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ANNUAL  
**MANAGEMENT REPORT** <sup>20</sup><sub>23</sub>

# CEVALDOM

## In 2023

we celebrated two decades servicing market participants, providing solutions that contribute transparency, risk management, and security. Attending to their needs responsibly and with a genuine commitment towards supporting the achievement of strategies and objectives.





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# INTRODUCTION



## 1.1 ABOUT THIS REPORT

This annual management report refers to the performance of CEVALDOM, S. A. (hereinafter, “CEVALDOM”) during the period of January 1 and December 31, 2023.

As part of our commitment to implement and achieve best practices of good corporate governance, we have incorporated into the corporate governance framework standards for the presentation of non-financial information. In this order, we have prepared this report using as reference the principles of the International Integrated Reporting Council-IIRC, contemplated in the International Integrated Reporting Framework (International <IR> Framework - IIRF) for the year 2021.

Through this report we intend to disclose concise information about how our strategy, corporate governance, performance effort and vision for the future, in the context of our environment, will lead us to create value in the short, medium, and long term. The short term refers to a period of up to 1 year, while the medium term considers periods of up to 3 years. Periods greater than 3 years is considered as long term.

This report includes information about our future vision. These statements are based on the market and current business context, being aware that our strategy could change as a result of variations in the business, economic and global scenarios.

The information contained in this report is also provided in accordance with the International Reporting Standards (IFRS) and the General Law of Commercial Companies and Individual Limited Liability Companies No. 479-08.

We are committed to transparency and publishing relevant information to our stakeholders. If you have any concerns about the content of this report, you can contact us at the following email: [accionistas@cevaldom.com](mailto:accionistas@cevaldom.com).

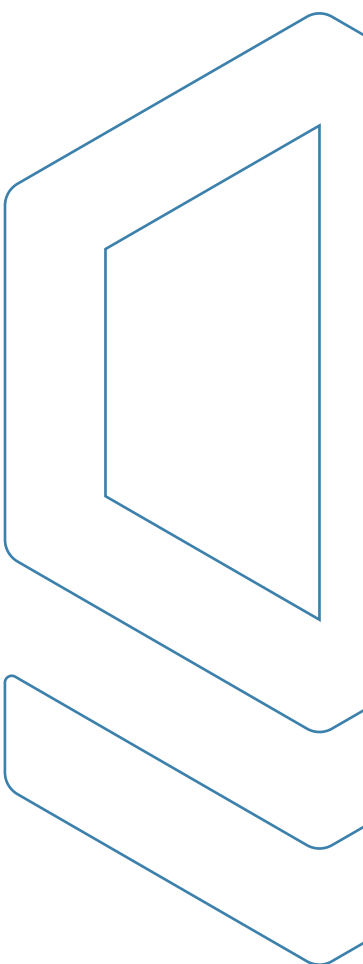
This report will be published on our website: [www.cevaldom.com](http://www.cevaldom.com), where you can also access our annual management reports corresponding to the years 2021 and 2022.

### BOARD APPROVAL

The Board of Directors acknowledges its responsibility to ensure the integrity of this report. In the Board's opinion, this report addresses all material issues concerning CEVALDOM's ability to create shared value and faithfully presents the integrated performance of the business.

This report, under the responsibility of the Board of Directors, is prepared in collaboration with Senior Management, and is subject to assurance processes mainly in the form of management and review of underlying internal controls. Deloitte has audited our financial statements.

This report was approved by the Board of Directors of CEVALDOM on March 20, 2023.







## OUR STRATEGY

Taking into consideration our strategic plan, the needs of our stakeholders and our material issues, in 2023 we set out to:



### Client Focus

Supporting our clients' strategies for market development, offering them the best experience, and ensuring operational excellence.



### Culture of Innovation

Promoting this value to develop solutions that promote the development of the market, reduce the risks and costs of operating in it, as well as implement improvements that allow us to be more efficient and flexible.



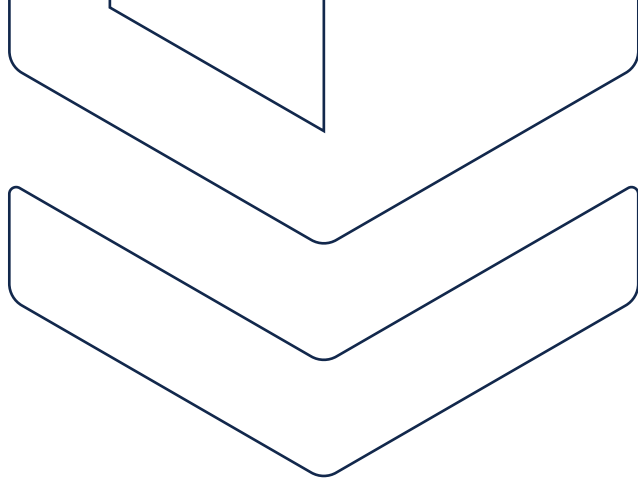
### Culture Centered on People and Values

Offering an environment where our collaborators can develop their maximum potential and feel proud of belonging to the organization, as well as reinforcing the behaviors that define “how” we are at CEVALDOM and that will ensure the future success of the organization.



### Risk and Security of the Information

Managing the risks inherent to the company's activities in such a way that they remain within the tolerance levels approved by the Board of Directors, while supporting the company's resilience, agility, and ability to adapt to changes.



## MATERIAL MATTERS

CEVALDOM annually evaluates its internal and external context with the objective of determining the material issues that can impact the creation of value over time, as well as our ability to materialize our vision of supporting the growth of the Dominican securities market.

To identify our main material issues, we execute processes that include trend analysis, input obtained from our regulators, clients, and suppliers in relation to their vision on risk, strategic, operational and regulatory policy issues, as well as reports and reports on topics relevant to the industry and our peers in the region.

Understanding the issues that interest our stakeholders helps us identify risks and opportunities, design strategies and promote improvements in our services and processes.

For more information, please refer to the Our Material Matters section of this report.





## REFLEXIONS FROM OUR PRESIDENT

The year 2023 marked an important milestone in our history, as we commemorated our 20th Anniversary. Personally, it is an honor to lead the organization during the celebration of this important occasion and to be part of the history of this great institution, hand in hand with all our colleagues, collaborators, customers, shareholders, and regulators, past and present, I thank you all enormously for your support and contribution to the success of CEVALDOM.

Anniversaries like this are more than just a date on the calendar. They are special moments to reflect on the past and gain perspective on the experiences that have shaped the organization and allowed it to evolve. Anniversaries are also a time to decide on the future, set new goals, build on the distinctive capabilities developed, and elevate the organization to new levels of success.

In this sense, in 2024 we enter a new period of transformation and taking advantage of opportunities by starting our strategic planning exercise, which will result in a plan that will serve us as the main guide for the coming years.

Our organization is focused on the purpose of providing security to the stock market. As a financial market infrastructure, we protect and safeguard the stability and integrity of our market, which implies great responsibility towards our shareholders, customers, and the general market. In this regard, I am proud to announce that we are the first entity to achieve ISO 27701 Privacy certification in our country and the first Securities Center in the Americas to implement this certification.

