



EUROCLEAR  
**ANNUAL REVIEW**



### **Important note**

The information on which the statements herein are based, is derived from the audited consolidated financial statements of Euroclear Holding SA/NV for the year ended 31 December 2021. These will be submitted for approval to the annual general meeting of shareholders on 3 May 2022 and will be filed in accordance with applicable requirements under Belgian law.

# ANNUAL REVIEW 2021

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# A MESSAGE FROM OUR GROUP CHAIRMAN

Dear shareholders,

As I write my first annual letter as Chairman of the Euroclear group, I am delighted to report that our company continues to perform well as a resilient and open infrastructure at the heart of the global capital markets.

Since 2020, the Covid-19 pandemic and the frequent emergence of new variants not only had a profound impact on our daily lives, but brought volatility to the financial markets and unprecedented issuance of securities by companies and governments alike.

As we enter 2022, we are faced with a war very close to home with the invasion of Ukraine. The resulting humanitarian crisis, inside and outside Ukraine, is truly distressing. Your Board, along with the management team, is intensely focused on ensuring that Euroclear responds appropriately to the new environment, both as a financial market infrastructure and as an employer.

## **CREATING SHAREHOLDER VALUE IN 2021**

2021 was another year of significant progress for our company. Euroclear performed robustly throughout the year, yielding record top-line and bottom-line results. We exceeded the key financial targets set out in our previous five-year business strategy, two years ahead of schedule.

Business income growth was the key driver of our company's record financial results, reflecting the strength of Euroclear's diversified business model, its attractiveness and value to clients, and the delivery of its strategic initiatives. Our growing business income more than compensated for the effect of lower interest rates.

Both the quantum and quality of our company's earnings continues to improve as we balance cost management with investment in business resilience, efficiency and new services. Group net profit reached €463 million, up 7% versus 2020.

In light of this continued strong performance, and Euroclear's capital position, we announced our intention to pay a dividend of €88.5 per share, reflecting a pay-out ratio of 60% in line with the prior year.

As I write to you, there is great uncertainty on how the war in Ukraine will unfold and the implications arising from the execution of the related sanctions. Therefore, we consider it prudent to wait until the second half of 2022 to formally confirm the dividend payment announced in our full year results publication.

## **CONSISTENT STRATEGIC PROGRESS**

Under the stewardship of management, the continued implementation of the group's strategy has served to strengthen, grow and reshape the Euroclear network. Consequently, our company is well positioned to benefit from strong demand across asset classes from clients throughout its global ecosystem.

A professional portrait of Francesco Vanni d'Archirafi, Chairman of Euroclear group. He is a middle-aged man with grey hair, wearing black-rimmed glasses, a dark blue suit jacket, a white shirt, and a red patterned tie. He is standing with his hands clasped in front of him, looking directly at the camera with a slight smile. The background is a neutral, light-colored wall.

Our company continues to perform well as a resilient and open infrastructure at the heart of the global capital markets.

Francesco Vanni d'Archirafi, Chairman, Euroclear group



We are continuously investing in an evolving client proposition, as well as the robustness of our systems and platforms, with focus on opportunities in funds, collateral management, international expansion and in digital, data and ESG services. In 2021, we completed Euroclear's most significant acquisition since 2008 by acquiring MFEX, a leading, global digital fund distribution platform to make our funds proposition even more compelling.

Our clients are increasingly embracing a more data-driven and digital offering. To meet this demand, we have launched several new data-enabled services in 2021 as well as exploring opportunities in new digital asset classes and new technologies.

Over the past two quarters, management and the Board have been working together to define the strategic ambition and our vision for the future. With this work now completed and approved by the Board, we look forward to sharing our new strategic direction with you during the second quarter of 2022.

### **EMBRACING ESG FOR THE BENEFIT OF ALL STAKEHOLDERS**

I am a strong believer in the importance of doing business responsibly. It is imperative that our business makes a positive impact on communities and society alike, while we continue to deliver shareholder value.

