement and well-being risks across our physical offices, remote working arrangements, and critical operational environments. Key monitoring and control initiatives we apply are detailed below:

Physical Office Environment

- Regular workplace inspections,
- Hazard identification at workstations, including ventilation and environmental factors,
- Employee surveys and feedback mechanisms,
- Whistleblowing and grievance reporting systems for incidents and concerns,
- Policies and governance controls to ensure timely response and resolution.



Leadership and Culture Controls

- Emotional intelligence training for managers and staff,
- Self-awareness and leadership development programmes, and
- Continuous reinforcement of positive leadership behaviours to support trust, inclusion, and well-being.

Remote and Hybrid Work Environments

- Implements remote work ergonomics controls, including guidance and virtual home office assessments,
- Maintains communication channels for reporting issues, and
- Reinforces leadership and cultural controls through training.

Contractors, service providers, and facility vendors are included within our employee engagement and well-being oversight framework. Third parties are covered by relevant policies and are subject to onboarding checks and workplace access controls. They are also provided access to applicable well-being resources and included in reporting and escalation mechanisms for incidents or concerns.

6.4.2 **ERGONOMIC RISKS AND WORKPLACE SAFETY**

Our process for managing and controlling ergonomic risks and workplace safety risks across our business operations starts with baseline ergonomic assessments for all employees, particularly new hires. These assessments are supported by job task analysis, breaking down roles into ergonomic risk components, periodic workstation set-up assessments and remote work ergonomics controls and virtual home office assessments for physical and remote working environments. All our employees benefit from training on ergonomics and safe work practices, which facilitates incident reporting, follow-up actions, and performance monitoring. Our processes facilitate active collaboration with employees to address ergonomic concerns.

6.4.3 **EMERGENCY PREPAREDNESS AND SAFETY CONTROLS**

At CSCS, emergency preparedness is supported through a range of preventive and response measures. We conduct regular and unannounced fire drills, as well as quarterly safety talks in collaboration with the Fire Service. In our physical office, all floors have designated fire marshals who are actively involved in conducting mandatory Health, Safety and Environment (HSE) training for all staff.

6.4.4 **AUDITING, INSPECTIONS, INCIDENT REPORTING AND INVESTIGATION PROCEDURES**

We operate a formal incident reporting and investigation process to ensure proactive risk management. Our incident reporting and investigation process is driven primarily by a mandatory Incident Report

Register, which all staff are required to complete in the event of an incident. All incident reports are escalated to the Enterprise Risk Management (ERM) function, which conducts investigations to identify root causes and corrective actions.

Our ERM function implements continuous monitoring to ensure we remain proactive rather than reactive. This is facilitated by periodic internal monitoring and engagement activities to assess employee engagement and well-being performance, including personal engagements and one on-one discussions with staff, and quarterly town hall sessions to provide organisation-wide updates on employee engagement and well-being. External communications on our employee engagement and well-being initiatives are coordinated by our Corporate Communications, including disclosures on our website and social media platforms relating to relevant audits and engagement activities. During the reporting period, no employee engagement or well-being related incidents, injuries, or near misses were reported.



6.5 METRICS & TARGETS

6.5.1 DATA VALIDATION, REVIEW AND REPORTING



METRICS & TARGETS

At CSCS, we monitor a set of workforce-related metrics to assess employee engagement, well-being, and organisational resilience. These metrics support management oversight and inform decision-making at senior leadership and Board levels. We have also defined clear qualitative and quantitative targets to support a healthy, engaged, and productive workforce.

Key metrics monitored during the reporting period which provide management with early warning signals of potential engagement or well-being risks and support continuous improvement initiatives, include:

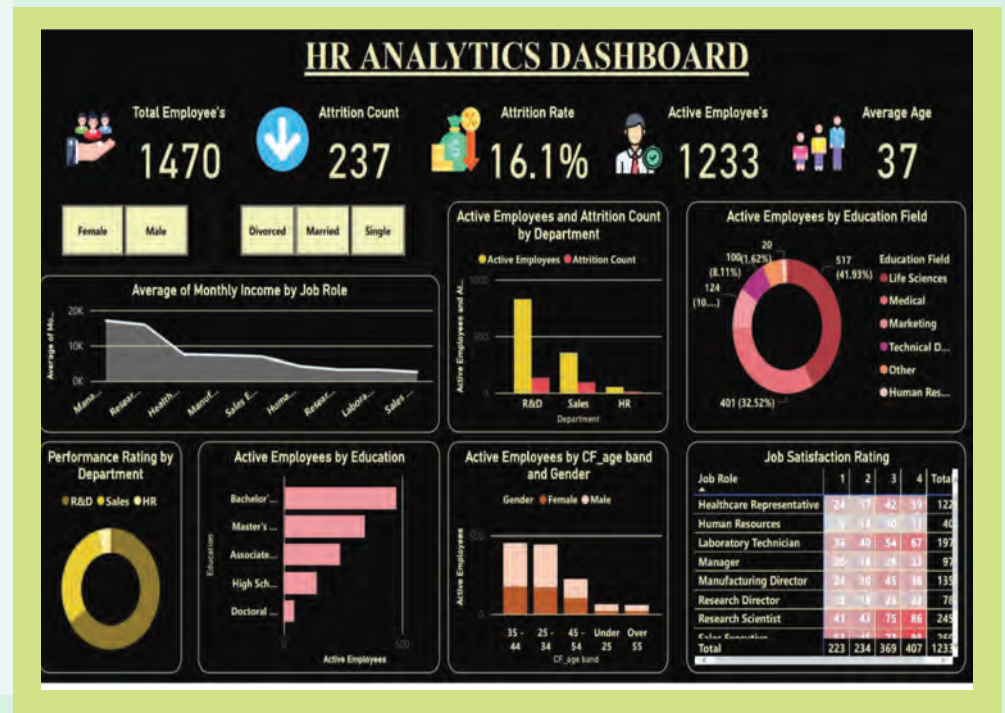
- **Absenteeism rate, with specific attention to fatigue- and stress-related absences. We aim to maintain a low absenteeism rate, reflecting effective workload management and employee well-being;**
- **Staff retention and turnover rates, which serve as indicators of engagement, morale, and workplace satisfaction. We aim to sustain a low staff turnover rate, with a target turnover level of approximately 1%;**
- **Health and well-being insights provided by the Company's Health Maintenance Organisation (HMO), which highlights aggregated medical observations to inform proactive well-being interventions, and**
- **Uptake of well-being benefits, including club memberships for managers and executives and utilisation of flexible working arrangements that support work-life balance.**

Overall, we aim to achieve and maintain a minimum employee satisfaction score of 75% under the Great Place to Work assessment framework, which is required to retain certification.

6.5.1 DATA VALIDATION, REVIEW AND REPORTING

Employee engagement and well-being performance data is subject to structured validation and review processes before being reported to senior leadership and the Board. We use HR analytics and dashboards to consolidate workforce data, which is regularly monitored, and key indicators such as employee exits, hiring trends, average employee age, absenteeism, and retention are tracked. These metrics are reported to the board, quarterly, through the Chief Executive Officer's report, which presents workforce metrics and trends to support informed oversight.

These processes help ensure the accuracy, consistency, and reliability of workforce-related disclosures and enable timely management response to emerging risks or trends.





6.6.1

6.6 KEY ACTIVITIES AND OUTCOMES DURING THE REPORTING PERIOD

6.6.1 NEW CEO APPOINTMENT

NEW CEO APPOINTMENT

After a successful eight-year tenure marked by strong leadership, strategic growth, and significant contributions to the development of Nigeria's capital market infrastructure, Mr. Haruna Jalo-Waziri stepped down from his role as Chief Executive Officer. Mr Waziri's tenure was marked by successful execution of critical strategic initiatives, which strengthened governance and operational effectiveness, and modernized the systems and processes across our business operations including the transition from transition from T+3 to T+2 settlement. Following the approval from SEC, Mr Waziri will be succeeded by Mr. Shehu Yahaya Shantali, effective 1st January 2026.



CENTRAL SECURITIES CLEARING SYSTEM PLC 31ST ANNUAL GENERAL MEETING

15th May, 2025 | Lagos Oriental Hotel, Victoria Island | 10:00 AM



7 MATERIAL TOPIC 3: TRANSPARENCY GOVERNANCE AND ETHICS

7.1 HIGHLIGHT/QUOTE FROM BUSINESS LEADERS AND DATA OWNERS





7.2 GOVERNANCE

7.2.1 BOARD ACCOUNTABILITY AND OVERSIGHT STRUCTURE

7.2.2 GOVERNANCE STRUCTURES FOR ETHICS AND COMPLIANCE OVERSIGHT

7.2.3 FREQUENCY OF REPORTING AND BOARD ENGAGEMENT

7.2.4 POLICIES SUPPORTING ETHICAL CONDUCT AND INTEGRITY



7.2.1 BOARD ACCOUNTABILITY AND OVERSIGHT STRUCTURE

Ultimate accountability for Transparency, Governance and Ethics rests with the Board of Directors, which has overarching responsibility for setting the governance framework and overseeing its effective implementation. The Board operates under a Delegation of Authority Matrix, which clearly defines matters reserved exclusively for the Board, matters delegated to Board Committees, and matters delegated to Management for execution. This structure ensures clear delineation of roles, responsibilities, and decision rights, while maintaining appropriate checks and balances. Certain governance activities are retained at the Board level, while others are appropriately delegated to Board Committees or Management, subject to ongoing Board oversight.

7.2.2 GOVERNANCE STRUCTURES FOR ETHICS AND COMPLIANCE OVERSIGHT

We have established dedicated governance structures to support effective monitoring of transparency, governance, and ethical conduct. Primary oversight responsibility for governance-related matters is vested in the Corporate Governance, Remuneration and Nomination Committee. This Committee oversees compliance with governance and ethical standards within its mandate, monitors emerging governance and ethics-related risks, and reports formally to the Board of Directors on its activities and findings.

While Management is empowered to legislate and act on certain operational governance matters, the Board retains overarching authority, ensuring alignment with the Company's strategic objectives, regulatory obligations, and stakeholder expectations.

7.2.3 FREQUENCY OF REPORTING AND BOARD ENGAGEMENT

Transparency, Governance, and Ethics performance and related risks are subject to regular and structured review.

Board Committees responsible for governance matters meet on a quarterly basis, and the Board of Directors also convenes quarterly. Governance, ethics, and compliance matters are tabled during these

meetings as required, ensuring that the Board maintains continuous oversight of governance effectiveness. This also ensure that risks relating to ethical conduct, conflicts of interest, and compliance are promptly escalated, and corrective actions and policy enhancements are discussed and approved where necessary.

This reporting cadence supports timely oversight and accountability, consistent with IFRS ISSB S1 governance disclosure expectations.

7.2.4 POLICIES SUPPORTING ETHICAL CONDUCT AND INTEGRITY

CSCS implements a range of policies and procedural controls to promote ethical conduct and integrity across all levels of the organisation.

Key elements of the policy framework include:

- **A Board-level Conflict of Interest declaration applicable to Directors.**
- **Professional Ethics and Conflict of Interest declarations embedded within the Human Resources (HR) Handbook, rather than existing as standalone policies, and**
- **A Whistleblowing Policy applicable at the staff level, enabling the confidential reporting of unethical or improper conduct, and**
- **Vendor policy guiding third-party compliance.**

At the employee level, we adopt a structured and multi-channel approach to the development, communication, and implementation of governance and ethics-related policies. Policies may be initiated when a process owner identifies a governance or compliance need. Upon identification:

- **The Compliance function provides a standard policy template to the policy owner,**
- **Compliance works collaboratively with the relevant team to develop the policy and ensure clarity and appropriateness,**
- **Completed policies are submitted to the relevant Board Committee for review and approval, and approved policies are formally communicated to staff.**

During the reporting year, an Anti-Money Laundering (AML) and Sanctions Policy were developed. We will continue to assess and validate whether this policy has completed the full adoption and approval cycle required for formal implementation.

A multi-channel approach is also adopted in informing employees of applicable policies, including through the Employee Handbook, provisions embedded in employment and service contracts, formal staff communications, and mandatory annual compliance training. We also extend our commitment to transparency and ethical conduct to our third-party relationships, including contractors, suppliers, and partners.

A Vendor Policy governs third-party engagements, and contractual agreements with vendors include explicit provisions requiring compliance with the Company's applicable governance, ethics, and compliance policies. These provisions are particularly important where vendor activities may impact Regulatory compliance, Operational integrity, or our reputation and stakeholder trust. This approach ensures that third-party relationships are aligned with the Company's ethical standards and governance expectations.

Together, these measures support a culture of integrity, accountability, and ethical behaviour across the organisation.

7.3 TRANSPARENCY, GOVERNANCE AND ETHICS STRATEGY

7.3.1 STRATEGIC PRIORITY AREAS FOR TRANSPARENCY AND ETHICS RISK MANAGEMENT

7.3.1.1 PROCUREMENT

7.3.1.2 THIRD-PARTY RELATIONSHIPS

7.3.1.3 POLITICAL NEUTRALITY



Our approach to preventing bribery and corruption is anchored in a zero-tolerance stance and a strong ethical culture reinforced through policies, controls, and independent oversight mechanisms.

Our approach to transparency, governance and ethics is closely aligned with our broader risk management, ethical conduct, and governance objectives. Our employees receive training on general compliance obligations, reinforcing awareness of ethical standards, regulatory expectations, and individual responsibilities. Our core values further articulate how we are to be perceived by stakeholders, how employees are expected to behave, and how ethical conduct underpins the business strategy and long-term sustainability. This integration ensures that ethics are not treated as a standalone compliance issue, but as a strategic enabler of trust, resilience, and operational integrity.

At the governance level, the Board of Directors retains the authority to direct internal investigations into alleged bribery or corruption incidents. Where necessary, the Board may instruct Internal Audit to investigate matters independently of Management, reinforcing objectivity and accountability. There were no investigations mandated by the board during the year.