Likewise, we can affirm that we have once again delivered value to our stakeholders through quality services, an efficient, robust, and stable platform, as well as the development of solutions designed to meet the specific needs of our customers. We know that our technology platform is a valuable and differentiating asset. That is why during the past year we have dedicated time and resources to modernize it, a project that, due to its relevance, will be extended for a period of two additional years. The changes implemented will allow us to remain at the forefront of technology and sustain the growth of the market, both in volume and innovation.

Of note, our financial strength and business model can be demonstrated through key indicators. Our net income at the end of 2023 amounted to RD\$846,561,527, which represents an increase of 26.73% compared to 2022. Resulting not only from the good performance of the market, which experienced growth in the volume of operations and new issues, but also from excellent expense and cash management.

From an operational standpoint, we generated value to our market by liquidating, without incident, a record amount of 10.2 billion Dominican pesos, which represents an increase of 56% in the volume of settled operations in relation to 2022. To achieve this, we leveraged the talent and experience of our team, who every day strive to design and implement solutions that mitigate risks and allow our clients to materialize their business goals with optimal performance.

Strategy is meaningless without a proper culture and a team that executes it successfully. Our people-focused culture has been recognized by the Great Place to Work organization, making their list of the best companies to work and ranking 6th for the Dominican Republic and the Caribbean. As for our team, we are truly fortunate to have incredibly talented people, whom I thank for their dedication and commitment towards achieving extraordinary results during the year 2023.

I would like to take this opportunity to thank our clients and shareholders for their continued support and to reiterate our commitment to the development of the Dominican Republic's stock market. Of note, our financial strength and business model can be demonstrated through key indicators. Our net income at the end of 2023 amounted to RD\$846,561,527, which represents an increase of 26.73% compared to 2022.

Sincerely,

**Laura Hernández**

*President of the Board of Directors*







# 1.3 RELEVANT DATA ABOUT OUR PERFORMANCE

Thanks to our distinguishing capabilities and the strength of our business model, we support our clients' strategies, as well as the growth and stability of the overall stock market, leveraging our team, resources and expertise.

Creating value for our various stakeholders is central to our strategy. Below are the key indicators through which we measure this value:



## SHAREHOLDERS

- Financial Profit  
**46.39%**
- Cash Dividends  
**85%**  
OF USE 2022
- Corporate Governance Maturity  
Differentiated
- **RD\$951.75**  
Earnings per Share



## CLIENTS

- Client Satisfaction  
**98%**
- Net Alliance Score  
**91%**
- Net Promoter Score  
**86%**
- Availability of Services  
**100%**



## COLLABORATORS

- Employee Net Promoter Score  
**94%**
- Ranking GPTW RD  
Placed 6



*The results obtained constitute tangible evidence of the commitment of our people, whom I recognize with immense gratitude for their commitment and whose efforts have allowed CEVALDOM to be recognized as a benchmark in the region.*

**Freddy Rossi**  
General Director

02

# WHO WE ARE





## 2.1 WHO WE ARE

Established in 2003, CEVALDOM is a financial market infrastructure that provides essential services to the Dominican securities market. We fulfill three key roles: (i) centralized securities depository, (ii) securities transaction registry system, and (iii) securities clearing and settlement system.

As a centralized securities depository, at the core of what we do is safeguarding the property rights of securities traded in the Dominican securities market. These digitally maintained records serve as the legal ownership registry for all shares, bonds, units, and other types of securities entrusted to CEVALDOM for safekeeping. Based on the trust placed in us to independently and accurately maintain the legal ownership registry of securities, we protect investor rights and contribute to maintaining financial market stability.

As administrators of a securities clearing and settlement system, we are responsible for creating mechanisms that minimize the risks

inherent our members benefit from the operations conducted in the securities market, which enhance transparency, efficiency, and cost reduction.

Lastly, as administrators of a securities transaction registry system, we contribute to market transparency by disseminating real-time information on prices and conditions of transactions traded in the OTC market.

In essence, as a financial market infrastructure, we contribute to maintaining market stability, resilience, and transparency, reducing systemic risks and safeguarding investors' property rights over their securities.

Our culture, grounded in our vision, mission, and values, is crucial for fulfilling our value proposition. Our values guide our employees in their behaviors and in making strategic and operational decisions.





## VISION

*What is our north or aspiration?*

Become the main ally of participants in the Dominican Republic stock market, as well as promote the market's growth and strength.



## PURPOSE

*Why does the organization exist?  
What is its reason for being?*

Provide security to the Dominican stock market.

## VALUES



*What characterizes and distinguishes us?*

Reliability, Efficiency, Innovation,  
Integrity, Security.