I am proud of Euroclear's efforts to make a positive social impact, starting in our workplace. Euroclear strives to be the employer of choice in our industry by fostering an inclusive culture and attracting, developing and upskilling diverse talent to meet the needs of our clients.

We continue to be involved in many community initiatives, both locally and globally. One of the global NGOs we support is Junior Achievement, an organisation that is close to my heart. I would like to congratulate everyone involved on its nomination for the Nobel Peace Prize this year. Among the many volunteering initiatives in all countries where we operate, most recently many

employees have mobilised to support the Ukraine relief efforts. All our volunteers deserve our recognition and admiration.

Looking forward, we all must take steps to prevent the next major crisis on our horizon: climate change. I firmly believe that Euroclear has an important role to play, and financial market infrastructure could be the enabler to unlock as much as \$25 trillion in capital for ESG-related investments. Supporting the green transition is going to be a very important initiative for Euroclear.

We are now committing to further our own efforts to reduce Euroclear's environmental impact. Having been carbon-neutral since 2012, we have set a target to reach net zero greenhouse gas emissions by 2050 at the latest. This is in line with the SBTi Net-Zero Standard.

## **GOVERNANCE REFORMS COMPLETED**

In 2021, Euroclear adopted a new, simpler governance structure that strengthens the oversight of Euroclear Holding and Euroclear SA/NV by mirroring the membership of the two Boards.

On behalf of all the Board members, I would like to extend my sincere gratitude to Harold Finders and Franco Passacantando for leading these reforms during their tenures as Interim Chairs of the two Boards.

Additionally, I would like to recognise the important contributions of the directors who have left the company during this transition: Anthony Attia, Diana Chan, Xiaomei Fan, Hester Serafini and Oliver Stuart.

I would also like to take this opportunity to thank Frederic Hannequart, an executive director and Board member, who left Euroclear after a successful 20 year career.

In Frederic's place, I am delighted to welcome Valérie Urbain to the Board as our new Chief Business Officer and Executive Director of Euroclear SA. She brings with her extensive experience and insight from across many Euroclear business domains.

Finally, I would like to recognise the hard work of the entire Board and to personally welcome our new board members: David Abitbol, Delphine d'Amarzit, Bart De Smet, and Paul Swann.

## **THANK YOU**

It is a great honour to be asked to lead the Board of the Euroclear group. In these unprecedented times, the role of providing efficient, resilient and reliable financial market infrastructure services has never been more important for the functioning of the capital markets and the growth of the global economy.

The last few months working with shareholders, Board members, Lieve Mostrey and the management team, have only increased my belief in the opportunity for our company to continue to create value for our clients, our shareholders, our ecosystem and society at large.

I would like to thank the Euroclear shareholders and our client community for the continued trust and confidence you place in us. I would also like to thank the management team and all our employees, my colleagues on the Board as well as our clients, suppliers and partners for their excellent collaboration throughout 2021.

Together, we are well placed to continue delivering value to all our stakeholders as an independent, open financial market infrastructure.

Thank you,

**Francesco Vanni d'Archirafi**  
Chairman, Euroclear group

# AN UPDATE FROM OUR GROUP CEO

Dear shareholders,

Euroclear has continued to deliver a strong business performance in 2021, against a complex backdrop of macro-economic and political uncertainty, and the ongoing headwinds resulting from the Covid-19 pandemic. The outcome has been record operating metrics and excellent financial results.

## **BUSINESS RESILIENCE, STRATEGIC OUTPERFORMANCE**

I am very proud that Euroclear has made such good progress in 2021 and I would like to focus on two key reasons that we achieved this.


Firstly, we continue to demonstrate the resilience of the group throughout the disruption caused by Covid-19, which resulted in a substantial 23% increase in transaction volumes over the past two years. During this period, our service levels remained high and our systems performed well.

Our Euroclear colleagues have been central to ensuring the business continuity that was at the heart of last year's outstanding performance. I would like to thank them all for their dedication and resilience in the face of the continued uncertainty and challenges presented by the pandemic. Our people have shown great professionalism in adapting to new ways of working and they continue to exceed expectations in support of our clients.