To strengthen independence and credibility, we operate a whistleblowing portal managed by an independent external consultant, enabling confidential reporting of suspected unethical or corrupt practices. This mechanism is accessible to employees and functions independently of management, enhancing trust and effectiveness.

All employees are required to formally declare conflicts of interest through provisions contained in the Employee Handbook, sign off on non-acceptance of bribery, and acknowledge and comply with the Whistleblowing Policy.

The Employee Handbook also includes a Gifts and Hospitality policy, under which employees are required to declare gifts received above a defined threshold, reducing the risk of undue influence or perceived conflicts.

7.3.1 STRATEGIC PRIORITY AREAS FOR TRANSPARENCY AND ETHICS RISK MANAGEMENT

We have identified specific priority focus areas where Transparency, Governance and Ethics risks are most likely to arise and where enhanced controls are required.

7.3.1.1 PROCUREMENT

Procurement is governed by a policy-driven, committee-based process designed to ensure fairness, transparency, and accountability. Our procurement function is managed by a dedicated Procurement Committee, from which the Chief Executive Officer is excluded. However, our CEO provides oversight of the committee's work by reviewing and evaluating the outcomes of the Committee's work without participating in the decision-making process.

To ensure fairness and improve transparency in procurement activities, we implement a competitive process whereby Requests for Proposals (RFPs) are issued to at least three companies, supported by public advertisements of procurement opportunities via email, newspapers, and our website for a defined period. Evaluation outcomes are documented and shared with committee members through a formal reporting and scoring framework, supporting traceability and auditability.

7.3.1.2 THIRD-PARTY RELATIONSHIPS

Third-party relationships are recognised as a key ethics and governance risk area. At CSCS, we mitigate these risks through robust contractual provisions designed to reinforce compliance with Transparency, Governance and Ethics standards, and protect our brand from reputational, legal, and operational risks arising from vendor misconduct.

7.3.1.3 POLITICAL NEUTRALITY

We maintain strict political neutrality, and as such, we do not affiliate with political parties, make donations to political parties, or permit employees to publicly declare political affiliations in a manner that could compromise the independence or reputation of CSCS.



7.4 RISK MANAGEMENT

7.4.1 ANTI-BRIBERY, CORRUPTION AND ETHICS RISK MANAGEMENT

7.4.2 IDENTIFICATION AND ASSESSMENT OF BRIBERY AND CORRUPTION RISKS ACROSS THE VALUE CHAIN

7.4.3 ASSESSMENT OF HIGH-RISK AREAS

7.4.4 DUE DILIGENCE PROCESSES FOR THIRD PARTIES

7.4.4.1 SUPPLIERS

7.4.4.2 CONSULTANTS AND INTERMEDIARIES

7.4.4.3 JOINT VENTURES AND STRATEGIC PARTNERS

7.4.5 CONTROLS TO PREVENT AND DETECT BRIBERY AND CORRUPTION

7.4.6 INCIDENTS, INVESTIGATIONS AND DISCIPLINARY ACTIONS

7.4.7 REGULATORY COMPLIANCE

7.4.1 ANTI-BRIBERY, CORRUPTION AND ETHICS RISK MANAGEMENT

Anti-Bribery, Corruption and Ethics Risk Management and Regulatory Compliance were identified as material topics in our assessment of transparency, governance and ethics across our business environment.

7.4.2 IDENTIFICATION AND ASSESSMENT OF BRIBERY AND CORRUPTION RISKS ACROSS THE VALUE CHAIN

At CSCS, we apply a combination of preventive, detective, and reporting mechanisms to identify and assess bribery and corruption risks across its operations and value chain.

Key processes we apply include:

- Internal and external whistleblowing mechanisms, which enable the identification of potential unethical or corrupt practices at any point within the organisation or its external relationships, and
- A Maker-Checker control framework, under which no single individual is permitted to initiate and complete a transaction end-to-end.
- In addition, transaction thresholds and defined approval sign-offs are embedded within operational processes, ensuring that higher-risk or higher-value transactions are subject to enhanced scrutiny and escalation.

These mechanisms collectively support the early identification of bribery and corruption risks and form part of the Company's broader enterprise risk management framework.

7.4.3 ASSESSMENT OF HIGH-RISK AREAS

At CSCS, we adopt a holistic risk perspective in assessing bribery and corruption exposure. Rather than isolating risk to a single function or geography, we recognise that a control failure or unethical incident in one business operation could have a domino effect across the entire organisation.

Accordingly, all business units are considered high-risk from a Transparency, Governance and Ethics perspective and are subject to consistent control standards, monitoring processes, and reporting

requirements. This approach reflects the interconnected nature of the Company's operations as a capital market infrastructure provider.

7.4.4 DUE DILIGENCE PROCESSES FOR THIRD PARTIES

We apply risk-based due diligence processes to third parties, recognising that suppliers, consultants, intermediaries, and strategic partners may expose the organisation to bribery, corruption, and reputational risks.

7.4.4.1 SUPPLIERS

We implement several due diligence procedures for suppliers, including:

- (i) Verification of business addresses and legal existence,
- (ii) Requesting and reviewing references, and
- (iii) Advance payment guarantees in certain instances, particularly where financial or delivery risk is elevated.

7.4.4.2 CONSULTANTS AND INTERMEDIARIES

Consultants and intermediaries are subject to enhanced due diligence measures, including formal due diligence prior to engagement, and robust contractual protections, such as representation and warranty clauses, comprehensive indemnification provisions, including indemnity covering legal representation and court proceedings where necessary.

7.4.4.3 JOINT VENTURES AND STRATEGIC PARTNERS

For joint ventures and strategic partnerships, we apply due diligence assessments prior to entering into agreements, and contractual safeguards similar to those used for consultants and intermediaries, including representation, warranties, and full indemnification clauses. These measures are designed to mitigate legal, financial, and reputational risks arising from third-party misconduct.

7.4.5 CONTROLS TO PREVENT AND DETECT BRIBERY AND CORRUPTION

We have implemented multiple layers of controls to prevent and detect bribery and corruption, including:

- Internal and external whistleblowing channels,
- The Maker–Checker principle across operational and financial processes, and
- Clearly defined approval thresholds and sign-off requirements for transactions.

These controls reduce the risk of unauthorised actions, conflicts of interest, and improper payments, while supporting accountability and traceability.

7.4.6 INCIDENTS, INVESTIGATIONS AND DISCIPLINARY ACTIONS

During the reporting period, we did not record any Transparency, Governance and Ethics-related incidents, investigations, or disciplinary actions relating to bribery or corruption. This outcome reflects the effectiveness of our preventive controls, awareness programmes, and governance structures, while recognising the importance of continued vigilance.

7.4.7 REGULATORY COMPLIANCE

CSCS operates within a regulated capital market environment, and we are mindful of applicable international regulatory expectations relating to ethics, transparency, and data protection. Given its business model and stakeholder base, we place particular emphasis on compliance with the General Data Protection Regulation (GDPR) and NDPR. This is driven by our relationship with both EU-based and local entities and individuals whose assets are held or processed within the Company's systems. This is equally important because we maintain relationships with global custodians, who engage local custodians to execute asset transactions based on international client instructions.

We will continue to monitor regulatory developments and align our governance and compliance practices with applicable legal and contractual obligations.

7.5 METRICS & TARGETS

7.5.1 ONGOING TESTING AND MONITORING OF ETHICS COMPLIANCE

7.5.2 DATA VALIDATION AND REPORTING CONTROLS



7.5 METRICS & TARGETS

At CSCS, we monitor a range of qualitative and quantitative indicators to assess the effectiveness of our Transparency, Governance and Ethics framework. These indicators focus on ethical conduct, policy compliance, and employee accountability.

Key metrics we monitored during the reporting period include:

- Number of reported Transparency, Governance and Ethics breaches or infractions,
- Number of whistleblowing reports or ethics-related concerns raised, and
- Completion of annual Code of Conduct and Conflict of Interest declarations by employees.

To achieve these targets, we implement continuous reinforcement of ethical behaviour through mandatory knowledge-sharing and compliance sessions. These are linked to individual performance appraisals through the Consequence Management framework.

In terms of infractions, we have a target of zero reported breaches or infractions relating to Transparency, Governance and Ethics. During the reporting period, no breaches, infractions, or policy violations were reported. This outcome reflects our zero-tolerance approach to unethical conduct and the effectiveness of its governance controls.

We also track the annual completion of Code of Conduct and Conflict of Interest declarations by employees, and the target for this is 100% completion. All employees are required to sign an annual Code of Conduct declaration, confirming their understanding of ethical expectations and their commitment to comply with Transparency, Governance, and Ethics requirements, and we achieved 100% performance on this target. Furthermore, no policy breaches were recorded in the year under review.

In addition, we commenced vendor data protection training to strengthen third-party compliance with data protection standards. Training materials were circulated to all vendors ahead of the training sessions, and we intend to link vendor data protection training to business continuity requirements over time.

7.5.1 ONGOING TESTING AND MONITORING OF ETHICS COMPLIANCE

We apply periodic testing and monitoring mechanisms to ensure continued compliance with Transparency, Governance and Ethics requirements.

At the Board and Board committee levels, we maintain a standing agenda item on Conflict of Interest declarations at every Board and Board Committee meeting, and Conflict of Interest disclosures at Statutory Audit meetings, which report to shareholders. In ensuring continuous oversight, transparency, and accountability at both management and board levels, we disclose relevant governance information in our Annual Report, including declarations relating to contracts in which Directors may have been involved, and transparency disclosures regarding entities in which Directors have been involved.

At the employee level, we ensure that Professional Ethics and Conflict of Interest Declaration Forms are completed annually by employees.

7.5.2 DATA VALIDATION AND REPORTING CONTROLS

At CSCS, we apply data validation procedures to ensure the accuracy, completeness, and reliability of Transparency, Governance and Ethics-related data reported internally and externally. Data validation responsibilities are clearly defined by data type:

- Investor data is received from company registrars through an Application Programming Interface (API)-enabled investor portal and is validated by the Company upon receipt.
- Employee data is validated by the Employee Experience function, including periodic reconciliations with individual staff records,

- Vendor data is validated by the Administration function, and
- Company status data is corroborated using reports from the Corporate Affairs Commission (CAC).

These controls support data integrity and confidence in reported information, consistent with ISSB S1 expectations for reliable and verifiable disclosures.



7.6 PROGRESS DURING THE REPORTING PERIOD

7.6.1 TRANSPARENCY, GOVERNANCE AND ETHICS PROGRAMMES

7.6.2 INTERNAL AUDITS, REGULATORY REVIEWS AND SURVEILLANCE ACTIVITIES

7.6.3 ANTI-BRIBERY AND CORRUPTION INITIATIVES

7.6.4 BOARD COMPOSITION AND GOVERNANCE ENHANCEMENTS

7.6.5 REGULATORY COMPLIANCE AND MARKET ENGAGEMENT

7.6.6 DIVERSITY AND INCLUSION INITIATIVES

7.6.1 TRANSPARENCY, GOVERNANCE AND ETHICS PROGRAMMES

During the reporting period, we continued to embed governance and ethics considerations within existing operational frameworks, employee handbooks, and contractual arrangements.

A key programme implemented during the year was the rollout of data protection training for vendors, reflecting our focus on strengthening third-party governance and data protection practices. Training materials on data protection standards were distributed to vendors in advance of the sessions, supporting awareness and alignment with the Company's expectations. This initiative also lays the foundation for future integration of vendor data protection practices into business continuity planning.

7.6.2 INTERNAL AUDITS, REGULATORY REVIEWS AND SURVEILLANCE ACTIVITIES

Owing to our working environment within a regulated capital market environment, we are subject to ongoing regulatory engagement.

During the reporting period, no new regulatory surveillance audits were conducted on our business operations and activities. In addition, no significant adverse findings from internal audits or regulatory reviews were reported.

Notwithstanding the absence of recent surveillance audits, we continue to submit periodic operational and compliance reports to regulators, in line with agreed regulatory reporting schedules. This proactive reporting approach supports regulatory transparency and ongoing supervisory oversight.

7.6.3 ANTI-BRIBERY AND CORRUPTION INITIATIVES

As part of its ongoing efforts to strengthen ethical conduct and regulatory compliance, we progressed the development of key policy frameworks relating to Anti-Money Laundering (AML), Anti-Bribery and Corruption (ABC), and Sanctions compliance.

These policy development initiatives are intended to further formalise and enhance the Company's approach to preventing financial crime, bribery, and unethical conduct. The Company continues to work through the necessary review and approval processes to ensure these policies are fully adopted and embedded within its governance framework.

7.6.4 BOARD COMPOSITION AND GOVERNANCE ENHANCEMENTS

During the year, we undertook targeted initiatives to strengthen Board composition and governance effectiveness, with a focus on diversity, skills, and balanced representation.

Key initiatives include:

- **Implementation of a strong Diversity and Inclusion (D&I) policy at the Board level, extending beyond gender to include age diversity, skills, and experience,**
- **Use of a skills and experience grid to support informed Board composition and succession planning,**
- **Appointment and retention of three female Directors out of a total of nine Board members, and**
- **Consideration of age balance and geopolitical zone representation to ensure broad perspectives and effective governance oversight.**

These initiatives support robust decision-making and reflect our commitment to inclusive and effective governance.