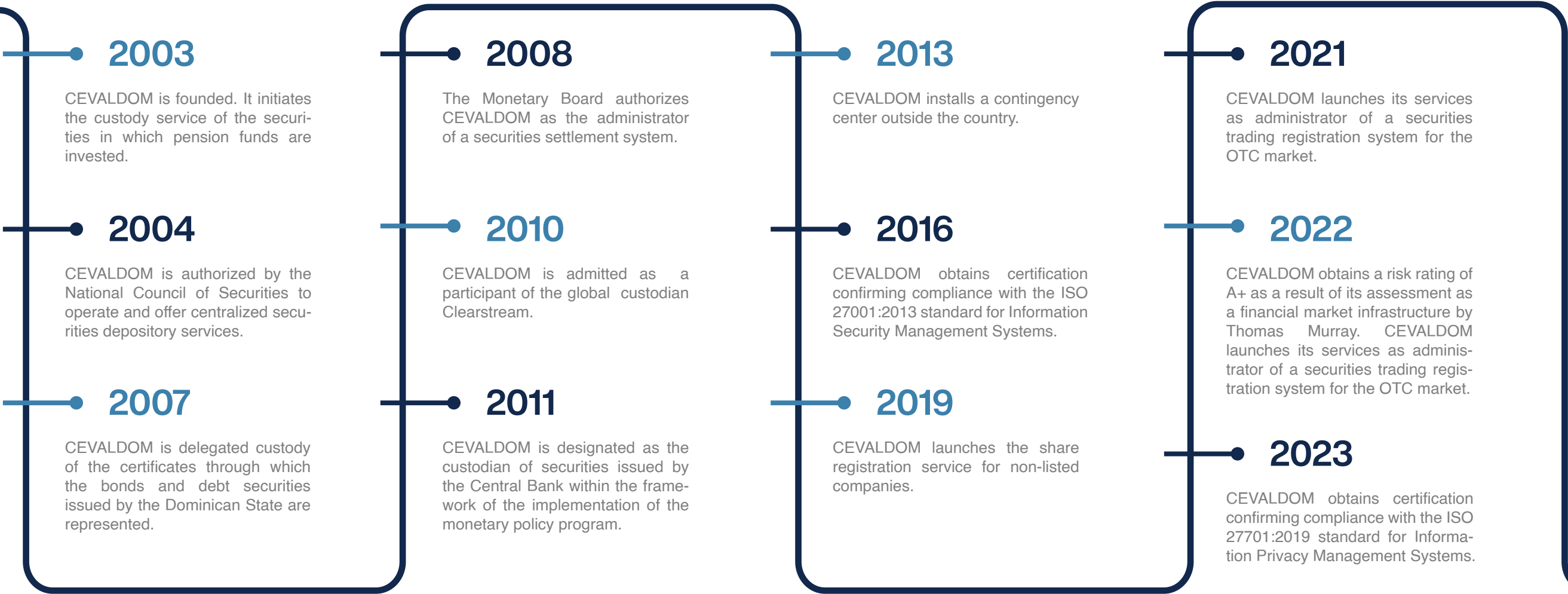
# HISTORIC OVERVIEW

CEVALDOM was established in 2003 following the enactment of Law 19-00 of the Securities Market, driven by an idea from key market players. Its primary objective was to streamline securities trading processes and manage risks associated with representing instruments through physical certificates. This initiative marked the beginning of dematerializing publicly offered securities and implementing electronic registration of ownership changes—addressing the first of many operational challenges that CEVALDOM has successfully resolved for the industry.

Since its creation in 2003, CEVALDOM has evolved from being merely a centralized securities depository to becoming a comprehensive infrastructure covering

key processes in the market, including the management of the securities clearing and settlement system, the system for recording transactions in the OTC market, the administration of cross-border links enabling custody of foreign-issued securities, and the management of information systems facilitating timely decision-making. This evolution is nothing but the result of our commitment to the fundamental principles that gave rise to our institution: developing high-quality products and services that standardize, centralize, and automate critical market processes, thereby mitigating inherent risks and providing security.

Here are the major milestones in our history:



## 2.4

### VALUE GENERATION MODEL

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As a financial market infrastructure, we have an important role to play in the stability of the financial market and supporting its growth. Our approach is collaborative: working with others to make a greater impact, by working alongside regulators, the State, and customers, we can address challenges efficiently and generate long-term value.

Our value generation model demonstrates CEVALDOM's contribution to the market and society through our business, by fulfilling our role as a centralized securities repository of holding securities, processing payments, settling transfer orders, ensuring transparency of all trading operations within the OTC market and keeping investor data safe. This model allows us to manage our resources and relationships responsibly and deliver optimal results to our stakeholders.

Our value creation model is a visual representation of how value flows through our business and how we use different types of inputs to create long-term value for stakeholders. This eventually leads to the impact we generate for society, which are linked to four of the United Nations Sustainable Development Goals (SDGs).





## OUR RESOURCES AND CAPITAL

### Human Capital

A diverse team with the knowledge and skills to deliver a high-quality customer experience.

- Board of Directors composed mostly of independent external advisors, with a diverse and balanced composition.
- A total of 82 employees (as of the end of 2023) known for their commitment, skills, and experience.
- 6,588 training hours, equivalent to an average of 80 hours per employee.
- A people-centered culture with a focus on the customer, results orientation, where innovation and creativity are highlighted competencies.
- Compensation scheme linked to performance, strategy execution, and values-based behaviors.
- 4 major competencies that set us apart: innovation and creativity, results orientation, customer focus, and teamwork.

### Financial Capital

A financially self-sustaining entity with a strategy

- Financial sustainability based on income generated, without debt.
- High financial solvency.
- Conservative financial management.
- General Business Risk Management Fund equivalent to 8 months of operating expenses.
- Capital ascending at DOP 889.48 MM

Please refer to the financial statements for further details.

### Industrial Capital

Secure, Established, and Effective Technology Infrastructure.

- Proprietary Core business system.
- Stable, robust, and flexible technological infrastructure.
- State-of-the-art information security infrastructure.
- Digitized processes.

### Capital Intellectual

Reputation linked to capacity, performance in accordance with the regulatory framework, transparency, impartiality and fulfillment of value promise.

- Authorizations to operate in compliance with the regulation.

- Robust and transparent corporate governance framework based on best practices in corporate governance.
- High levels of trust in our brand.
- Information Security Management System and Privacy Management System compliant with ISO/IEC 27001:2013 and ISO/IEC 27701:2019 standards, with current certification.
- Risk Management and Business Continuity Management systems based on prestigious standards.
- Messaging scheme based on ISO 15022:1999 standard.
- Securities identification using coding established in ISO 6166 and 10962 standards.

### Social and Relationship Capital

An approach to partnerships and building relationships based on trust to increase our capacity for impact.

- Relationship with our stakeholders based on trust.
- Transparency and Communication Policy with our shareholders.
- Members of the Association of Central Securities Depositories of the Americas (ACSDA), the Association of National Numbering Agencies (ANNA), and the Dominican Fintech Association (ADOFINTECH).
- Social Responsibility Program focused on promoting education.

### Our Purpose

Provide security to the Dominican stock market

### Our Priorities

- Customer Focus
- People-centric culture and values
- Culture of innovation
- Risk & Cybersecurity

### Our Enablers

- Service memorable for the levels of agility and reliability
- Boosting the talent of our people

- Efficiency in processes and leveraging of technology.
- Continuous improvement based on best practices.

### Our Products Centralized Securities Depository

- Custody of Public Offering Securities
- Administration of the Registered Ownership of Securities Held in Account

- Payment of Property Rights
- Allocation of ISIN, CFI, and FISN Codes

### Securities Clearing and Settlement System

- Settlement of transfer orders

### Securities Transactions Registration System

- Management of the register of transactions agreed in the OTC market

- Disclosure of information on transactions agreed in the OTC market

### Added Value Solutions

- Custody of foreign securities through cross-border links
- Manage the Registry of Shareholders for unlisted companies
- Direct debited collection of commissions from securities intermediaries



# THE GENERATED VALUE



### Financial Capital

- Utility Net Income DOP 846.56 million
- Earnings per Share DOP 951.75
- ROE (Return on Equity) 46.39%
- ROI (Return on Investment) 95.17%
- EBITDA Margin 68.95%
- Cash Dividends Paid equivalent to 85% of the profits for 2022

Please refer to the financial statements for further details.

### Industrial Capital

- Business Core System Availability: 100%
- Compliance Level with Service Level Agreements (SLAs): 100%
- Security Posture with Low global exposure level, based on the Mitre ATT&CK framework.
- Implementation of solutions with a positive impact on customer experience

### Human Capital

- NPS (Net Promoter Score): 86%
- Customer Satisfaction Level: 98%
- Net Alliance Score (NAS): 91%
- Ranked No. 6 in the Great Place to Work Ranking for the Dominican Republic and the Caribbean
- ENPS (Employee Net Promoter Score): 94%

- 50% of the Senior Management members are women, while 80% of managerial positions are held by women.

### Social and Relationship Capital

- Quarterly Shareholders' Informational Meetings and Annual General Assembly
- Members of the ACSDA Cybersecurity Committee
- Members of the FIAB and ACSDA Value-Added Services Committee
- WISE Scholarships
- CEVALDOM Solidario: Volunteer program impacting several nonprofit associations

### Capital Intelectual

- Nivel Global de Riesgos según Calificación por Thomas Murray: A+
- Nivel de Madurez de Prácticas de Gobierno Corporativo: Diferenciado
- Certificación de los Sistemas de Seguridad de la Información y Privacidad, basados en las Normas ISO/IEC 27001:2013 e ISO/IEC 27701:2019.