Secondly, we continued to accelerate progress on our three strategic pillars: strengthening, growing and reshaping the Euroclear network to create long-term, sustainable growth.

The benefits of delivering on these strategic objectives are evident in 2021's results. Two years ahead of plan, business income margin growth has outpaced our 2023 financial targets and offset a weaker interest rate environment. We continue to invest in strategic initiatives to adapt our technology capabilities and deliver product enhancements to support future growth. We took an important step with the acquisition of MFEX, a leading global digital fund distribution platform, which enhances and extends Euroclear's customer proposition in funds.

As I write to you today, a strategic review led by management and the Board has just been conducted to refresh our strategy for the future and create an ambitious set of new targets. We will outline our vision and growth objectives later in the second quarter of 2022.

A professional portrait of Lieve Mostrey, CEO of Euroclear group. She is a woman with short, styled grey hair, wearing round glasses with a blue and black pattern. She is dressed in a dark blue double-breasted blazer over a light blue collared shirt. Her arms are crossed, and she has a slight smile. The background is a soft-focus indoor setting with light-colored walls and a vertical wooden slat on the right. A semi-transparent red box is overlaid on the lower right portion of the image, containing white text.

The benefits of delivering on our strategic objectives are evident in 2021's results. Two years ahead of plan, business income margin growth has outpaced our 2023 financial targets.

Lieve Mostrey, CEO of Euroclear group

## CONTINUING TO INVEST IN OUR FUTURE

Euroclear is in robust health and remains well positioned to grasp the significant opportunities we see ahead. All of Euroclear's operating entities today hold a licence under the CSD Regulation, where required, representing a hallmark of quality, and these entities together play a crucial role at the core of the global capital markets ecosystem. We therefore continue to invest carefully across our business — in our people, technology, regulatory imperatives, and customer proposition — as a systemically important financial market infrastructure.

It is key for all participants to feel they have a trusted partner through whom assets can be held and mobilised safely, with transactions taking place efficiently and reliably. Investment in Euroclear's operating systems and technology platforms has been crucial in seamlessly and securely supporting the sustained increase in transaction volumes over the past year.

Investment in resilient, scalable systems means Euroclear is in a strong position from which to play a vital economic and social role within the global economy as the industry further harnesses opportunities from leveraging data and the rise of sustainable finance.

**It is key for all participants to feel they have a trusted partner through whom assets can be held and mobilised safely, with transactions taking place efficiently and reliably.**

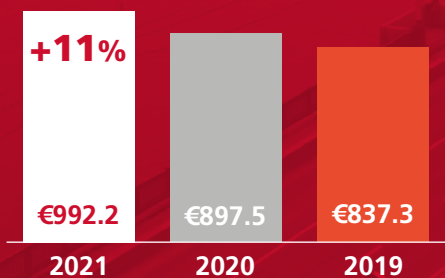
**Lieve Mostrey, CEO of Euroclear group**

## COMMITTED TO SUSTAINABILITY

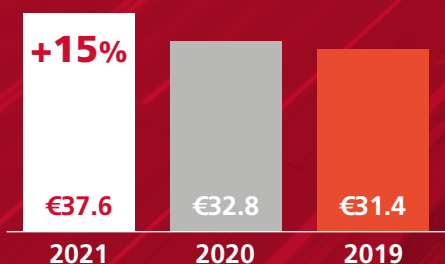
In 2021, we appointed our first Chief Sustainability Officer to lead our dedicated team in further maturing and communicating our approach to Environmental, Social and Governance (ESG). We also engaged PwC to help us further understand how we can leverage and harness the opportunity of ESG in our business. From this study we have set out five core areas in which we intend to maximise value for our wider stakeholders, grasp the opportunities of ESG and support the financial industry as it embraces broader sustainability principles.