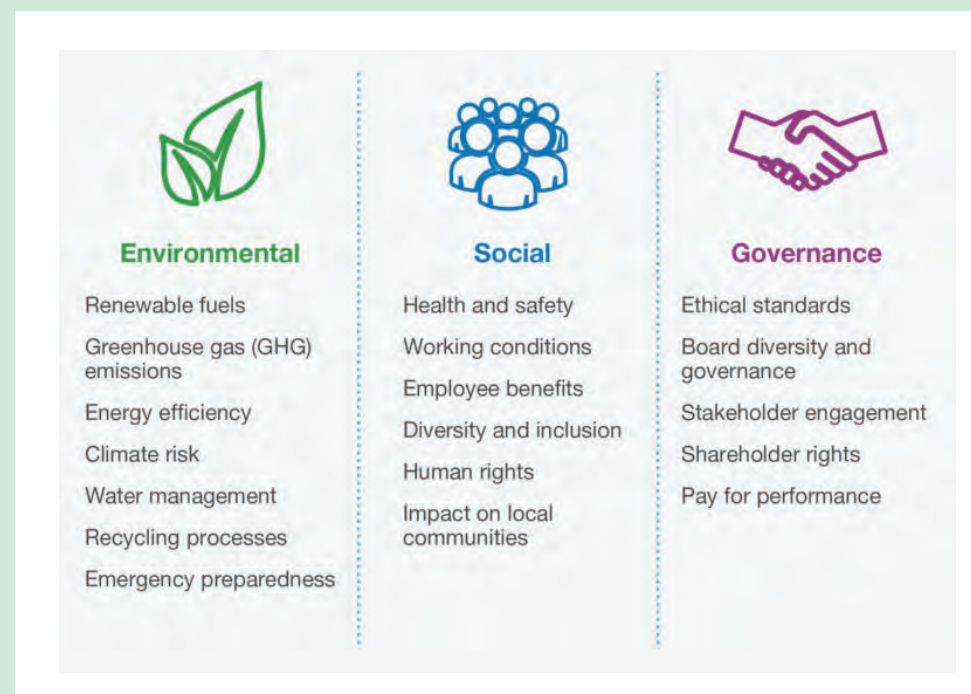
7.6.5 REGULATORY COMPLIANCE AND MARKET ENGAGEMENT

During the reporting period, we played an active role in regulatory reform within the capital markets ecosystem. The Investment and Securities Act, last reviewed in 2025, underwent a significant update during the year. At CSCS, we provided substantive technical inputs, and participated in industry working committees contributing to the review process. This engagement reflects our role as a systemically important market infrastructure and our commitment to strengthening regulatory frameworks that support market integrity and investor confidence.

7.6.6 DIVERSITY AND INCLUSION INITIATIVES

In addition to Board-level governance enhancements, we reinforced our commitment to Diversity and Inclusion by implementing a comprehensive D&I policy that addresses gender, age diversity, skills, and experience, and governance processes that consider balanced representation across geopolitical zones.

These initiatives aim to promote inclusivity, resilience, and a diversity of perspectives at the highest levels of governance.



7.7 OUTLOOK, STRATEGIC ENHANCEMENTS AND CONTINUOUS IMPROVEMENT

7.7.1 PLANNED ENHANCEMENTS TO THE TRANSPARENCY, GOVERNANCE AND ETHICS PROGRAMME

7.7.2 FUTURE TRAINING, SYSTEMS AND DUE DILIGENCE ENHANCEMENTS

7.7.3 MONITORING OF REGULATORY DEVELOPMENTS AND POLICY ENGAGEMENT

7.7.4 COMMITMENT TO CONTINUOUS IMPROVEMENT IN ETHICAL CONDUCT

7.7.1 PLANNED ENHANCEMENTS TO THE TRANSPARENCY, GOVERNANCE AND ETHICS PROGRAMME

Over the next one to three years, we plan to strengthen our Transparency, Governance and Ethics programme as part of a new corporate strategy currently under development. The existing strategy has reached its planned sunset, and new initiatives are being designed to ensure continued alignment with evolving regulatory expectations, stakeholder needs, and best practices in governance and ethical conduct.

As part of this strategic refresh, we aim to reassess and enhance our governance and ethics frameworks and identify targeted initiatives that support long-term resilience, regulatory trust, and market confidence.

These enhancements will be embedded within the broader corporate strategy to ensure consistency between governance practices and business objectives.

7.7.2 FUTURE TRAINING, SYSTEMS AND DUE DILIGENCE ENHANCEMENTS

As the new strategy is finalised and implemented, we anticipate expanding and refining Transparency, Governance and Ethics-related training and processes will be required. As such, in the coming years, we plan to implement:

- Enhanced ethics and compliance training for employees, building on existing knowledge-sharing and mandatory training programmes,
- Potential upgrades to governance, compliance, and monitoring systems to improve oversight and reporting, and
- Refinement of due diligence processes for vendors and other third parties, informed by emerging risks and operational experience.

These initiatives are intended to further embed ethical conduct across the organisation and its value chain.

7.7.3 MONITORING OF REGULATORY DEVELOPMENTS AND POLICY ENGAGEMENT

At CSCS, we actively monitor regulatory developments that may influence Transparency, Governance and Ethics requirements. As part of our compliance function, we operate a National Assembly Watch, which enables early awareness of proposed legislation and Bills prior to enactment. Through this process, we receive advance notice of relevant Bills, have the opportunity to be invited to public hearings, and provide informed input on regulatory proposals that may affect capital market operations and governance expectations.

In addition, we continue to monitor developments arising from the Capital Market Masterplan, which may drive future regulatory reforms and enhanced compliance obligations across the capital markets ecosystem.

7.7.4 COMMITMENT TO CONTINUOUS IMPROVEMENT IN ETHICAL CONDUCT

At CSCS, we are committed to continuous improvement in ethical conduct and corruption prevention, recognising that effective governance is an ongoing process rather than a static outcome. This commitment is underpinned by the continuous promotion of transparency as both an organisational culture and a core business practice, and ongoing reinforcement of ethical behaviour through leadership example, policies, training, and governance processes. By embedding transparency and ethical conduct into everyday decision-making, we aim to strengthen stakeholder trust, support regulatory confidence, and enhance long-term value creation."





8.1 HIGHLIGHT/QUOTE FROM BUSINESS LEADERS

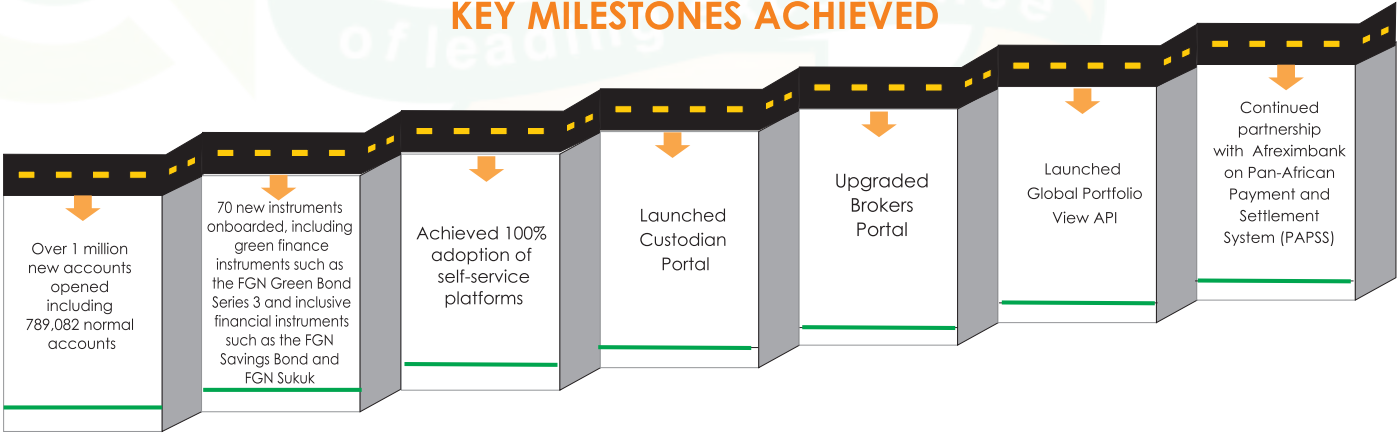
8. MATERIAL TOPIC 4: FINANCIAL INCLUSION AND ACCESS TO CAPITAL MARKETS

8.1 HIGHLIGHT/QUOTE FROM BUSINESS LEADERS AND DATA OWNERS

“Our priority during the reporting period was to deepen market access by making participation simpler, more reliable, and more inclusive through technology. We achieved full adoption of our self-service platforms across market participants, ensuring consistent access regardless of varying levels of technological maturity.”

“We also strengthened regional integration through active partnerships aimed at enabling cross-border transactions and seamless settlement. These efforts were underpinned by a strong focus on system stability, extensive testing, and user experience—resulting in a smooth migration to upgraded platforms with zero downtime. As a market infrastructure provider, expanding access while preserving trust, resilience, and efficiency remains central to our contribution to sustainable capital market growth”.

KEY MILESTONES ACHIEVED



8.2 GOVERNANCE AND OVERSIGHT: BOARD ACCOUNTABILITY AND SENIOR MANAGEMENT LEADERSHIP

8.2.1 REPORTING FREQUENCY AND MANAGEMENT OVERSIGHT

8.2.2 POLICY FRAMEWORK FOR MARKET ACCESS AND INCLUSION

8.2.3 ROLES AND RESPONSIBILITIES ACROSS THE ORGANISATION

8.2

GOVERNANCE AND OVERSIGHT: BOARD ACCOUNTABILITY AND SENIOR MANAGEMENT LEADERSHIP

As a central securities depository (CSD) we recognise the importance of our role as an enabler for advancing market access and financial inclusion in the markets that we operate. Our unique position in the capital market enables us to play an indirect role, rather than distributive or retail-facing by providing secure, efficient, and reliable post-trade infrastructure that enables participation by a broad range of market participants.

At the Board level, oversight for initiatives aimed at improving market access and financial inclusion is exercised through delegated committees that assess whether proposed initiatives fall within the scope of our regulatory licence, are aligned with our strategic objectives, and do not introduce unacceptable risk to our infrastructure or market integrity. Two Board Committees play a central role in overseeing initiatives related to market access and inclusion to ensure that initiatives designed to enhance access to the capital market are safe, compliant, and operationally sound. These committees and their functions are:

- **The Risk Management Committee, which evaluates the risk implications of proposed initiatives, alignment with our risk appetite, and potential impacts on operational and systemic stability.**
- **The Technical Committee, which assesses technology and infrastructure implications, system capacity, resilience, and integration requirements, and compatibility with existing platforms and market architecture.**

At the management level, responsibility for initiatives that enhance market access rests with Executive Management, which develops and sponsors new product offerings and infrastructure enhancements. Proposed initiatives are presented to relevant Executive Management governance forums for review and approval before implementation.

8.2.1 REPORTING FREQUENCY AND MANAGEMENT OVERSIGHT

Market access-related initiatives, performance, risks, and challenges are subject to regular reporting and oversight. As such, issues relating to market access and financial inclusion are included in ongoing operational activities to support timely decision-making and ongoing alignment between management execution and Board oversight.

At the board level, reporting takes place on quarterly, providing Directors with visibility over strategic developments, infrastructure changes, and emerging risks relating to market access. At Management-level, discussions occur through weekly meetings, where progress on products, services, and operational enhancements is reviewed.

8.2.2 POLICY FRAMEWORK FOR MARKET ACCESS AND INCLUSION

Our policy framework for issues related to market access considerations are embedded within our product development processes, technology and infrastructure decision-making, and risk management and regulatory compliance frameworks. This approach reflects our role as a market infrastructure provider, where access outcomes are primarily driven through system design, digitisation, and operational efficiency, rather than through direct customer inclusion programmes.

8.2.3 ROLES AND RESPONSIBILITIES ACROSS THE ORGANISATION

At CSCS, we adopt a cross-functional approach to driving initiatives that support market access. The day-to-day activities management of activities aimed at improving market access and financial include are embedded in our product framework. Key responsibilities are distributed across multiple teams including Risk Management which assesses financial, operational, and systemic risks, and Strategy and Sales teams which evaluate market needs and ensure alignment with our broader strategic objectives. Furthermore, the Technology team assesses system interfaces, automation, and digital enablement requirements, while the Operations manages

market-facing processes and service delivery. This collaborative model ensures that initiatives aimed at deepening market participation—such as digitisation of manual processes, support for retail investor participation, and transfer agent service facilitation—are assessed holistically before implementation.



8.3 STRATEGY AND STRATEGIC ENABLERS

8.3.1 STRATEGIC APPROACH TO MARKET ACCESS AND FINANCIAL INCLUSION

8.3.2 INITIATIVES TO SIMPLIFY MARKET ENTRY FOR ISSUERS AND INVESTORS

8.3.3 DIGITAL TRANSFORMATION AND SELF-SERVICE ENABLEMENT

8.3.4 SUSTAINABLE AND GREEN INVESTMENT OPPORTUNITIES

8.3.5 PARTNERSHIPS TO BROADEN MARKET ACCESS



8.3.1 STRATEGIC APPROACH TO MARKET ACCESS AND FINANCIAL INCLUSION

At CSCS, our approach to improving market access and financial inclusion is embedded within our core mandate of safeguarding market integrity, enhancing efficiency, and enabling broad-based participation in the capital market through robust infrastructure, technology, and policy advocacy. Market integrity is a central pillar of our approach. To this end, we maintain a complete and immutable record of market transactions, recognising that trust in the capital market is intrinsically linked to the reliability and integrity of its depository systems. Building on our systematic approach to maintaining market integrity, our strategic focus for promoting improved market access and financial inclusion is aimed at delivering progress across three key levers:

- **Advocating for investor-friendly policies that encourage issuers to access the capital market and incentivise investors to retain capital within the market,**
- **Building and maintaining trusted market infrastructure that enhances transparency, confidence, and long-term participation, and**
- **Investing in technology that simplifies market participation while preserving data integrity and systemic resilience.**

We adopt a non-discriminatory access model to ensure that all investors—retail, institutional, domestic, and international—are afforded equal access to the market infrastructure and services we support. No preferential treatment is given to specific investor classes. Our approach focuses on promoting universal access through system design, ensuring that market infrastructure supports participation across the full spectrum of market users.