Contribution to achieving the Sustainable Development Goals (SDGs). We choose to focus on the goals where we can generate the greatest impact, using our business strategy and purpose as our guide.

1



#### END POVERTY

We have financial education programs that promote investment, savings and financing through the stock market, which impacts the country's economic growth. We also contribute to our society through concrete actions that promote inclusive social development.

8



#### DECENT WORK AND ECONOMIC GROWTH

We are committed to people and promote their development and well-being.

9



#### INDUSTRY, INNOVATION AND INFRASTRUCTURE

We encourage innovation and incorporate technology to improve and make our processes and environments more efficient.

17



#### PARTNERSHIPS FOR THE GOALS

We encourage innovation and incorporate technology to improve and make our processes and environments more efficient.



2.5  
OUR EXECUTIVE TEAM

CEVALDOM's Senior Management is made up of a diverse and experienced team, who represent all areas of our business. Senior Management implements strategies approved by the Board of Directors and manages the day-to-day operations of the company, they are responsible for leading office talent in making our purpose and strategic vision tangible.



**Freddy Rossi**

General Director

Finance, Strategy, Stock Market, Financial Market Infrastructures

48 21



**Juan Guzmán**

Director of Administration, Planning and Finance

Stock Market, Treasury, Banking, Finance.

42 4



**Carmelly Morel**

Director of Operations

Finance, Stock Market, Financial Infrastructures, Market

39 17



**Giannina Estrella**

Legal Director

Securities Market Regulation, Financial Market Infrastructures, Corporate Law

42 13



**Perla Fernández**

Chief Information Security Officer

Information Security, Cyber-security, IT Risks and Auditing

37 4



**Luis Suárez**

Chief Technology Officer

Software Engineering, Management of Technological Infrastructures

44 13



**Jerussa Valverde**

Chief Risk Officer

Integrated Risk Management, Securities Market, Anti-Money Laundering Prevention

33 2



**Carlos Batista**

Director of Auditing

Auditing, Integrated Risk Management

36 1



## 2.6

### OUR STAKEHOLDERS

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Our ability to generate value sustainably depends on the quality of our relationships with our stakeholders. That's why we're committed to forging and maintaining relationships based on trust, respect, and transparency. Our strategies are designed centered upon an understanding of the needs and expectations of our main stakeholders, and their success is measured through indicators that measure the satisfaction of these needs.

Below, we provide relevant information about who they are and how we engage with our stakeholders, as well as the value delivered to them:



## WHO THEY ARE

CEVALDOM is a public limited company with private capital, whose main shareholders are:

- Bolsa y Mercados de Valores de la República Dominicana, S. A.
- Banco de Reservas de la República Dominicana
- Banco Múltiple BHD, S. A.
- Banco Popular Dominicano, S. A.
- Rizek, S. A. S.
- Alpha Sociedad de Valores, S. A.
- Parallax Valores Puesto de Bolsa, S. A.

## COMMITMENT: COMMUNICATION CHANNELS AND FREQUENCY

- Annual General Meetings.
- Quarterly Informational Meetings.
- Annual Management Report.
- Annual Corporate Governance Report.
- Participation in meetings of the Board of Directors of a member of the Board of Directors of the Bolsa y Mercados de Valores de la República Dominicana, S.A., as a permanent guest.

## KEY INTERESTS AND EXPECTATIONS

- Transparency in management.

- Timely, clear, and concise communication.
- Strategy designed to support the stability and growth of the stock market.
- Ensuring business sustainability and financial robustness.
- Risk management system and corporate governance aligned with best practices.
- Proper management of conflicts of interest.



## OUR STRATEGIC RESPONSE

- Continuous improvement of good governance practices. As part of our strategy to ensure that our corporate governance framework is aligned with best practices, the company's governance practices were evaluated by a specialized firm, and it was determined that their level of maturity is differentiated or advanced.
- • Equal treatment for all shareholders in terms of access to financial information and management.
- Long-term strategy design in an articulated manner, focused on supporting the strategies of market participants to drive growth of the stock market, maintaining periodic feedback on performance through formal meetings.
- Implementation of periodic external audits on control systems, financial integrity, risk management systems, information security and regulatory compliance.

## WHO THEY ARE

We serve stock market participants and users, which can be grouped into the following primary segments:

- The Dominican State
- Emitters
- Securities Intermediaries
- Financial Intermediation Entities
- Investment Fund Managers
- Pension Fund Administrators
- Centralized Trading Mechanisms
- Private Limited Liability Companies
- Information Consumers
- Persons with registered rights in book-entry securities

## COMMITMENT: COMMUNICATION CHANNELS AND FREQUENCY

- Periodic meetings throughout the year to follow up on strategy and performance
- Meetings with associations regarding the needs of the community they represent
- Design of solutions and services based on collaborative methodologies
- Publication of news of interest through newsletters, website, and social media
- Circulars and General Communications
- Meetings of the Users Committee and Special Committees by Segment

## KEY INTERESTS AND EXPECTATIONS

- Delivery of services and generation of solutions that support their business models
- Price-value relationship
- Clear and concise communication of strategy, value proposition, and services
- Provision of defect-free services and compliance with service level agreements
- Business continuity assurance
- Information security and protection of personal data
- Proper risk management



## OUR STRATEGIC RESPONSE

- Certification that guarantees compliance with the requirements of the Standards ISO/IEC 27001:2013 and ISO/IEC 27701:2019 on Privacy Systems.
- Close collaboration with clients to ensure that our services and solutions support their strategies and business models.
- Rates established on a tariff study and in accordance with a model developed and carried out by an independent third party, which is supported by guidelines and regulations.
- Strengthening and continuous improvement of our security system information.
- Periodic improvements within our systems and processes, based on customer feedback.



# EMPLOYEES

## WHO THEY ARE

As of the date of approval of this report, CEVALDOM has 82 employees, who contribute their time, talent and resources to the achievement of the organization's objectives.

## COMMITMENT: COMMUNICATION CHANNELS AND FREQUENCY

- Virtual space where collaborators can stay up to date of all the company's activities.
- Semi-annual briefings where the Director-General communicates the organization's key results.
- Monthly meetings between the teams, the Directors responsible for each area and the Director General.
- Integration activities, strengthening of the organization's values and well-being.
- Ethical channel.
- Satisfaction surveys.

## KEY INTERESTS AND EXPECTATIONS

- Job security and financial stability.
- Professional development opportunities.
- An open, healthy, and inclusive work environment that reflects your diversity.
- Work-life balance.

- Recognition of your contributions.
- Ethics and integrity in the conduct of business.