With focus on ESG matters continuing to increase among issuers and investors alike, Euroclear actively supports the incorporation of such factors into securities profiles and investment processes – and has an important role to play in the transition to a truly sustainable world. As a place of issuance, with access to a global network of investors, we were very pleased to announce a strategic investment in Greenomy, a Belgium based sustainable finance technology platform, in early 2022. This investment will allow Euroclear to bring non-financial reporting to our network, facilitating a reduction of issuance barriers for sustainable finance.

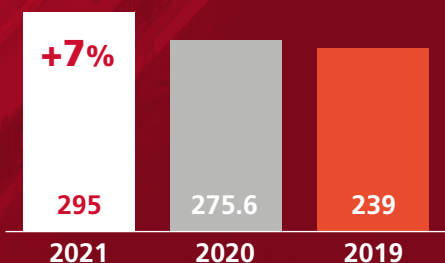
### TURNOVER<sup>1</sup> (in trillion)



### VALUE OF SECURITIES HELD<sup>2</sup> (in trillion)



### NUMBER OF NETTED TRANSACTIONS (in million)



In 2021, we continued to advance the social aspects of Euroclear's broader ESG strategy. For example, we launched our corporate volunteering programme and continued to build on our successful Diversity & Inclusion programme through engagement both inside and outside the organisation. We continue to foster diversity and inclusion, with an emphasis on ethnicity, disability and LGBTQ+ concerns as well as gender diversity. We are taking concrete initiatives such as adapting our offices and providing inclusivity training for our leadership teams.

Looking ahead, in 2022, we will finalise Euroclear's path towards achieving net zero by committing to set rigorous new science-based targets, while simultaneously reviewing our Scope 3 emissions, with a particular focus on our supply chain and a reassessment of how we manage climate risk more broadly. A full 2021 Sustainability Report for the group will be published this summer.

### THANK YOU

Finally, I would like to extend my sincere thanks to all our customers for entrusting their business to us; to my colleagues and partners for their ongoing dedication to our business; and to you, our shareholders, for your confidence in us.

I look forward to working with the Board and our executive team to deliver further strong progress in 2022 and beyond.

Thank you,

**Lieve Mostrey**  
CEO of Euroclear group

<sup>1</sup> The data includes intra-group holdings/transactions, as relevant.  
<sup>2</sup> Yearly average

# MANAGEMENT TEAM



**Lieve Mostrey**  
Group Chief Executive Officer



**Michal Paprocki**  
Group Chief Information Officer



**Valérie Urbain**  
Group Chief Business Officer



**Paul Hurd**  
Group Chief Risk Officer

**Bernard Frenay**  
Group Chief Administration Officer

# FINANCIAL REVIEW

The Euroclear group's results for the year and financial position at 31 December 2021 are set out in the Euroclear Holding SA/NV audited consolidated financial statements.

These figures are expected to be submitted for approval by Euroclear Holding SA/NV's 2022 annual shareholders' meeting. The full year 2021 figures are compared to the full year 2020 figures of Euroclear Holding (unless otherwise indicated). Prior to 2019, the comparison relates to the financial results of Euroclear plc.

The Euroclear group delivered a robust business performance in 2021, reflecting its business continuity, the benefits of its strategy and its continued relevance as a systemically important financial market infrastructure.

## INCOME STATEMENT REVIEW

**Business income** increased by 15% year-on-year to €1,467 million as the group benefited from strong client traction and positive market conditions. Assets under Custody of €37.6 trillion marked a record, boosted by stocks valuation evolution and new fixed income issuances (including sizeable European programmes) and business gains including the successful launches of new global market links. Equity valuations increased, settlement volumes remained high, as well as a growing activity in international ETFs.

**Net fee and commission income**, i.e. the business income including the liquidity line fees and three months of MFEX contribution, was €1,455.7 million in 2021, an increase of more than 16.3% compared to the previous year.

**Net interest income** reached €63 million, compared to €122 million last year. The decrease is almost fully explained by USD rate cuts decided by the Federal Reserve.

Other income reached €54 million in 2021, in line with 2020.

**Operating income** increased by 10% and reached €1,573 million in 2021.

**Administrative expenses** increased by 9% to €942 million in 2021, due to continued investments in the business to modernise technology capabilities, along with product enhancements, regulatory-driven and cyber security initiatives. Administrative expenses also include €17 million one-off costs in relation to the acquisition of MFEX.