Our strategy seeks to address key structural barriers to market participation, particularly those relating to cost, efficiency, and complexity. We address these barriers by implementing strategic plans aimed at improving settlement efficiency and reducing turnaround times to enhance market confidence, lowering transaction friction and operational costs through automation and digitisation, and making continuous technology investments to enhance market resilience, efficiency, and scalability. These investments which we absorb are aimed at protecting market integrity. However, these investments come at a significant cost to our operations. Where such costs become unsustainable, they may ultimately be passed through to the market. Pricing decisions are therefore carefully balanced against the need to maintain a stable, efficient, and accessible market.

8.3.2 INITIATIVES TO SIMPLIFY MARKET ENTRY FOR ISSUERS AND INVESTORS

At CSCS, we have played a key role in simplifying access to the capital market through the development of digital issuance and subscription infrastructure. Notable initiatives we have implemented over the years to ensure that our backend infrastructure supports both issuers and investors across the full market value chain, including the retail end of the market, include:

- Supporting the first electronic Initial Public Offering (IPO) of MTN Nigeria, which demonstrated the viability of fully digital capital raising,
- Development of a subscription portal for Federal Government issuances, enabling seamless investor participation,
- Creation of the iInvest Portal, used by Nigerian Exchange Ltd (NGX) for the recapitalisation of banks and planned for use in the recapitalisation of insurance companies, and
- Development of products that strengthen retail market participation, enabling issuers to achieve broader distribution and investor traction.

8.3.3 DIGITAL TRANSFORMATION AND SELF-SERVICE ENABLEMENT

Digital transformation is a core strategic enabler of market access. A key objective of the current strategy is to increase self-service adoption, reduce manual intervention, and enhance user experience across market participants. To this end, we have deployed Application Programming Interfaces (APIs) that support account opening, portfolio management, and data integration as well as APIs that allow investors to view multiple portfolios across multiple brokers, improving visibility and control. In addition, we have deployed self-service portals [add date] for brokers, registrars, custodians, issuers, and other market participants. Our paid retail-facing portfolio management portal [implemented in [XXX] allows investors to view and manage their holdings and enables brokers to trade on behalf of investors. Our USSD USSD functionality

8.3.4 SUSTAINABLE AND GREEN INVESTMENT OPPORTUNITIES

CSCS remains asset-class agnostic and we are open to supporting all products and instruments that fall within the scope of our depository licence. A key tenet of our strategy is to expand opportunities within the capital market, including support for green, sustainable, or climate-related instruments as these products emerge and gain traction. Our infrastructure is designed to accommodate such instruments without restricting access or participation. [See more on this in XXX section that speaks on green finance]

8.3.5 PARTNERSHIPS TO BROADEN MARKET ACCESS

Our partnerships with key regulators and industry stakeholders reflect our role as a systemically important market infrastructure provider and our commitment to evolving alongside the broader financial ecosystem. At CSCS, we actively collaborate with a wide range of stakeholders to enhance market access and resilience. We collaborate frequently with the primary regulatory capital market coordination forum, the Capital Market Committee, and interface with the Central Bank of Nigeria on various market access and financial inclusion initiatives. In addition, we collaborate with the Office of the National Security Adviser on cybersecurity awareness and the Debt Management Office through settlement-support portals.

We maintain active ongoing service provision to multiple Exchanges and financial institutions. Our strategic engagement with non-traditional financial institutions, including non-bank credit institutions and deposit-taking entities, supports the use of securities as collateral and expand participation in capital market-linked financing.



8.4 RISK IDENTIFICATION AND MANAGEMENT

8.4.1 KEY RISKS ASSOCIATED WITH INCREASING MARKET ACCESS

8.4.2 MARKET INTEGRITY AND PRODUCT RISK ASSESSMENT PROCESSES

8.4.3 CUSTOMER SUITABILITY, TRANSPARENCY AND FAIR ACCESS

8.4.4 MANAGING RISKS IN NEW OR EMERGING MARKET SEGMENTS

8.4.5 REGULATORY COMPLIANCE CONTROLS FOR ISSUERS AND INVESTOR GROUPS

8.4.6 CYBERSECURITY, OPERATIONAL AND KYC-RELATED RISK MITIGATION

8.4.7 INCIDENTS AND REGULATORY ISSUES DURING THE REPORTING PERIOD

8.4.1 KEY RISKS ASSOCIATED WITH INCREASING MARKET ACCESS

As a central securities depository, CSCS recognises that initiatives aimed at expanding market access may introduce a range of operational, technological, and market integrity risks. These risks are actively assessed and managed through our enterprise risk management framework.

Key risks associated with increasing market access include:

- Investor protection and suitability risks, particularly where complex products may be misunderstood by retail investors,
- Cybersecurity risks, arising from increased connectivity, digital access points, and a growing number of system users,
- Operational risks, including system resilience and data integrity as transaction volumes and digital interfaces increase, and
- Identity and fraud risks, including impersonation or unauthorised claims over investors' securities.

Compliance with listing requirements sits outside our direct remit and remains the responsibility of the Exchanges we support. However, to participate within the CSCS ecosystem, market participants are required to meet defined minimum technology and operational standards, which supports data integrity and reduces manual, paper-based processes.

8.4.2 MARKET INTEGRITY AND PRODUCT RISK ASSESSMENT PROCESSES

Market integrity considerations are embedded in our change management and product development lifecycle as critical controls to ensure that products introduced into the market are robust, secure, and aligned with regulatory and infrastructure requirements before being made available to market participants.. Before new access channels, services, or products are introduced, we conduct extensive testing as part of the change management process. Products and services undergo pre-development workshops and risk assessments, and technology, operational, and security impacts are evaluated to ensure readiness for public deployment.

8.4.3 CUSTOMER SUITABILITY, TRANSPARENCY AND FAIR ACCESS

CSCS adopts a regulator-led approach to customer suitability and access restrictions. Within the regulatory boundaries, CSCS ensures fair and non-discriminatory access to its infrastructure for all eligible market participants by ensuring access restrictions are applied only where mandated by regulation, such as for products approved exclusively for institutional investors by the Securities and Exchange Commission. Where required, investors must demonstrate knowledge and understanding of the relevant product, and investors are expected to conduct their own due diligence and risk assessments prior to investment.

Our processes are designed to promote fair access and ensure that we do not independently restrict investor participation.

8.4.4 MANAGING RISKS IN NEW OR EMERGING MARKET SEGMENTS

While CSCS operates within the Nigerian capital market, it applies structured controls when onboarding new instruments, asset classes, or market segments. Confirmation that regulatory approval criteria have been met before onboarding instruments into the CSCS ecosystem is a critical part of our risk management process. In addition to receiving regulatory accent before proceeding, we conduct risk assessment workshops prior to onboarding new products and implement investor education initiatives, including periodic newsletters and market communications as part of our ongoing investor engagement activities. Where required, we rely only on independent credit ratings issued by recognised credit rating agencies.

These controls ensure that only legitimate, regulator-approved instruments are supported. These initiatives have ensured that fraudulent schemes or Ponzi structures are not onboarded within the CSCS system.

8.4.5 REGULATORY COMPLIANCE CONTROLS FOR ISSUERS AND INVESTOR GROUPS

Strong regulatory compliance controls underpin market access within the CSCS ecosystem. Of paramount importance is adherence to the requirement that mandatory confirmation that all products introduced into

the market have received approval from the Securities and Exchange Commission. As additional safeguards, we apply minimum regulatory and operational requirements prior to onboarding issuers or investor groups is implemented, and restrictions are placed on private market transactions, which are limited to institutional investors. Investor knowledge requirements designed to reduce exposure to fraud and mis-selling are also communicated widely and contribute to market-wide thought leadership initiatives aimed at reducing investor exposure to fraudulent schemes and improving market awareness.

8.4.6 CYBERSECURITY, OPERATIONAL AND KYC-RELATED RISK MITIGATION

As market access expands through digital channels, cybersecurity and operational resilience remain critical focus areas for our risk management and mitigation activities. To manage these risks, we maintain minimum technology standards for ecosystem participants and deploy self-service platforms and electronic document management systems, aimed at reducing manual handling and data manipulation. Furthermore, we deploy strong Know-Your-Customer (KYC) controls to prevent impersonation and unauthorised access to investor accounts. Our Enterprise Risk Management (ERM) function implements continuous monitoring of cyber and operational risks as part of its operational activities and risk management controls to support investor protection, system integrity, and market confidence.

8.4.7 INCIDENTS AND REGULATORY ISSUES DURING THE REPORTING PERIOD

Throughout the reporting period, we implemented active market access-related risk management activities through the ERM framework, including preventive controls, testing processes, and regulatory alignment. No material market access-related incidents or regulatory breaches were reported.

8.5 METRICS & TARGETS

8.5.1 MARKET ACCESS TARGETS AND STRATEGIC OBJECTIVES

8.5.2 DATA QUALITY, VALIDATION AND CONTROL PROCESSES

8.5.3 MARKET ACCESS METRICS



8.5.1 MARKET ACCESS TARGETS AND STRATEGIC OBJECTIVES

We have defined strategic market access objectives aligned with the role we play in market development for the capital market and the country-wide financial inclusion aspirations. These objectives are aimed at establishing linkages with at least one new market, and expanding access to international markets, thereby enabling Nigerian investors to trade in foreign markets through appropriate market connectivity arrangements. These objectives are intended to deepen market participation, broaden investment opportunities, and enhance the integration of the Nigerian capital market with global markets, subject to regulatory approvals and infrastructure readiness.

8.5.2 DATA QUALITY, VALIDATION AND CONTROL PROCESSES

Across our operations, we apply robust data quality controls to ensure that market access metrics reported internally and externally are reliable, accurate, and complete. We implement a Maker-Checker process, to segregate duties and reduce the risk of errors or unauthorised data manipulation. We combine our expert's strong understanding with automated system controls embedded within core market infrastructure, to drive validation of transaction processing flows and data received from Exchanges. Furthermore, we conduct independent internal control reviews, including random spot checks of data, to confirm that reported metrics accurately reflect underlying transactions and activities.

8.5.3 MARKET ACCESS METRICS

At CSCS, we monitor a range of quantitative operational and usage indicators to assess trends in market access, participation, and infrastructure utilisation. These metrics reflect CSCS's role as a market infrastructure provider and are used to track both breadth of access and depth of market activity. The metrics we track these provide management and the Board with visibility over how effectively our infrastructure is enabling participation across the capital market. These metrics include usage of self-service platforms, reflecting digital adoption and accessibility, the number of new financial instruments onboarded to the depository and corporate actions processed, including stock splits, rights issues, and dividend payments. Relating to issuances and trading volumes,



depository and corporate actions processed, including stock splits, rights issues, and dividend payments. Relating to issuances and trading volumes, we track the number of new financial instruments onboarded to the depository and corporate actions processed, including stock splits, rights issues, and dividend payments. Relating to issuances and trading volumes, we track the number of new issues supported, breadth of instruments traded across the market, settlement volumes, including number of settlements processed, number of transactions executed, and volume and value of trades settled. Furthermore, we track system availability and uptime, which underpins reliable market access for all participants.



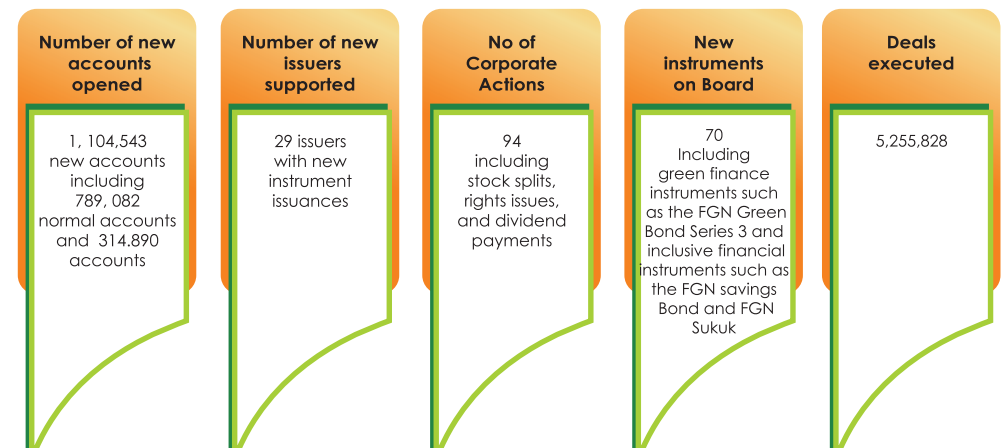


8.6 KEY INITIATIVES AND OUTCOMES DURING THE REPORTING PERIOD

- 8.6.1 PERFORMANCE ON MARKET ACCESS METRICS
- 8.6.2 MAJOR MARKET ACCESS INITIATIVES IMPLEMENTED
- 8.6.3 MANDATORY SELF-SERVICE ACCESS
- 8.6.4 MARKET ONBOARDING AND ACCESS FRAMEWORKS
- 8.6.5 ADOPTION AND MEASURABLE OUTCOMES
- 8.6.6 WE CONTINUED TO STRENGTHEN STRATEGIC PARTNERSHIPS AIMED AT EXPANDING MARKET ACCESS BEYOND OUR NATIONAL BOUNDARIES.
- 8.6.7 USER EXPERIENCE AND DIGITAL ACCESSIBILITY

8.6.1 PERFORMANCE ON MARKET ACCESS METRICS MAJOR MARKET ACCESS INITIATIVES IMPLEMENTED

During the reporting period, we advanced our market access agenda through targeted technology upgrades, platform enhancements, and ecosystem expansion initiatives designed to improve accessibility, efficiency, and resilience of the capital market infrastructure.