## OUR STRATEGIC RESPONSE

- Development of programs according to the identified needs, designed to boost talent.
- We encourage our collaborators to voluntarily participate in surveys and provide feedback on our performance and your interests.
- Compensation and benefits policy that seeks to maintain competitiveness at forefront of the market and remuneration aligned with the contribution of the collaborator.
- Implementing policies that promote work-life balance personal life.
- We promote self-development and create opportunities for growth professional.
- Work model based on collaboration and agility.
- Face-to-face, remote and hybrid work models, depending on the job.
- We promote a work environment that allows the development of people and encourages a sense of belonging.
- Social responsibility programs that employees can join as volunteers.

## REGULATORS & GOVERNMENT

### WHO THEY ARE

CEVALDOM is regulated and supervised by the Superintendency of the Securities Market and the Central Bank of the Dominican Republic, the latter in its capacity as administrator of the Payment System of the Dominican Republic

### COMMITMENT: COMMUNICATION CHANNELS AND FREQUENCY

- Hold periodic meetings throughout the year to follow up on strategy and performance.
- Participate in public consultation processes for the development of new regulations.
- Continuous reporting in compliance with current regulations.

### KEY INTERESTS AND EXPECTATIONS

- Support the management of risks linked to securities clearing and settlement systems.
- Comply with regulations in a timely manner.
- Transparency in management and communication with stakeholders.
- Respect for customers' rights.



### OUR STRATEGIC RESPONSE

- Commitment and participation in regulatory affairs, with openness and transparency.
- Collaboration with authorities in inspection and supervision processes.
- Implementation of management systems in accordance with best practices and international standards, audited and verified by independent third parties.

## ASSOCIATIONS

### WHO THEY ARE

CEVALDOM belongs to the following associations:

- ACSDA: Association of Securities Exchanges of America
- ANNA: Association of National Numbering Agencies
- ADOFINTECH: Dominican Fintech Association

### COMMITMENT: COMMUNICATION CHANNELS AND FREQUENCY

- Representation and participation in committees and working groups
- Participation in industry or sector conferences
- Attendance at regular meetings

### KEY INTERESTS AND EXPECTATIONS

- Exchange of information and experiences on trends, common themes, experiences, best practices and risks affecting the industry.



### OUR STRATEGIC RESPONSE

- CEVALDOM is committed to working with like-minded organizations to develop practices and exchange knowledge that promote the development of the Dominican stock market.

# ALLIES & BUSINESS PARTNERS

## WHO THEY ARE

To provide our services, we rely on a group of business partners or suppliers who contribute significantly to the success of our operations and their ability to generate value.

## COMMITMENT: COMMUNICATION CHANNELS AND FREQUENCY

- Regular communication for performance review and continuous improvement.
- Support the development of projects.

## KEY INTERESTS AND EXPECTATIONS

- Clear and concise communication.
- Cybersecurity and operational risk management.
- Exchange of information on trends and opportunities.



## OUR STRATEGIC RESPONSE

- Close collaboration in the development and implementation of solutions and services.



## 2.7

# OUR MATERIAL MATTERS

Our material assets are factors that have the potential to affect, positively or negatively, the preservation and creation of value in the short, medium, and long term. Managing these can either support or affect our ability to execute our strategy.

In order to determine and prioritize the material issues that can impact value creation, CEVALDOM's senior management has evaluated its internal and external context, considering the topics most valued in terms of impact for CEVALDOM, based on information from our stakeholders, studies, reports, and surveys. For the year 2023, the following material issues have been identified, which are linked to our strategic priorities through which these issues are addressed and managed:



### CYBERSECURITY AND DATA PROTECTION

Manage the risks arising from data processing, as well as the security of information assets through the implementation of prevention, detection, and action measures for their protection.



### FINANCIAL EDUCATION

Contribute to the improvement of knowledge about financial concepts relevant to the day-to-day decision-making of investors and potential investors.



### CLEAR AND TRANSPARENT COMMUNICATION

Encourage active, clear, and transparent listening and dialogue with stakeholders to establish trusted long-term relationships.



### CORPORATE GOVERNANCE

Guarantee effective corporate governance that works to implement best practices in ethics, sustainability, transparency, and compliance.



### INNOVATION & TECHNOLOGY

Continuously develop technology capabilities and infrastructures to improve agility and efficiency.



### COMPREHENSIVE RISK MANAGEMENT





Manage all risks to enhance resilience, ensure sustainability and respond to stakeholder demands.



### TALENT MANAGEMENT & PROFESSIONAL DEVELOPMENT

Attract and retain talent through education, training, offering opportunities for development and work-life balance.



CATEGORY	KEY CONSIDERATIONS	PRINCIPALES INDICADORES ESTRATÉGICOS
 <b>PEOPLE</b>	<ul style="list-style-type: none"> <li>• Attract and retain talent</li> <li>• Health, safety and well-being of employees</li> </ul>	<ul style="list-style-type: none"> <li>• Ranked No. 6 in the Great Place to Work Ranking for the DR and the Caribbean</li> <li>• • Ranked No. 5 in the Best Places to Work in Early Childhood Caribbean and Central America Ranking</li> <li>• Ranked No. 13 in the Best Places to Work in Early Childhood Caribbean and Central America Ranking</li> <li>• ENPS: 94%</li> </ul>
 <b>REGULATION &amp; RISKS</b>	<ul style="list-style-type: none"> <li>• Cybersecurity and information security</li> <li>• Ensure operational efficiency and resilience</li> <li>• Regulatory Compliance and Good Corporate Governance Practices</li> <li>• Clear and transparent communication</li> </ul>	<ul style="list-style-type: none"> <li>• • Service Availability Level: 100%</li> <li>• • SLA Compliance Level: 100%</li> <li>• Administrative Penalties Imposed: 0</li> <li>• Global Risk Rating: A+</li> <li>• Information Security Management System: ISO/IEC: Certificado ISO/IEC 27001:2013</li> <li>• Security posture with global exposure level based on Mitre ATT&amp;ck framework</li> <li>• Privacy Management System: Certified ISO/IEC 27701:2019</li> </ul>
 <b>SUSTAINABILITY</b>	<ul style="list-style-type: none"> <li>• Long-term vision and anticipation of change</li> <li>• Financial robustness and profitability</li> </ul>	<ul style="list-style-type: none"> <li>• ROE 46%</li> <li>• ROI 95%</li> <li>• Net Income: 846,56 MM</li> </ul>
 <b>COMPETITIVENESS</b>	<ul style="list-style-type: none"> <li>• Technology &amp; Digitalization</li> <li>• Friendly service adapted to client needs</li> <li>• Innovation and development of new solutions and services</li> </ul>	<ul style="list-style-type: none"> <li>• NPS: 86%</li> <li>• Customer Satisfaction Level: 98%</li> <li>• Net Alliance Score: 91%</li> </ul>



## 2.8

### RISK MANAGEMENT

As a financial market infrastructure, CEVALDOM is exposed to a variety of risks. We manage these risks through a comprehensive administrative framework, which integrates risk management into strategic planning process and day-to-day operational activities.

Our risk management approach is based on ISO 31000 on Risk Management and the Principles for Financial Market Infrastructures, issued by CPMI-IOSCO.