**Operating profit before impairment and taxation** reached €631 million in 2021, an increase of 11% compared to 2020.

Impairments were recorded in 2021 for €16 million, and principally relate to the first consolidation of Taskize.

The effective tax rate amounted to 25%, compared to 24% in 2020.

Profit for the year ended 31 December 2021 was €463 million, 7% above 2020 profit of €432 million in 2020.

Euroclear is closely monitoring the conflict situation between Russia and Ukraine, and is taking the necessary measures to reflect the various sanctions that are issued by the different authorities. While not influencing the 2021

financial statements, the potential future impacts of this crisis on the markets and on Euroclear's future profitability and balance sheet are not yet known. Euroclear remains confident that its low risk profile and the resilient nature of its business will preserve its safety and financial robustness.

**€1,467**  
million  
Business Income

**+15%**  
vs FY 2020

**€919**  
million  
Operating Expenses

**+7%** vs FY 2020

**37%**  
Business Income Margin

**+4%**  
points  
vs FY 2020

## BALANCE SHEET REVIEW

**Total assets** amounted to €29,400 million on 31 December 2021, up by €3,014 million compared to the previous year.

Loans and deposits totalled €17,700 million on 31 December 2021, compared to €17,116 million the year before.

Total shareholders' equity totalled €4,782 million in 2021, down €6 million from the prior year.

Net asset value per share (total shareholder's equity divided by the year-end number of shares) totalled €1,520 as of 31 December 2021, compared to €1,521 in 2020.

## FINANCIAL KEY PERFORMANCE INDICATORS

**Business income margin** (Business income excluding administrative expenses compared to business income) increased from 33% in 2020 to 37% in 2021. We consider business income margin the best metric to assess the strength of our business activities.

**Operating margin** (operating profit before impairment and taxation compared to operating income) remained stable at 40%.

**Unit cost ratio** (administrative expenses compared to the average value of securities held). The adjusted unit cost ratio reduced slightly from 0.26 basis points (bps) in 2020 to 0.25 bps in 2021, thanks to the higher cost base being compensated by higher average value of securities held.

**Return on equity** (profit for the year compared to average shareholders' equity) increased from 9.6% to 9.7% in 2021.

**Net earnings per share** (profit for the year divided by the weighted average number of shares) increased to €146.9 in 2021 compared to €137.2 in 2020 due to higher earnings.

## EMPLOYEE EVOLUTION

The average number of persons employed by the group during the year was 4,281, which is slightly higher compared to 4,066 in 2020.

## ACQUISITION OF OWN SHARES

During the financial year, neither the Company nor any directly controlled subsidiary or person acting in his/her own name but on behalf of the Company or a directly controlled subsidiary of the Company acquired any shares of the Company.

The number of shares is 3,147,463 at the end of the year 2021.

## POST-BALANCE SHEET EVENTS

Euroclear is closely monitoring the invasion of Ukraine by Russia, and has taken the necessary measures to reflect the various sanctions that are issued by the different authorities. While not influencing the 2021 financial statements, we expect these sanctions to materially influence the size of our balance sheet going forward. We do not expect the sanctions to materially impact our financial performance.

A consequence of the sanctions is that assets owned by sanctioned parties are blocked in the respective financial market infrastructures, including Euroclear. As the assets mature through their lifecycle, cashflows (e.g. coupons and redemptions) that are normally transferred to the underlying parties accumulate on our balance sheet for as long as the sanctions remain in place. As of end of March 2022, Euroclear Bank's balance sheet increased by €28 billion compared to last December, which creates associated capital requirements, costs and reinvestment challenges.

In line with its role of financial market infrastructure (FMI), Euroclear is carefully managing the various aspects resulting from this situation in cooperation with the competent authorities.