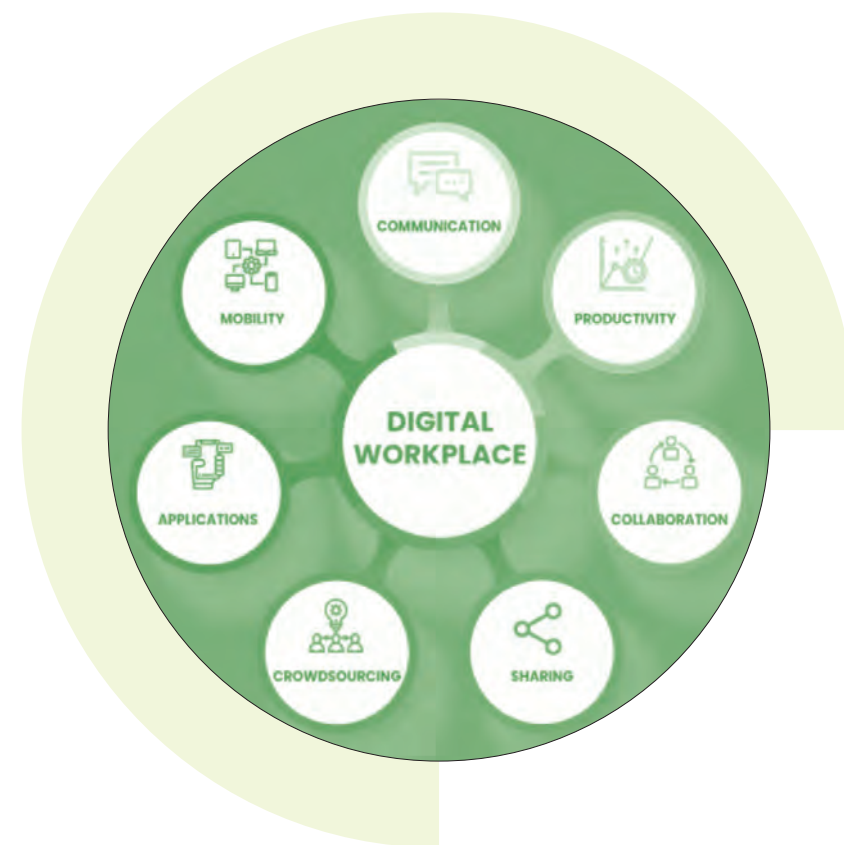


TECHNOLOGY UPGRADES TO DIGITAL CHANNELS AND CUSTOMER EXPERIENCE

During the reporting period, we continued to expand and enhance our digital self-service ecosystem, improving accessibility, efficiency, and transparency for market participants. We enhanced our Investor Self-Service Portal to enable investors to access portfolio information and services more efficiently. We upgraded our Broker Portal in a bid to support more efficient market-facing processes. We also upgraded our Digital Dividend Payment Platform to drive improvements in payment accuracy and timeliness. Furthermore, we deployed a Global Portfolio View API, which has enabled market participants to have consolidated portfolio visibility across multiple intermediaries. These initiatives reduce manual processes, improve user experience, and support broader market access and inclusion.

8.6.2 DIGITAL PLATFORMS AND INFRASTRUCTURE ENHANCEMENTS

RegConnect: We launched new versions of RegConnect, the Brokers' Portal, and the Custodians' Portal, aimed at strengthening self-service access for core market participants. **Infrastructure upgrade:** We completed a comprehensive core infrastructure upgrade, covering hardware, cybersecurity, and software components, to support higher transaction volumes, enhanced security, and improved system resilience.



8.6.3 MANDATORY SELF-SERVICE ACCESS:

Our operations focused on ensuring continued emphasis on mandatory self-service access, reducing manual processes and standardising interaction with CSCS systems.

These initiatives reinforce digitisation, reduce operational friction, and enable broader and more efficient market participation.

8.6.4 MARKET ON BOARDING AND ACCESS FRAMEWORKS

- Listing fee structure: We maintained the existing listing fee structure, ensuring that cost considerations did not become a barrier to market participation during the year, and
- Onboarding framework: We developed an onboarding framework for non-traditional financial institutions, to enable broader participation by eligible credit and financial service providers beyond traditional banking institutions.

These initiatives reinforce digitisation, reduce operational friction, and enable broader and more efficient market participation.

8.6.5 ADOPTION AND MEASURABLE OUTCOMES

We achieved 100% adoption of self-service platforms, as all relevant users are required to migrate to and transact through CSCS portals. We also achieved full utilisation of the Brokers' and Custodians' Portals for market-facing interactions, regardless of varying levels of technological maturity among participants. Our migration to upgraded platforms was seamless with zero downtime, supported by extensive testing to ensure stability and performance.

8.6.6 WE CONTINUED TO STRENGTHEN STRATEGIC PARTNERSHIPS AIMED AT EXPANDING MARKET ACCESS BEYOND OUR NATIONAL BOUNDARIES.

During the reporting year, our ongoing engagement through the West African Capital Market Committee, focused on harmonising market operations and enabling cross-border capital market transactions. We actively participated in initiatives connected to the Pan-African Payment and Settlement System (PAPS), led by Afreximbank, to support efficient cross-border settlement and market integration.

8.6.7 USER EXPERIENCE AND DIGITAL ACCESSIBILITY

User experience and system reliability remained key considerations throughout the reporting period. We implemented initiatives aimed at efforts supporting inclusive access while maintaining system stability and performance including extensive pre-deployment testing of all platforms and upgrades to ensure robustness and usability. We also actively explored multilingual platform options, recognising the linguistic diversity of the domestic market, although most current solutions operate in English.

No material user experience issues reported following migration to the upgraded portals.



8.7 OUTLOOK AND PLANNED INITIATIVES

8.7.1 PLANNED PROGRAMMES TO EXPAND MARKET ACCESS

8.7.2 CONTINUOUS IMPROVEMENT OF DIGITAL PLATFORMS AND TECHNOLOGY

8.7.3 ISSUER ONBOARDING AND ASSET EXPANSION

8.7.4 REGULATORY DEVELOPMENTS AND MARKET OUTLOOK

8.7.1 PLANNED PROGRAMMES TO EXPAND MARKET ACCESS

Over the next one to three years, we plan to further expand market access through infrastructure-led, technology-enabled initiatives, implemented in collaboration with key market stakeholders. As part of our strategic reset, will prioritize key initiatives aimed at actively facilitating improved market access and financial inclusion. Priority initiatives we plan to implement include:

- Continued on boarding of non-traditional financial institutions, broadening participation beyond traditional banks and intermediaries,
- Expansion of asset classes supported within the depository, leveraging both existing and emerging technologies to accommodate evolving market instruments, and
- Deeper connectivity with issuers and investors, using digital platforms and data interfaces to reduce friction and improve engagement across the market value chain.

8.7.2 CONTINUOUS IMPROVEMENT OF DIGITAL PLATFORMS AND TECHNOLOGY

Technology remains the primary enabler of our market access strategy. We plan to pursue continuous iteration and enhancement of our digital platforms to ensure a seamless, secure, and efficient user experience. These improvements would include incremental improvements to user interfaces, functionality, system performance, availability, and scalability. During the reporting period, development of mobile-enabled service that allows banks to use securities as collateral for loans, and APIs extended to banks to enable visibility of securities balances alongside cash balances, subject to data privacy and consent requirements. These are expected to come upstream in the coming year.

We aim to further strengthen our cybersecurity controls, recognising increased connectivity and digital access. We will also prioritize continuous optimisation of APIs and self-service tools to improve accessibility for issuers, intermediaries, and investors.

8.7.3 ISSUER ONBOARDING AND ASSET EXPANSION

CSCS plays a key role in facilitating issuer participation once regulatory requirements are met. Accordingly, we will continue to implement systems that ensure seamless onboarding of issues that have satisfied applicable regulatory requirements, including instruments developed in new and emerging asset classes as they become available in the market. Increased issuer participation is expected to support portfolio diversification and market depth and we would continue to ensure that our infrastructure capacity does not become a constraint to market growth.

8.7.4 REGULATORY DEVELOPMENTS AND MARKET OUTLOOK

In developing this report, we conducted a scan of recent and upcoming regulatory developments in the horizon and our findings indicate that no immediate regulatory changes are expected to constrain future market access initiatives materially. Regulatory developments of note include:

- The recent revision and passage of the Investment and Securities Act, which provides regulatory clarity and stability in the near term,
- Potential tax reforms, which may influence market behaviour and participation depending on the final structure of the Nigerian Tax 2025, and
- Anticipated capital market activity arising from insurance sector capitalisation requirements under the Insurance Act, which are expected to drive insurance companies to raise capital through the market in the coming months.

Furthermore, Nigeria's removal from the Financial Action Task Force grey list is expected to enhance investor confidence and facilitate increased participation by international investors. This is expected to improve international market expansion prospects and we look forward to leveraging this advancement in the coming years.



9 MATERIAL TOPIC 5.1: CLIMATE CHANGE & ENERGY USE

9.1 GOVERNANCE AND OVERSIGHT

9.1.1 OVERSIGHT AND ACCOUNTABILITY FOR CLIMATE CHANGE AND ENERGY USE

9.1.2 ROLES AND RESPONSIBILITIES FOR ENERGY AND CLIMATE-RELATED ISSUES



9.1 GOVERNANCE AND OVERSIGHT

9.1.1 OVERSIGHT AND ACCOUNTABILITY FOR CLIMATE CHANGE AND ENERGY USE

At CSCS, we recognise that climate change and energy use are emerging considerations within our broader sustainability agenda, particularly in relation to operational efficiency, cost management, and environmental responsibility.

At the board level, climate- and energy-related matters are addressed as part of general management reporting and operational oversight. At the management level, oversight of climate change and energy-related matters resides with the Executive Management team, which is responsible for providing relevant information on energy use and operational considerations, and making recommendations to senior leadership where necessary.

At present, CSCS does not operate a dedicated Sustainability or Climate Committee at Board or Executive Management level, and energy consumption and related cost information are reported through periodic management reporting processes. Quarterly reports on energy consumption and expenditure are prepared and shared with senior leadership and ad-hoc reports may also be requested where there are notable fluctuations in energy usage or energy-related costs. During the reporting period, climate- and energy-related matters were discussed XXX number of times by the board.

9.1.2 ROLES AND RESPONSIBILITIES FOR ENERGY AND CLIMATE-RELATED ISSUES

Responsibilities for monitoring and validating energy and climate data are spread across multiple key functions. Climate-related including energy, fleet, water and waste consumption, are directly managed by the Administration team and indirectly monitored through financial records by the Finance function as part of routine financial management. Data validation is driven primarily by financial review through requests for clarification or investigation where material fluctuations in energy spending are identified.

9.2 STRATEGY

9.2.1 STRATEGIC RATIONALE FOR MONITORING AND REDUCING ENERGY CONSUMPTION

9.2.2 ENERGY EFFICIENCY AND GREEN ENERGY CONSIDERATIONS

9.2.1 STRATEGIC RATIONALE FOR MONITORING AND REDUCING ENERGY CONSUMPTION

Energy consumption within the Company's operations is primarily driven by our data centres, which operate on a 24/7 basis to support continuous market infrastructure availability and our trading and core IT infrastructure, which underpins critical post-trade and settlement activities. Office facilities, including lighting and general office operations, which typically operate during standard working hours, also contribute to our energy usage. Monitoring and managing energy consumption supports our core business imperatives in two primary ways:-

- Financial performance: Reducing energy consumption contributes directly to operating cost efficiency and supports improvement in the bottom line.
- Environmental responsibility: Improved energy efficiency reduces our environmental footprint and supports broader climate-conscious business practices.

As such, energy management practices are embedded within operational and facilities management activities and we continually monitor evolving best practices and frameworks that may inform future enhancements in our approach.

9.2.2 ENERGY EFFICIENCY AND GREEN ENERGY CONSIDERATIONS

We have recently implemented a number of practical energy efficiency measures across our operations. As part of our strategy reset, we will explore implementing further energy efficiency and green energy considerations, including installation of lighting sensors to reduce unnecessary electricity usage and technology upgrades, which are expected to improve system performance and energy efficiency over time. We are also exploring the use of renewable or green energy sources as part of our longer-term operational considerations. Considering the need to achieve a balance between investments aimed at safeguarding market integrity and system resilience with sustainability, we anticipate that our energy efficiency improvements will be incremental and opportunity-driven, rather than delivered through large-scale transformation initiatives in the near term.



9.3 RISK MANAGEMENT

9.3.1 IDENTIFICATION AND ASSESSMENT OF ENERGY- AND CLIMATE-RELATED OPERATIONAL RISKS

9.3.2 GRID ELECTRICITY RELIABILITY, POWER QUALITY RISK MANAGEMENT AND MANAGEMENT OF ENERGY COST VOLATILITY RISKS

9.3.3 ENERGY DATA ACCURACY AND COMPLETENESS

9.3.4 ENERGY-RELATED INCIDENTS DURING THE REPORTING PERIOD

9.3.1 IDENTIFICATION AND ASSESSMENT OF ENERGY- AND CLIMATE-RELATED OPERATIONAL RISKS

As a systemically important market infrastructure provider, we are operationally dependent on continuous, reliable energy supply—particularly for our data centres and core IT infrastructure. Energy and climate-related operational risks are identified and assessed through routine monitoring and preventive maintenance activities, including continuous performance checks on diesel generators, Uninterruptible Power Supply (UPS) systems, and related backup infrastructure. At our head office, we collaborate with the building management to ensure backup power systems remain efficient and reliable to ensure uninterrupted operations. These processes are designed to ensure the resilience of critical systems that must operate on a 24/7 basis.