The Board of Directors approves the company's comprehensive risk management policy and the processes that constitute the administrative framework. This structure makes it easier for us to identify, measure, control and manage the risks and opportunities we face. Having a comprehensive risk policy and administrative structure ensures appropriate responses to protect ourselves and our stakeholders.

Risk appetite refers to the extent and nature of the risk we are willing to take in the execution of our strategy. In cases where risk levels exceed the given appetite, performance is considered suboptimal.

The risk tolerance level is approved by the Board of Directors and reviewed annually. In addition, the Risk Committee monitors that the company's risk profile remains within the approved limits.

Our main strategic risks are described below, and we highlight that they are duly controlled and within the tolerance levels approved by the Board:





# CYBER AND INFORMATION SECURITY

**RISK:**

Potential for an incident to lead to data loss, unauthorized access to information, lack of data integrity, or disruption of operations.

**DESCRIPTION AND IMPACT:**

A security incident can be caused by an external event, an internal attack, or human error. An incident of this nature can result in the loss of sensitive information, lack of information integrity, unavailability of information assets, and disruption of services. In addition, the company exposes itself to reputational damage, financial losses, and penalties.



**PREVENTION AND MITIGATION:**

- ISO/IEC 27001:2013 Information Security Certification, covering all processes and services.
- Periodic assessment of security posture based on the Mitre ATT&CK framework.
- International contingency center with real-time replication system.
- Offline backup system in an isolated environment enabling swift and effective business data recovery in response to cyber attacks.
- Connectivity redundancy.

- Security Operation Center (SOC) services.
- Agile Cyber Incident Management System (IR) and Threat Intelligence (CTI) based on artificial intelligence.
- Intelligent Vulnerability Management System.
- Independent assessment of information security controls effectiveness, cyber incident response, and annual intrusion testing.
- Regular ethical phishing campaigns.
- Periodic awareness programs for our employees and users.

# TALENT MANAGEMENT

## RISK:

Possible failure to attract, retain and develop key personnel.

## DESCRIPTION AND IMPACT:

The high technical capacity and commitment of our employees is a competitive advantage that we want to preserve.

We are aware of the need to attract and retain the right people and contribute to their development.

A failure in talent management can result in a loss of productivity and intellectual capital, increase recruitment costs, and lower staff morale.



## PREVENTION AND MITIGATION:

- Policies designed to promote work-life balance
- Recruitment policy based on company values and required competencies
- Succession plans
- Development plans
- Culture based on values, respect for diversity, open communication, and recognition of contributions
- Feedback obtained through employee surveys is incorporated into strategic priorities
- Compensation determined based on market compensation and benefits studies
- Variable performance-based compensation
- Volunteer programs and Corporate Social



# OPERATIONAL RESILIENCY

**RISK:**

The possibility of services or activities being interrupted or affected by events beyond the organization's control, including wars, supply chain disruptions, natural disasters, pandemics, among others.

**DESCRIPTION AND IMPACT:**

Incidents that affect business continuity, quality of service, as well as the availability of services can be caused by force majeure events or events beyond the control of the organization (natural events, supplier defaults, interruption in the supply chain, wars, economic crisis, among others).

An incident of this nature may result in the interruption of services, services with errors and delivered after the established deadlines. In addition, the company exposes itself to reputational damage, financial losses, and penalties.



**PREVENCIÓN Y MITIGACIÓN:**

- Risk identification, assessment, treatment and communication processes.
- Incident management process.
- Monitoring of action plans to mitigate risks.
- Business continuity plan.
- General Business Risk Management Fund
- Continuous monitoring by the Board of Directors and its Support Committees of the level of compliance with strategic objectives and risks that could impact their achievement.

# LEGAL & REGULATORY COMPLI- ANCES

**RISK:**

The possibility of non-compliance with laws or regulations applicable to the company's activity.

**DESCRIPTION AND IMPACT:**

Non-compliance with the regulatory framework or perceived failures in the execution of our activity could directly impact on the levels of confidence in our company and in the market. In addition, they could lead to administrative penalties and financial losses.

**PREVENTION AND MITIGATION:**

- Compliance management framework that allows identifying, monitoring and managing risks linked to unethical conduct, regulatory and contractual breaches, and money laundering and terrorist financing.
- Continuous monitoring of changes in the legal and regulatory framework that could impact our operations.

During 2023, there were no risk events with material effects on CEVALDOM's strategy or on its clients.



## LEGAL PROCESSES

During the period under review, CEVALDOM was a party to several legal proceedings, which do not represent material risks for the company.

## ASSURANCE PROCESSES

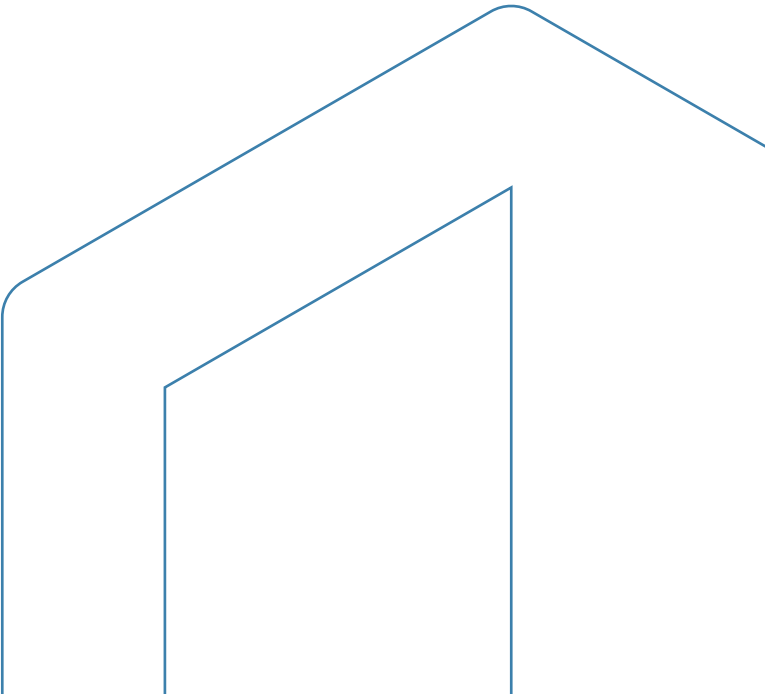
CEVALDOM has an evaluation and assurance system that seeks to offer security and confidence to interested parties, internal and external, about the adequacy of existing controls and their efficiency, as well as compliance with the standards, policies and processes that are applicable to them.

During 2023, an external audit program consisting of the following audits was exhausted, the results of which did not yield material findings:

The reports issued by the auditing firms are delivered to the corresponding regulators and stakeholders, in compliance with current regulations and signed contracts.

Likewise, in 2023, CEVALDOM underwent a maintenance audit of its certificate that endorses the conformity of its Information Security System with the ISO/IEC 27001:2013 standard. The current certificate is valid for the services offered by CEVALDOM in the three roles it plays in the securities market of the Dominican Republic: centralized securities depository, administrator of a securities transaction registration system and administrator of a securities clearing and settlement system; as well as their support processes. In addition, CEVALDOM obtained the certification that endorses the compliance of the company's Privacy Management System with the ISO/IEC 27701:2019 standard, the scope of which is the personal data owned by Holders of Book-Entry Securities, their representatives and successors and the processes through which such data is managed.