9.3.2 GRID ELECTRICITY RELIABILITY, POWER QUALITY RISK MANAGEMENT AND MANAGEMENT OF ENERGY COST VOLATILITY RISKS

At CSCS, we manage energy use through a combination of manual and automated controls. While automated building management systems are not yet fully deployed, we implement interim procedures aimed at reducing our energy consumption outside working hours. Owing to unreliable supply of grid electricity within our operating environment, we rely on diesel-powered back-up generators, which presents energy quality and costs volatility risks. Where high voltage fluctuations from the national grid pose a risk—particularly to cooling systems critical for data centre cooling, we have installed automatic switches from grid power to generator supply to prevent equipment damage and operational disruption. Energy cost volatility—particularly relating to diesel consumption—is managed through operational controls and monitoring mechanisms, rather than financial hedging instruments. To manage this risk, we actively monitor diesel usage and consumption trends to ensure we maintain adequate diesel stocks at all times, and implement preventive maintenance of generators to optimise fuel efficiency. We operate two generators, providing redundancy and reducing exposure to single-point failures.



9.3.3 ENERGY DATA ACCURACY AND COMPLETENESS

In the absence of automated systems, we have implemented segregation of duties and oversight controls to support the accuracy and completeness of energy-related data. These controls include assignment of two staff members to energy data management, with one responsible for data collection and another responsible for validation, random spot checks conducted by the Head of Administrative Services, and regular review of logbooks.

9.3.4 ENERGY-RELATED INCIDENTS DURING THE REPORTING PERIOD

During the reporting period, we experienced one energy-related incident, arising from the failure of UPS batteries, which had reached the end of their useful life. While replacement took longer than anticipated, the incident did not compromise our overall commitment to continuous operations. Following the incident, we strengthened preventive controls to guard against recurrence, recognising that data centre availability is critical and must be maintained on a 24/7 basis.





9.4 KEY ACTIVITIES AND OUTCOMES DURING THE REPORTING PERIOD

9.4.1 ENERGY MONITORING AND EFFICIENCY ACTIVITIES IMPLEMENTED



9.4.1 ENERGY MONITORING AND EFFICIENCY ACTIVITIES IMPLEMENTED

During the reporting period, we undertook targeted energy efficiency and infrastructure upgrade initiatives, focused primarily on improving operational reliability, workplace conditions, and baseline energy performance. The most significant activity was a comprehensive energy retrofit of the Lagos office, which included replacement of legacy air conditioning systems with newer HVAC units, upgrade of lighting systems to energy-efficient LED lighting, and replacement and upgrade of Uninterruptible Power Supply (UPS) systems, including those supporting data centre operations. These initiatives were designed to modernise facilities, improve energy efficiency where practicable, and enhance the reliability of critical infrastructure supporting continuous operations.

While the energy efficiency improvements have been successfully implemented, measured energy savings are not yet available, due to the absence of sub-metering and automated energy monitoring systems at our headquarters. In addition, energy performance assessment is currently based on operational observation and expenditure review, rather than granular consumption data.

These limitations highlight opportunities to strengthen energy data collection and monitoring capability in future reporting periods.

9.5 OUTLOOK AND PLANNED INITIATIVES

9.5.1 PLANNED ENERGY EFFICIENCY INITIATIVES AND TECHNOLOGY INVESTMENTS

9.5.2 ANTICIPATED REGULATORY DEVELOPMENTS



9.5.1 PLANNED ENERGY EFFICIENCY INITIATIVES AND TECHNOLOGY INVESTMENTS

ESG considerations are expected to be incorporated into the Company's new corporate strategy, which is currently under development and anticipated to take effect from 2026. Over the next one to three years, we plan to pursue incremental and operationally focused energy efficiency initiatives, prioritising measures that deliver efficiency gains while maintaining infrastructure resilience. Planned initiatives include installation of sensor-based lighting systems to reduce unnecessary electricity consumption, expansion of automated water fixtures, including automated faucets, to support broader resource efficiency. As the dry cell batteries in Uninterruptible Power Supply (UPS) systems back-up systems reach the end of their lives, we would explore replacing them with lithium-based batteries, which may offer improved efficiency, reliability, and lifecycle performance. We will also continue our practice of regular monitoring and servicing of generators to optimise fuel efficiency and reduce operational risks.

Our offices operate from premises owned by a third party, and as such, renewable energy sourcing and green building certification are influenced by landlord-led decisions. At our Lagos head office, building owner is currently undertaking a significant retrofit programme, introducing newer and more environmentally friendly technologies across the facility. While we do not directly control building-wide renewable energy adoption, we will continue to collaborate closely with our landlords to pursue cleaner energy sources and implement structural green building initiatives.

9.5.2 ANTICIPATED REGULATORY DEVELOPMENTS

We expect our approach to reporting energy- and climate-related issues to be impacted by the operationalization of the Nigeria Climate Change Act, 2021 which will establish a national carbon budget to guide emission reductions and mandates private GHG reporting on companies that meet specific thresholds. In addition, Nigeria is a leading early adopter of the IFRS International Sustainability Standards Board (ISSB) standards. According to the phased roadmap of the Financial Reporting Council (FRC), CSCS may be in scope for mandatory for Public Interest Entities (PIEs) by 2028.



10 MATERIAL TOPIC 5.2: SUSTAINABLE FINANCE

10.1 GOVERNANCE, OVERSIGHT AND ACCOUNTABILITY

10.1.1 REPORTING TO SENIOR MANAGEMENT AND THE BOARD

10.1.2 CLASSIFICATION OF GREEN AND SUSTAINABLE PRODUCTS

10.1.3 INCENTIVES AND PERFORMANCE MANAGEMENT FOR ESG-RELATED INSTRUMENTS

10.1

GOVERNANCE, OVERSIGHT AND ACCOUNTABILITY

Oversight of green finance-related matters is exercised through existing governance structures, consistent with our role as a neutral market infrastructure provider. Responsibility for oversight depends on the nature and impact of the product or service under consideration.

Given the cross-cutting nature of green finance and ESG-related instruments, oversight may span multiple committees rather than being concentrated within a single governance body. Where applicable, our Technical Committees assess new products from an infrastructure, systems, and operational readiness perspective. , and our Finance Committee reviews financial and revenue implications.

For ESG-related instruments such as green bonds or Sukuk issued by government or private entities, CSCS is licensed to act as a depository. Where such instruments represent established or previously onboarded product types, additional Board-level approval may not be required, provided all regulatory requirements are met. CSCS applies a structured, multi-committee product approval process, which is used for all new products, including ESG-related instruments where relevant. Under this process, proposed products are first reviewed by the Technical Committee, which assesses system compatibility, operational impact, and infrastructure requirements. Financial implications, including revenue considerations, are reviewed by the Finance Committee. Our Risk Management Committee evaluates risks that could adversely affect the Company, including operational, technological, and reputational risks. Where a product presents material risks or strategic implications, it is escalated to the Board Risk Committee, with identified risks and mitigation measures presented for consideration. Final approval typically requires sign-off from all relevant committees, ensuring that products are assessed holistically.



10.1.1 REPORTING TO SENIOR MANAGEMENT AND THE BOARD

Performance and operational matters relating to products supported by CSCS, including ESG-related instruments, are reported through established governance channels. At the Board level, reporting is conducted on a quarterly basis, providing Directors with oversight of business performance and material developments.



Management reporting occurs through weekly management meetings, in line with management's direct involvement in day-to-day operations. In the event of extraordinary or material issues, the Board is informed immediately, either through an emergency meeting or written circular, allowing the Board to determine the appropriate course of action.

10.1.2 CLASSIFICATION OF GREEN AND SUSTAINABLE PRODUCTS

At CSCS, we rely on internationally recognised definitions and guidance, including those issued by the International Organization of Securities Commissions, to inform our understanding and classification of ESG-related instruments. This approach reflects our role as a market infrastructure provider, rather than a standard-setter or product originator.

10.1.3 INCENTIVES AND PERFORMANCE MANAGEMENT FOR ESG-RELATED INSTRUMENTS

ESG and green finance are still emerging considerations within our overall growth and development trajectory. As such, we executive or management incentives are not linked to the growth or performance of ESG-related products or services. Instead, Management incentives are aligned to broader revenue, cost, operational, and employee performance targets, consistent with our current phase of growth. This approach reflects our position as a neutral infrastructure provider, which does not prioritise one asset class or product type over another.





10.2 STRATEGY

10.2.1 VISION FOR SUPPORTING SUSTAINABLE AND GREEN FINANCE

10.2.2 STRATEGIC PARTNERSHIPS SUPPORTING GREEN FINANCE

10.2.3 CONTRIBUTION OF GREEN FINANCE TO CLIMATE AND DECARBONISATION OBJECTIVES

10.2.1 VISION FOR SUPPORTING SUSTAINABLE AND GREEN FINANCE

Our approach to green finance and ESG-related products is grounded in our mandate as a core capital market infrastructure provider. Our vision is to remain open, enabling, and market-responsive, providing the infrastructure required to support sustainable and inclusive financial instruments as they emerge in the Nigerian capital market.

Our unique role in the capital market positions us to provide the clearing, settlement, and depository infrastructure required for green, social, sustainable, and inclusive products and support payment and subscription processes, including for Federal Government Sukuk, Green Bonds and other inclusive instruments. Furthermore, our role enables us to engage proactively with public sector stakeholders to enable new products to access the market through digital and operational innovation. In advancing this role, CSCS recognises the broader economic context in which Nigeria operates, including the continued reliance of public revenues on fossil fuels, and the need for sustainable finance development to remain aligned with national economic realities.

10.2.2 STRATEGIC PARTNERSHIPS SUPPORTING GREEN FINANCE

At CSCS, our sustainable finance activities are supported through collaboration with public sector and market stakeholders. As part of our current strategy, we maintain ongoing interaction with capital market regulators and policy stakeholders. This includes a partnership-style arrangement with the Debt Management Office, under which CSCS provides a digital subscription portal that enables Sukuk instruments to reach retail investors efficiently. These partnerships demonstrate CSCS's role in bridging policy intent, technology, and market access, particularly for inclusive and sustainable finance products.

10.2.3 CONTRIBUTION OF GREEN FINANCE TO CLIMATE AND DECARBONISATION OBJECTIVES

Market trends observed from previous issuances demonstrate a strong and sustained market demand for green, sustainable, and inclusive financial instruments in the Nigerian capital market. This is evinced from the consistent over subscription of green and inclusive products listed in the market including the recent Series 3 FGN Green Bond. These trends indicate that the demand for such instruments currently outstrips supply, indicating unmet investor appetite. In response to these trends, CSCS is supportive of efforts to increase the volume and diversity of green and inclusive instruments in the market and we are increasingly positioning to engage with stakeholders to facilitate their introduction.

At CSCS, we support all financial instruments and asset classes that fall within our regulatory licence, without discrimination based on product type. Accordingly, we hold, clear, and settle transactions across all eligible instruments, including green, social, sustainability, and inclusive products. ESG-related instruments are treated on equal footing with conventional instruments from a capital market infrastructure perspective.

We recognise that supporting green and sustainable financial products can play an enabling role in channelling climate finance into the Nigerian market. As such, under our proposed new strategy, we would explore opportunities to support products and services that strengthen market-wide climate finance outcomes, and enable capital mobilisation aligned with national and international climate objectives, without compromising our neutral infrastructure role. In addition, we plan to integrate relevant global standards into future strategy development, and, explore mechanisms to track and report ESG-related instruments and activities in a more structured manner, beyond regulatory minimum requirements.



10.3 RISK MANAGEMENT

10.3.1 IDENTIFICATION OF CLIMATE-RELATED RISKS AFFECTING GREEN FINANCE PRODUCTS

10.3.2 MANAGEMENT OF GREEN PRODUCT INTEGRITY AND GREENWASHING RISKS

10.3.3 MONITORING OF REGULATORY AND POLICY DEVELOPMENTS

10.3.4 SCOPE AND LIMITATIONS OF RISK MANAGEMENT APPROACH



10.3.1 IDENTIFICATION OF CLIMATE-RELATED RISKS AFFECTING GREEN FINANCE PRODUCTS

As a central securities depository, CSCS does not originate or structure green or sustainable financial products. Accordingly, primary climate-related risk assessment for such products is undertaken by issuers prior to their entry into the capital market. Key considerations include:

- Transition risks, regulatory compliance, and product viability being assessed at the issuer and regulatory approval stages, before instruments are admitted to the market, and
- For new or evolving product types, such as private market instruments, CSCS assesses onboarding requests against existing listing and operational frameworks to ensure system compatibility and regulatory compliance.

At present, CSCS does not apply a standalone climate-risk assessment framework for evaluating green or ESG-labelled products, reflecting its neutral role within the market value chain.

10.3.2 MANAGEMENT OF GREEN PRODUCT INTEGRITY AND GREENWASHING RISKS

CSCS does not independently verify or certify whether a financial instrument qualifies as “green,” “sustainable,” or “ESG-aligned.” Integrity risks such as greenwashing, mislabelled sustainable instruments, or inadequate disclosure or verification by issuers, are managed primarily through the regulatory approval process. Under the current framework instruments must be reviewed and approved by the capital market regulator before being admitted to the market, and once an instrument has received regulatory approval, CSCS does not restrict investor access to such products.

10.3.3 MONITORING OF REGULATORY AND POLICY DEVELOPMENTS

CSCS applies its standard regulatory monitoring processes to green finance and ESG-related developments in the same manner as it does for other market regulations. As part of our standard processes, we conduct a detailed review of new or amended regulations as they are issued by regulators. We keep track of regulators. We keep track of legal and regulatory developments affecting the Nigerian capital market and participate in public hearings and consultations where relevant. These activities are led by our Compliance function which serves as the primary interface with regulators and coordinates internal input across relevant functions to assess the implications of regulatory changes for CSCS operations and supported products.

10.3.4 SCOPE AND LIMITATIONS OF RISK MANAGEMENT APPROACH

We acknowledge that there are potential limitations in our current approach. Paramount of these limitations is that climate-related and sustainability risks associated with green finance products are largely addressed upstream by issuers and regulators. In addition, product integrity assurance is regulator-led, rather than infrastructure-led. Furthermore, CSCS does not currently maintain a dedicated climate or green finance risk framework. These limitations are consistent with our licensing, mandate, and position within the capital market ecosystem.