AUDIT	FIRM IN CHARGE
<ul style="list-style-type: none"><li>• Financial Statements</li><li>• Audits on processes and controls under the SOC 2 Type 2 standard</li><li>• Compliance with Cyber and Information Security Regulations</li><li>• Compliance with the Regulations to establish and operate in the OTC Market and Securities Transaction Registration Systems</li><li>• Compliance with Corporate Governance Regulations</li></ul>	<ul style="list-style-type: none"><li>• Deloitte</li><li>• BDO</li><li>• KPMG</li><li>• KPMG</li><li>• KPMG</li></ul>





03

# PERFORMANCE





## OPERATIONAL FIGURES 2023

### CUSTODY OF PUBLICLY OFFERED

**2,604,986 MILLIONS**

▲ 15% VS 2022

2023 2,604,986 MM

2022 2,263,500 MM

### EQUITY

**198,267 MILLIONS**

NUMBER OF INVESTORS  
7,459

### FIXED INCOME

**2,406,719 MILLIONS**

NUMBER OF INVESTORS  
52,393

### OTC TRADE REPOSITORY

**5,795,512 MILLIONS**

▲ 58% VS 2022

2023 5,795,512 MM

2022 3,671,392 MM

### NUMBER OF TRANSACTIONS

**500,351**

▲ 43% VS 2022

### SETTLED TRANSFER ORDERS

**10,160,548 MILLIONS**

▲ 56% VS 2022

2023 10,160,548 MM

2022 6,531,766 MM

### NUMBER OF TRANSFER ORDERS

**503,940**

▲ 46% VS 2022

04

# VALUE GENERATION





## During the year 2023

We continue to evolve, based on our strengths and a clear strategy, we focus on four aspects we consider crucial: customer focus, culture. focused on people and our values, culture of innovation, risks and cybersecurity.

Thanks to the efforts of our people, we achieve our goals and we were value for our stakeholders. Next, present the results obtained, as well as our main performance indicators.





# CLIENT FOCUS

Supporting our clients' strategies for the development of the market and at the same time offering memorable service, through high levels of quality and reliability.

Our strategy pays close special attention to our customers with the goal of providing superior experience, which at the same time constitutes a distinctive capability that differentiates us in the market.

We bring value to our customers, anticipating their needs and proactively providing appropriate solutions.



## RESULTS

- As part of our organizational culture, every year we strive to offer quality, meeting the needs of our customers and offering solutions that support their strategies. For the year 2024, our Customer Satisfaction Index (CSI) indicated a result of 98%. On the other hand, we obtained an NPS of 86%.
- The indicator that allows us to measure the degree of materialization of our strategic vision resulted in 91% for the year 2023. Based on this result, we can affirm that the strategies designed and implemented have been adequate to achieve our vision of being considered as strategic allies for our clients.
- We work collaboratively with our clients, implementing improvements in our systems and processes, offering solutions that provide efficiency, reduce risks and costs.
- The consistent levels of operational excellence with 100% availability of our service platform and 100% compliance with our service level agreements.





## PEOPLE-CENTERED CULTURE AND VALUES

Offering an environment where our employees can develop their full potential and feel proud to belong to the organization.

The strategic agenda for 2023 places a special focus on people and a culture based on values, which are key to having the best talent to face.

the company's strategic challenges and to position ourselves as one of the preferred companies to work for at a national level.

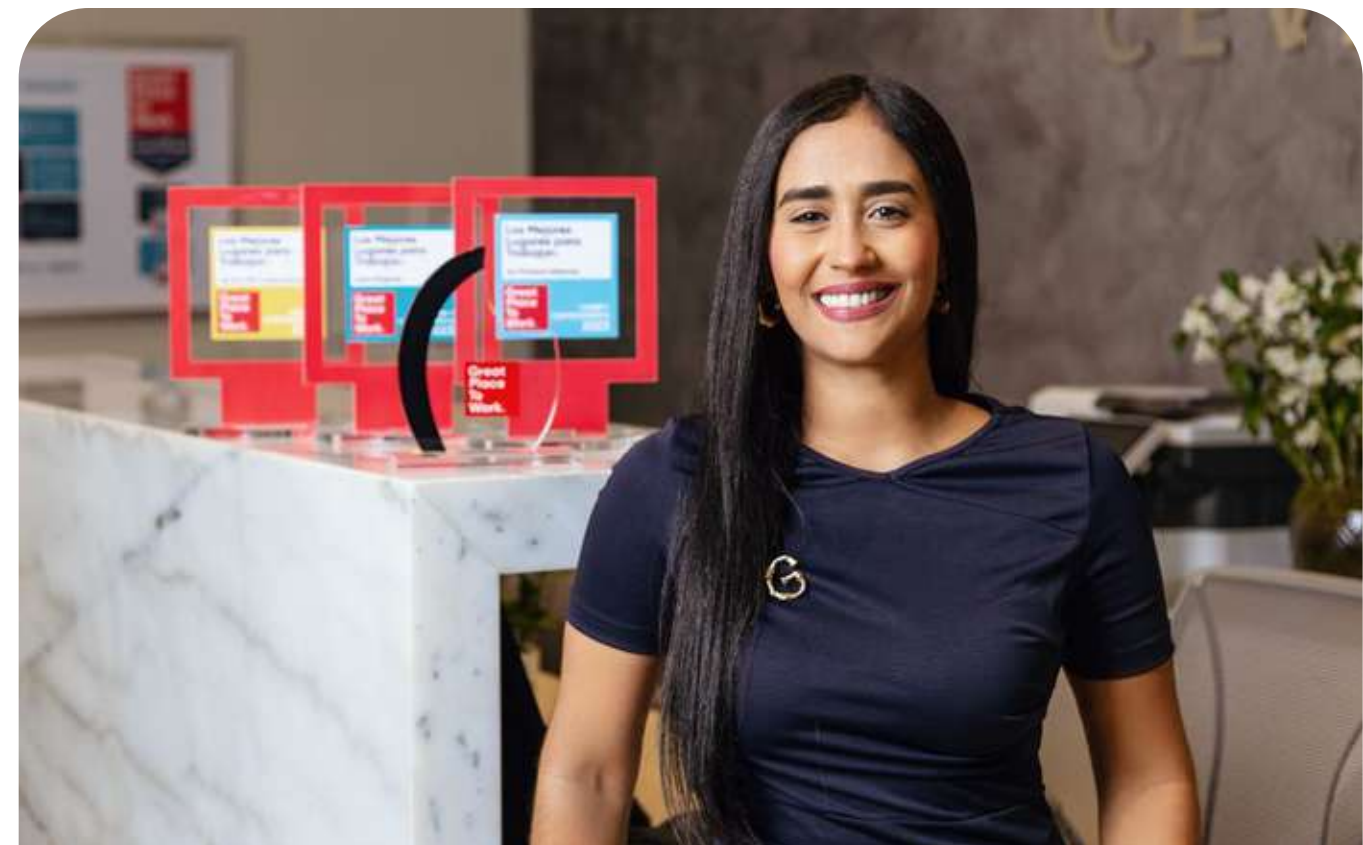
To achieve the goals set out, a plan was designed that pursued the following objectives:

- Promote close and motivating leadership.
- Promote a collaborative, agile, empowering, and innovative culture, based on trust.
- Nurture talent through development programs focused on critical skills and competencies.
- Foster a team culture committed to our purpose.