10.4 METRICS & TARGETS

10.4.1 GREEN FINANCE METRICS CURRENTLY TRACKED



10.4.1 GREEN FINANCE METRICS CURRENTLY TRACKED

At present, CSCS does not track metrics for green, social, sustainability, or ESG-related instruments as a distinct category. Specifically, market activity is tracked holistically by asset class, such as bonds, equities, and other instruments, without differentiation between conventional and ESG-labelled products. As such, listings and transactions are not classified or reported through a “green” or ESG lens. As a result, metrics such as the number of green, social, or sustainability (GSS) bonds listed, volume or value of ESG-labelled instruments settled, or share of market activity attributable to green finance is not tracked within our reporting framework.

Green or sustainable finance remains an emerging area within the Nigerian capital market and as such considerations for green or sustainable finance have not yet been embedded within our formal performance management, strategic targets, or incentive structures. Accordingly, we have not defined targets relating to the number of green or sustainable instruments onboarded or market share or growth targets specific to ESG-related products. We would continue to observe trends in the evolution of green finance and ESG disclosure expectations—particularly under ISSB, IOSCO, and other global standards as we anticipate these trends to influence our approach in identifying and defining relevant metrics and targets for ESG-labelled instruments within our systems.

10.5 KEY ACTIVITIES AND OUTCOMES DURING THE REPORTING PERIOD

10.5.1 ESG-RELATED INSTRUMENTS SUPPORTED DURING THE REPORTING PERIOD

10.5.2 INFRASTRUCTURE AND MARKET MILESTONES SUPPORTING SUSTAINABLE FINANCE

10.5.3 MARKET ENGAGEMENT AND THOUGHT LEADERSHIP ACTIVITIES



10.5.1 ESG-RELATED INSTRUMENTS SUPPORTED DURING THE REPORTING PERIOD

During the reporting period, CSCS supported several green, sustainable, and inclusive financial instruments through our role as the central securities depository and post-trade infrastructure provider. We cleared and settled transactions, maintained custody and depository records, and facilitated coupon and payment distributions to investors, acting in a transfer agent-type capacity where required. Key ESG-related instruments supported includes the issuance of the Federal Government of Nigeria (FGN) Green Bond – Series 3, which was successfully listed and supported through clearing, settlement, and depository services. We also supported the FGN Savings Bonds, which continue to be listed on a monthly basis and the FGN Sukuk Bonds, which form part of our inclusive financing portfolio.

At CSCS, we did not launch any new green or sustainable-aligned financial instruments during the reporting period. However, we continued to support inclusive financing instruments, including saving bonds and sukuk, through settlement and payment facilitation, and while ensuring reliable processing of returns and coupon payments to investors on behalf of issuers.

10.5.2 INFRASTRUCTURE AND MARKET MILESTONES SUPPORTING SUSTAINABLE FINANCE

While the milestones achieved were not targeted specifically at ESG products, several infrastructure and market-wide milestones achieved during the reporting period strengthen the enabling environment for sustainable and inclusive finance. Paramount of these milestones is our transition from T+3 to T+2 settlement which would support the delivery of sustainable financial products by improving market liquidity, reducing counter party risk, and enhancing overall market efficiency. In addition, the completion of our migration and upgrade of core infrastructure will support the delivery of sustainable financial products by improving system resilience, energy efficiency, as well as our capacity to support additional asset classes.

10.5.3 MARKET ENGAGEMENT AND THOUGHT LEADERSHIP ACTIVITIES

During the reporting period, CSCS engaged in market-wide awareness and thought leadership activities relevant to sustainability and market integrity. In particular, we partnered with the Office of the National Security Adviser to host a cybersecurity awareness webinar during Cybersecurity Awareness Month, recognising cybersecurity as a critical systemic risk to capital market sustainability. We also provided security operations centre (SOC) support services, at no cost, to market stakeholders connected to CSCS systems, helping to strengthen the overall resilience and sustainability of the market ecosystem.

Our hosting of the Africa Middle East Depository Association (AMEDA) Conference in Nigeria, reinforcing CSCS's role in regional market infrastructure leadership and collaboration, regarding capital market issues including the growth of sustainable finance.



10.6 OUTLOOK AND PLANNED INITIATIVES

10.6.1 PLANNED SUPPORT FOR GREEN AND ESG-RELATED INSTRUMENTS

10.6.2 REGULATORY AND MARKET DEVELOPMENTS INFLUENCING DEMAND

10.6.3 TECHNOLOGY INVESTMENTS TO ENABLE SUSTAINABLE FINANCE



10.6.1 PLANNED SUPPORT FOR GREEN AND ESG-RELATED INSTRUMENTS

Over the next one to three years, we plan to continue supporting the growth of green, sustainable, and ESG-related instruments through our core clearing, settlement, and depository infrastructure. Our approach will remain product-neutral and regulator-led, under which all instruments that meet regulatory approval requirements will be onboarded, and we will clear and settle transactions irrespective of whether the instrument is conventional or ESG-labelled.

Following our recent core infrastructure technology upgrade, we are now positioned to onboard a broader range of asset classes within the scope of our depository licence. In the coming years, we plan to expand our services to potentially include onboarding of additional ESG-related and sustainability-linked instruments, where approved by regulators. We are closely following the progress of the operationalisation of the Carbon Market Activation Policy (CMAP) and we would explore the potential to expand our service offerings to serve as a registry for carbon markets, including carbon credits, as this asset class evolves within the Nigerian capital market.

10.6.2 REGULATORY AND MARKET DEVELOPMENTS INFLUENCING DEMAND

Several regulatory and market developments are expected to influence demand for green and ESG-related financial instruments over the medium term in our primary market, Nigeria. Although interpretation and implementation are still evolving, the recently signed Investment and Securities Act, formally recognises emerging asset classes and is expected to shape the growth of sustainable and alternative instruments in the coming years. There has also been significant progress in the operationalisation of the Climate Change Act 2021 through the introduction of the Carbon Market Activation Policy (CMAP) and the development of the National Carbon Registry developed under the Africa Carbon Market Initiative (ACMI). In addition, we anticipate that the recent tax law reforms may influence investor behaviour and capital market activity in the coming years.

10.6.3 TECHNOLOGY INVESTMENTS TO ENABLE SUSTAINABLE FINANCE

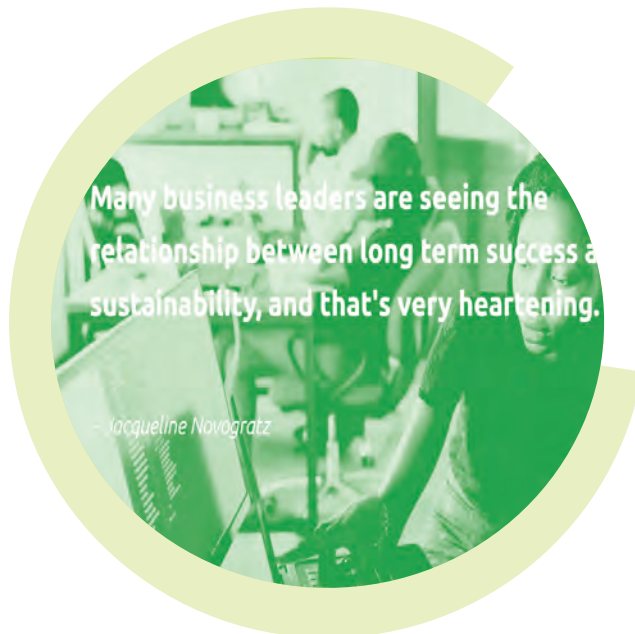
Our forward-looking approach to green finance remains grounded in our role as an enabler rather than a driver of ESG product growth. As such, our priorities will be to maintain infrastructure readiness for new and emerging ESG-related instruments, support market-led expansion of sustainable finance products, and ensure that clearing, settlement, and depository services remain secure, scalable, and resilient as ESG activity increases.

With our current corporate strategy cycle nearing completion, the timing, scope, and prioritisation of new technology and data investments will be determined by initiatives outlined in the new strategy currently under development. We anticipate that future investments in ESG-related data tagging, reporting, or analytics will be considered in the new strategy.



11 MATERIAL TOPIC 6: MARKET INTEGRITY AND SYSTEM RESILIENCE

11.1 HIGHLIGHT/QUOTE FROM BUSINESS LEADERS AND DATA OWNERS



11.1 HIGHLIGHT/QUOTE FROM BUSINESS LEADERS AND DATA OWNERS

"During the reporting period, our focus was on strengthening the foundations of our technology landscape to ensure resilience, scalability, and long-term value creation. We delivered a comprehensive refresh of our core infrastructure, modernised our data centres and disaster recovery capabilities, and enhanced cybersecurity and network resilience to support uninterrupted market operations.

At the same time, we advanced our data and analytics capabilities—optimising databases, deploying management dashboards, and laying the groundwork for data monetisation through APIs. These investments position CSCS to support evolving market needs, enable innovation through fintech partnerships, and maintain the trust placed in us as a critical capital market infrastructure. Technology remains a key enabler of our sustainability journey, supporting operational resilience, transparency, and inclusive market growth" Tobe Nnadozie, Divisional Head, Business Technology & Digital Innovation
Key Milestones Achieved

INFRASTRUCTURE & CORE SYSTEMS

- Completed IBM Power Upgrade infrastructure refresh
- Completed TCS BaNCS Core Application Upgrade
- Data centre modernisation
- Upgraded Disaster Recovery Site and Automation
- Implemented network modernisation to Cisco Switches & Firewalls

DATA & ANALYTICS

- Achieved DB2 Database Optimization
- Delivered Business Intelligence Dashboard for Management



11.2 GOVERNANCE, OVERSIGHT AND ACCOUNTABILITY

11.2.1 BUSINESS CONTINUITY, DISASTER RECOVERY AND CRISIS MANAGEMENT FRAMEWORKS

11.2.2 ROLES AND RESPONSIBILITIES ACROSS THE ORGANISATION

11.2.3 TRAINING AND CRISIS PREPAREDNESS

11.2 GOVERNANCE, OVERSIGHT AND ACCOUNTABILITY

Given our role in supporting critical capital market infrastructure, resilience against technological disruption, operational failure, and data-related risks is treated as a core governance priority. Business continuity and operational resilience are overseen through a two-tier governance structure, comprising both Board-level and management-level oversight. The Board Audit and Risk Committee is responsible for oversight of our business continuity and resilience framework, monitoring key continuity risks and control effectiveness, and ensuring alignment with enterprise risk management and regulatory expectations. This committee provides strategic oversight, reviews resilience preparedness, and receives updates on testing outcomes and significant incidents. At the management level, the Management Risk Committee (MRC) is responsible for day-to-day oversight of continuity risks, review of testing results and incident reports, and escalation of material issues to the Board Audit and Risk Committee where necessary.

Business continuity and resilience performance are reviewed on a regular and structured basis. The Management Risk Committee meets monthly, during which business continuity issues are discussed where they arise. In the absence of incidents, internal business continuity tests are conducted quarterly. In addition, biannual resilience and continuity tests are performed and the results are formally reviewed by the Management Risk Committee. Testing outcomes and key observations are escalated as appropriate, ensuring continuous oversight and readiness.

11.2.1 BUSINESS CONTINUITY, DISASTER RECOVERY AND CRISIS MANAGEMENT FRAMEWORKS

We have established formal policy frameworks governing continuity and crisis response. Our Business Continuity Policy defines the our approach to maintaining critical operations during disruptions. In addition, our Crisis Management and Incident Handling Policy outlines escalation protocols, decision-making structures, and response actions during major incidents. Together, these frameworks provide structured guidance for managing operational disruptions, technology failures, and crisis scenarios.

11.2.2 ROLES AND RESPONSIBILITIES ACROSS THE ORGANISATION

Responsibility for implementing business continuity arrangements is distributed across key functions, reflecting the integrated nature of operational resilience at CSCS. The Enterprise Risk Management (ERM) function owns the Business Continuity Plan (BCP) framework and coordinates testing and assurance activities while the Technology and IT teams are responsible for system resilience, disaster recovery capabilities, and technology-related response actions. Both teams support the Operations teams which are responsible for market-facing and internal processes. Across the business, specific responsibilities are defined through job descriptions, ensuring clarity of roles during disruption scenarios and coordinated and effective response across the organisation.

11.2.3 TRAINING AND CRISIS PREPAREDNESS

Training and preparedness form a key component of our resilience framework. As part of our resilience framework, we organise annual knowledge-sharing sessions delivered by the ERM function to employees, including senior leadership. In addition, we organise table-top simulation exercises which are designed to test response actions in scenarios such as

server outages or major system disruptions. To further strengthen organisational awareness, preparedness, and the ability to respond effectively under stress, we organise targeted selection of critical staff to participate in incident response simulations, ensuring continuity of operations and decision-making during crisis situations.





11.3 STRATEGY

- 11.3.1 OVERALL STRATEGY FOR OPERATIONAL RESILIENCE
- 11.3.2 STRATEGIC RESILIENCE PRIORITIES
- 11.3.3 RESILIENCE TO EMERGING AND NON-FINANCIAL RISKS
- 11.3.4 INTEGRATION OF CLIMATE-RELATED PHYSICAL RISKS
- 11.3.5 REGULATORY ALIGNMENT AND COMPLIANCE

11.3.1 OVERALL STRATEGY FOR OPERATIONAL RESILIENCE

At CSCS, our strategy for operational resilience is centred on preventive preparedness, regular testing, and organisational readiness. Given the critical role we play in supporting capital market operations, resilience is embedded as a core strategic objective rather than a reactive control. Key elements of the strategy include regular failover testing and business continuity drills, conducted during off-peak periods to minimise operational disruption, and periodic upgrades to resilience capabilities, aligned with technology and infrastructure refresh cycles. We hold continuous training, communication, and testing to ensure staff understand their roles during disruption scenarios, and we allocate resources on a needs basis to address identified gaps or emerging risks.