### RESULTS:

- We ranked No. 6 among the Best Companies to Work for in Dominican Republic and the Caribbean, according to the Great Place to Work ranking.
- We achieved an ENPS of 94%.
- We successfully launched and implemented a new development program, where a group of high potential talents were able to train and pass on their knowledge to their peers and colleagues.

- The comparison of salaries calculated as the average of men minus the average of women over the average remuneration of men is 1%. 50% of management positions are held by women. Both aspects show that we are committed to diversity and equal opportunities, prioritizing respect for people and meritocracy.
- 23% of our employees have remote work contracts and 63% have hybrid contracts. This measure responds to a strategy to promote the well-being of our employees in a flexible environment and that seeks to promote a balance between the personal and professional life of the collaborator.
- 82 hours of training on average per employee.
- We launched the "CEVALDOM Solidario" initiative, a volunteer program that allows our employees to support social causes with which they feel identified.





## OUR PEOPLE

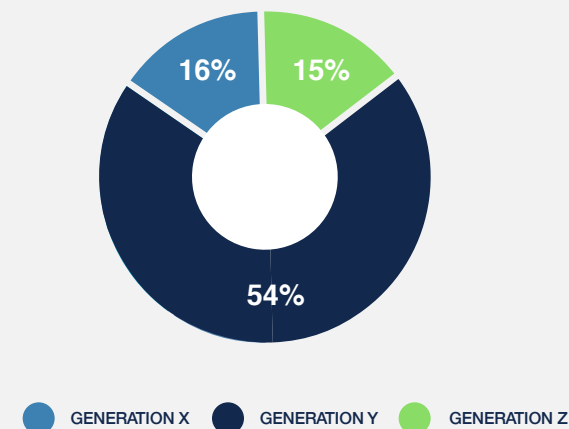


82

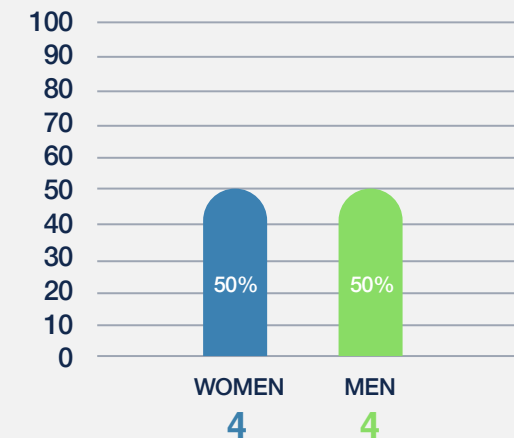
WOMEN  
57%

MEN  
51.5%

### DISTRIBUTION BY GENERATION



### GENDER DISTRIBUTION SENIOR MANAGEMENT



## CULTURE OF INNOVATION

Promoting this value with the aim of implementing improvements that allow us to be more efficient and flexible.

A robust and flexible technological infrastructure is key to operational efficiency by enabling automation of activities, self-service for customers, automated data management, and digitization.

### RESULTS

- In 2023, we began the process of updating our core business system, successfully meeting the established work plan.
- We implemented improvements that streamlined macro processes, resulting in reduced time and costs.

## INFORMATION RISK AND SECURITY

Managing the risks inherent to the company's activities in such a manner that they remain within the tolerance levels approved by the Board of Directors, while supporting the company's resilience, agility, and ability to adapt to changes.

Risk management is one of the main pillars of CEVALDOM. To this end, we are committed to continuously implementing and improving our management systems based on prestigious international standards and global industry best practices.

### RESULTS

- During the year 2023 CEVALDOM certified its Privacy Management System, obtaining the certificate that endorses its compliance with ISO / IEC 27701:2019.
- During 2023, CEVALDOM implemented new information security controls that improved its security posture against possible cyberattacks.

05

# VISION TOWARDS THE FUTURE







In 2023, we continue to implement strategies to meet the needs of our clients and contribute to the growth and resilience of the Dominican stock market. These tactics have allowed us to achieve objectives established in our 5-year strategic plan, as well as to strengthen and develop our capabilities to continue generating long-term value.

Moving forward, our value proposition will become tangible through a series of initiatives targeting the following strategic objectives:

- Serve as a vehicle to generate value, driving the growth of the stock market and ensuring a competitive return.
- Offer high-quality services, ensuring a positive experience.
- Maintain a secure, stable and efficient platform capable of taking on the growth of the stock market in volume and diversity of products.
- Provide a place where employees can develop and feel proud to belong.
- Forge alliances for the development of a stock market and investment culture that contributes to the country's economic growth.



06

# CORPORATE GOVERNANCE







CEVALDOM's Corporate Governance framework is based on the company's corporate values, as well as on the best practices of good governance, including the provisions contained in the Corporate Governance Regulations issued by the National Securities Market Council. The policies that make up this administrative framework establish the principles of action that administrate the company's corporate governance, which are reviewed annually to ensure compliance with best practices in the field.

The information related to corporate governance is complemented by the Annual Corporate Governance Report, which is published on our website ([www.cevaldom.com](http://www.cevaldom.com)).





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## **BOARD OF DIRECTORS**

The Board of Directors is the highest management and administrative body of CEVALDOM, competent to adopt resolutions on all kinds of matters except in matters reserved to the competence of the General Shareholders' Meeting. It approves and supervises the strategic guidelines and ensures the proper management of risks and the application of good practices in the exercise of our activity.

The Board of Directors has four Support Committees: Strategy Committee, Audit and Regulatory Compliance Committee, Nomination and Remuneration Committee and Risk Committee.

The Nomination and Remuneration Committee is responsible for monitoring the corporate governance framework and ensuring the implementation of best practices in this area.

The roles of President and Chief Executive Officer are separate and clearly defined. This division of responsibilities ensures a balance of authority and power. The decisions of the Board of Directors are adopted in a collegial manner, so that no individual director has unlimited decision-making authority.

As of December 31, 2023, the Board of Directors consisted of seven members, of which six are independent external directors. To have an adequate balance in the composition of the Board at all times, promoting diversity of gender, age and background, as well as training, knowledge and professional experience that contributes to diverse and independent opinions and a solid and mature decision-making process, we have a Diversity Policy in the Composition of the Board of Directors.

Selection and Succession of its Members. The main functions and responsibilities, as well as the decision-making and operational issues of the Board of Directors and its Support Committees are described in greater detail in the Annual Corporate Governance Report, which can be found on our website.





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ANNUAL  
**MANAGEMENT REPORT** <sup>20</sup><sub>23</sub>