11.3.2 STRATEGIC RESILIENCE PRIORITIES

At CSCS, our strategic priority is to ensure end-to-end resilience by implementing a strategy aimed at preserving market integrity, service continuity, and stakeholder confidence. Business continuity and resilience are fundamental to our role in the domestic and global capital markets ecosystem. In playing our role to ensure resilience evolves alongside operational complexity and risk exposure. We recognise that a robust continuity framework provides confidence to market participants that critical post-trade and settlement services will remain available during disruptions, and thereby reinforcing trust in data integrity and data privacy while demonstrating operational maturity consistent with international market infrastructure expectations.

To achieve this objective, our key priorities include clearly defining and dissecting roles and responsibilities across business units during disruption scenarios and engaging specialist vendors and service providers where required to meet resilience objectives. This approach helps us in enhancing our recovery capabilities through appropriate redundancy, technology solutions, and vendor support.

As part of our resilience programme, we conduct bi-annual market-wide testing in close collaboration with key stakeholders including theNGX which nominates participants from across relevant market groups to take part in these exercises. This inclusive approach of engaging stakeholders in our testing exercises is aimed at ensuring that resilience testing reflects real-world interdependencies within the market ecosystem.

11.3.3 RESILIENCE TO EMERGING AND NON-FINANCIAL RISKS

Our resilience strategy explicitly incorporates emerging and non-financial risk scenarios, recognising their potential to disrupt operations.

This strategy addresses scenarios such as cyber incidents and major technology failures, pandemics, labour disruptions, political unrest and civil disturbances, and physical risks, including flooding. To mitigate physical and location-specific risks, we maintain an offsite business continuity location on the Lagos Mainland, separate from our operations on the Lagos Island. To ensure ensures operational familiarity and readiness in the event of a real disruption, critical staff are required to work from this site at least once each quarter, under the assumption that the primary office is unavailable.

11.3.4 INTEGRATION OF CLIMATE-RELATED PHYSICAL RISKS

Climate-related physical risks are integrated into our resilience planning, particularly those relevant to our geographic and operational footprint. For these risks, we implement key measures aimed at sustaining operational continuity under extreme weather or environmental stress scenarios. In preparing for such scenarios, we implement planning processes for flood risk and physical access disruptions. Our use of cloud-based data storage is one of our key mitigation measures aimed at supporting data availability and continuity even where physical sites are impacted.

11.3.5 REGULATORY ALIGNMENT AND COMPLIANCE

Our business continuity and resilience framework is designed to comply with the rules and regulations of the Securities and Exchange Commission, which include requirements relating to operational continuity for capital market operators. We work to ensure that our practices reflect comparable principles of preparedness, testing, and accountability by benchmarking our business continuity and resilience practices against ISO 22301, the international standard for business continuity management systems. This ensures that our approach to resilience planning, testing, and performance metrics are aligned with recognised international best practice and appropriate considering the role we play as a critical market infrastructure provider. We continue to assess whether SEC has issued formal guidelines specific to business continuity and resilience that may further inform its approach.



11.4 RISK MANAGEMENT

11.4.1 IDENTIFICATION OF CONTINUITY AND RESILIENCE RISKS

11.4.2 KEY VULNERABILITIES AND DEPENDENCIES

11.4.3 RECOVERY SYSTEMS, TECHNICAL CONTROLS, CRISIS MANAGEMENT STRUCTURES AND ESCALATION

11.4.4 INCIDENTS DURING THE REPORTING PERIOD



11.4.1 IDENTIFICATION OF CONTINUITY AND RESILIENCE RISKS

At CSCS, we apply a multi-layered process to identify business continuity and resilience risks across operations, technology, and third-party relationships. Our enterprise risk identification processes are supported by structured interviews with process owners and we conduct thorough analysis of incidents and near misses as they occur. Our risk identification processes are designed include multiple perspectives and reflect both operational realities and emerging threats. At the employee level, we conduct self-risk assessment workshops, where employees identify risks associated with day-to-day operations. At the vendor level, we conduct vendor assessments during which business continuity and disaster recovery (BCP/DR) risks are identified and evaluated.

Our risk identification process involves conducting a Business Impact Analysis (BIA) to identify critical services and processes that must remain operational or recover within defined timeframes. Our BIA processes are designed to assess which services are considered mission-critical while also gaining an understanding of the maximum tolerable downtime for each service and the required recovery actions and dependencies. Following our 2025 BIA, Customer-facing technologies—which support trading flows and market access—are prioritised for rapid recovery. Less critical services, such as certain internal workflow systems and non-essential communications, are assigned longer recovery tolerances.

Business continuity and resilience risks are monitored on an ongoing and periodic basis. We conduct monthly scanning and monitoring activities flag issues in near real time and quarterly BCP and DR tests. Management considers these assessments sufficient to identify and reassess key risks, and the findings from tests and scans are reviewed and addressed through established governance channels.

11.4.2 KEY VULNERABILITIES AND DEPENDENCIES

We continuously evaluate key vulnerabilities and dependencies that could affect resilience, including technology, systems, and third-party support. We conduct vulnerability management, quarterly by the internal Information Security team and annually with support from an independent third party. Our assessments also prioritised patch management as a potential vulnerability because patches may not always achieve 100% coverage when delivered. These assessments have strengthened the security landscape and improved access control in the environment.

11.4.3 RECOVERY SYSTEMS, TECHNICAL CONTROLS, CRISIS MANAGEMENT STRUCTURES AND ESCALATION

At CSCS, we have implemented robust technical recovery controls to support rapid response during incidents. To ensure continuity of critical services and minimise downtime during technology or infrastructure failures, we implement controls focused on maintaining real-time data replication across data centres, and establishing backup infrastructure that enables immediate failover in the event of system disruption.

Our crisis management response is driven by formal crisis management arrangements designed to ensure coordinated response during major incidents. Our approach centred around crisis management team comprising senior and executive management, and defined escalation pathways and decision-making protocols. Within this structure, we conduct call-tree exercises conducted twice a year to test communication and escalation readiness. In addition, we conduct simulation exercises to validate response effectiveness under stress scenarios.

11.4.4 INCIDENTS DURING THE REPORTING PERIOD

During the reporting period, no business continuity or resilience-related incidents or disruptions were recorded.



11.5 METRICS AND TARGETS

11.5.1 PERFORMANCE MONITORING, TARGETS



11.5.1 PERFORMANCE MONITORING, TARGETS AND DATA VALIDATION
To assess the effectiveness of our business continuity and operational resilience framework, we monitor a defined set of technology and recovery performance indicators which focus on system availability, data integrity, and speed of recovery following disruptions. Across our operations, we work to ensure that system uptime, the proportion of time that critical systems remain available and operational, does not dip below 99%. We also work to ensure that Recovery Time Objective (RTO), the maximum targeted time to restore critical systems following a disruption, is less than 2 minutes, and Recovery Point Objective (RPO), the maximum acceptable data loss measured in time, does not exceed 2 hours.

Performance against resilience targets is monitored and validated through automated system monitoring and structured testing. We track availability, uptime, and downtime across critical platforms using real-time system monitoring tools including centralised dashboards to monitor resilience metrics on an ongoing basis. We conduct Quarterly resilience testing, during which recovery time and recovery point objectives are formally tested to confirm that systems and teams continue to meet defined thresholds. Results from monitoring and testing activities are reviewed through established governance structures, including management-level risk forums, with escalation where necessary.

11.6 KEY ACTIVITIES AND OUTCOMES DURING THE REPORTING PERIOD

11.6.1 TECHNOLOGY, INFRASTRUCTURE AND DIGITAL TRANSFORMATION

11.6.2 CONTINUITY AND RESILIENCE ACTIVITIES UNDERTAKEN

11.6.3 DATA OPTIMISATION AND MONETISATION

11.6.4 DATA AND ANALYTICS CAPABILITIES

11.5.5 TRAINING AND AWARENESS

11.6.6 SYSTEM OUTAGES AND INCIDENT MANAGEMENT

11.6.7 INNOVATION AND STRATEGIC INITIATIVES



11.6.1 TECHNOLOGY, INFRASTRUCTURE AND DIGITAL TRANSFORMATION

During the reporting period, we continued to invest significantly in core infrastructure, cybersecurity, digital channels, data capabilities, and innovation to strengthen operational resilience, enhance market access, improve customer experience, and support long-term value creation. These investments underpin the reliability, security, and scalability of the capital market infrastructure. Key investments we implemented during the reporting year include:

INFRASTRUCTURE AND CORE SYSTEMS MODERNISATION

We undertook a comprehensive refresh and modernisation of our core infrastructure to support increased transaction volumes, system resilience, and future asset class expansion. This involved Infrastructure Refresh (IBM Power Upgrade) aimed at improving processing capacity, performance, and system reliability using IBM Power architecture. We upgraded our TCS BaNCS Core Application as part of our efforts to enhance the stability, functionality, and scalability of the core post-trade processing platform. Our data centre benefited from a holistic modernisation aimed at strengthening environmental controls, system availability, and infrastructure efficiency. In addition, we undertook Disaster Recovery (DR) Site Upgrade and Automation to improve failover capabilities and recovery readiness, and network modernisation, including upgrades to switches and firewalls using Cisco technologies.

11.6.2 CONTINUITY AND RESILIENCE ACTIVITIES UNDERTAKEN

During the reporting period, we undertook a comprehensive programme of testing, assurance, and preparedness activities to maintain operational resilience and market confidence.



ACTIVITY OBJECTIVE PERIOD



11.6.3 DATA OPTIMISATION AND MONETISATION

During the reporting period, we progressed our data optimisation programme, recognising data as a strategic asset. Key elements of this initiative include extending data sources across internal and market-facing systems, data clean-up and standardisation, improving accuracy and usability, and structuring data into marketable datasets. These initiatives supported our efforts to deliver these datasets as API-enabled data services.

The programme also involves onboarding additional market participants onto the data services platform, enabling controlled data sharing and value creation while maintaining data governance and privacy standards.

11.6.4 DATA AND ANALYTICS CAPABILITIES

In 2025, we advanced our data management and analytics capabilities to improve decision-making, operational insight, and data quality. As part of these initiatives, we undertook a database optimisation on DB2 aimed at improving performance, stability, and data processing efficiency.

Furthermore, we deployed a Business Intelligence (BI) Dashboard for Management, providing enhanced visibility into operational and performance metrics. These capabilities support evidence-based decision-making and strengthen internal governance and oversight.

11.6.5 TRAINING AND AWARENESS

Employee awareness and preparedness remain critical components of our resilience framework. During the reporting period, we conducted annual staff awareness training on business continuity procedures across the organisation. In addition, we incorporated crisis management concepts within the BCP training modules, and identified critical staff for enhanced responsibilities during incidents.

11.6.6 SYSTEM OUTAGES AND INCIDENT MANAGEMENT

No resilience-related system outages or major disruptions were recorded during the reporting period.

11.6.7 INNOVATION AND STRATEGIC INITIATIVES

We continued to pursue innovation initiatives aligned with our long-term strategy and the evolving market needs. Among the initiatives we implemented was the development of an API Monetisation Framework to enable scalable delivery of value-added services to market participants. Furthermore, we built on the 2024 launch of our Fintech Partnership Integration Programme, designed to support collaboration with fintechs and other ecosystem participants through secure and standardised interfaces. These initiatives position CSCS to adapt to market evolution, support innovation, and diversify revenue opportunities.



11.7 FUTURE OUTLOOK AND PLANNED ENHANCEMENTS

11.7.1 STRATEGIC DIRECTION FOR RESILIENCE AND CONTINUITY

11.7.2 ANTICIPATED REGULATORY AND INDUSTRY DEVELOPMENTS

11.7.3 INCORPORATION OF CLIMATE-RELATED RISKS INTO RESILIENCE PLANNING

11.7.1 STRATEGIC DIRECTION FOR RESILIENCE AND CONTINUITY

Over the next one to three years, we plan to further strengthen our business continuity and resilience framework in alignment with the new corporate strategy currently under development. As the existing strategy reaches its planned sunset, resilience initiatives will be refreshed to ensure continued alignment with evolving operational, technological, and market requirements.

In the coming years, we will prioritize initiatives that further align continuity initiatives with the priorities and risk profile defined under the new strategy. In addition, we would work to maintain and reinforce our existing testing and assurance regime, recognising its importance to market confidence and operational reliability. Key activities to be reinforced include annual ISO surveillance audits and business-wide continuity testing. In terms of recovery infrastructure, redundancy and monitoring, our near-term priorities would focus on continuous monitoring of system performance and availability and ongoing maintenance and optimisation of existing recovery infrastructure to ensure that recovery systems remain fit for purpose through regular testing and preventive maintenance.

11.7.2 ANTICIPATED REGULATORY AND INDUSTRY DEVELOPMENTS

An important industry development anticipated in the near term is the expected transition to T+1 settlement. In preparation, we recognise that system upgrades and process enhancements may be required, and recovery and reprocessing timelines will need to be extremely short. These changes will emphasise the importance of having robust backups and resilient systems.



In response to these challenges, we would work to strengthen our resilience posture by placing greater emphasis on third-party readiness and advanced analytics. We would explore the use of artificial intelligence (AI) tools to support predictive analytics, early warning indicators, and data-driven resilience planning. Vendor resilience would be critical to our future success and we would work to expand continuity training for vendors, particularly those that connect directly to CSCS systems or rely on its products and platforms,

11.7.3 INCORPORATION OF CLIMATE-RELATED RISKS INTO RESILIENCE PLANNING

In the forthcoming strategy refresh, we anticipate that climate-related risks will feature more prominently a driver of our resilience strategy. As such, in the coming years, we expects to progressively consider climate-related physical risks within our resilience planning, particularly where such risks may affect facilities, data centres, or staff access. We would also work towards integrating climate considerations into broader enterprise risk assessments over time.