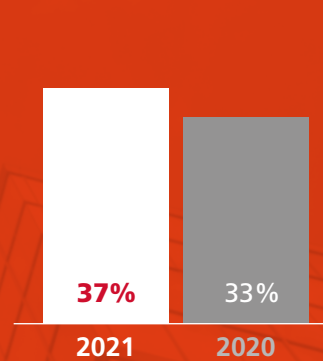
**OPERATING INCOME** (in € million)



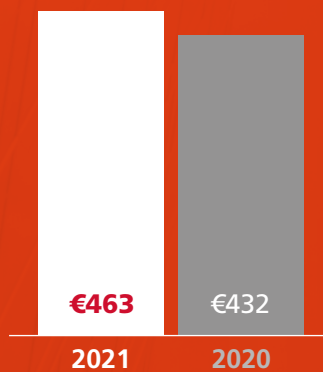
**OPERATING PROFIT BEFORE  
IMPAIRMENT AND TAXATION**  
(in € million)



**BUSINESS INCOME MARGIN**



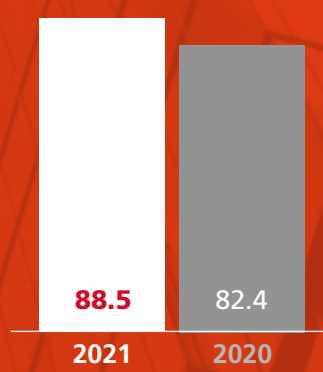
**NET PROFIT**  
(in € million)



**SHAREHOLDER'S EQUITY**  
(in € million)



**DIVIDEND PER SHARE**  
(in €)



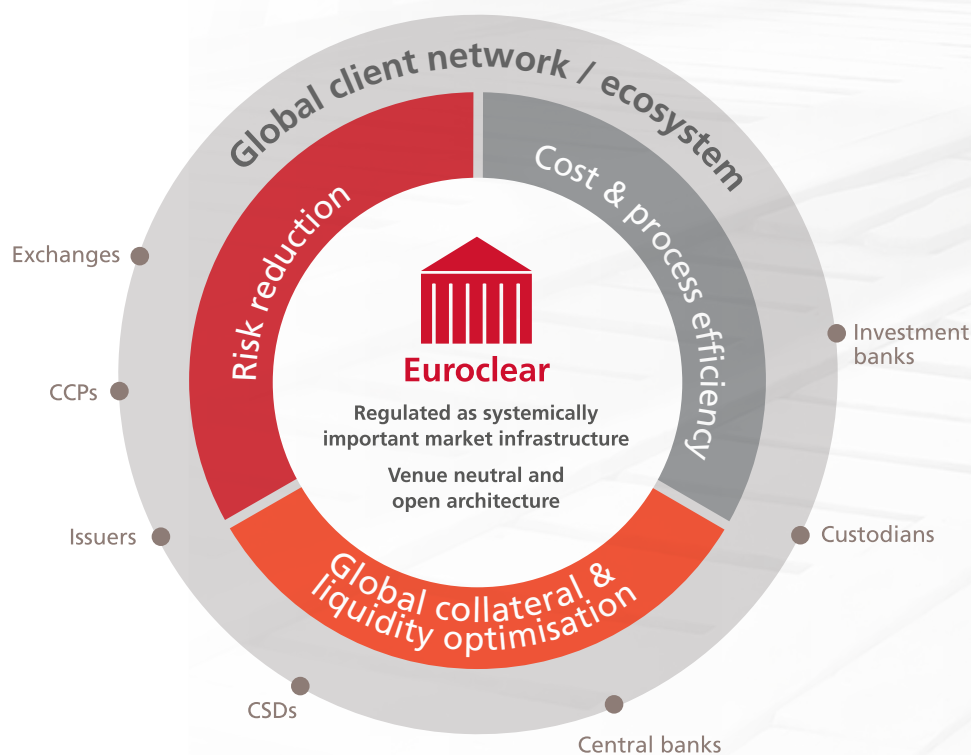
**NET EARNINGS PER SHARE**



Note: 2021 figures do not include MFEX Oct-Dec figures.

# STRATEGY AND BUSINESS REVIEW

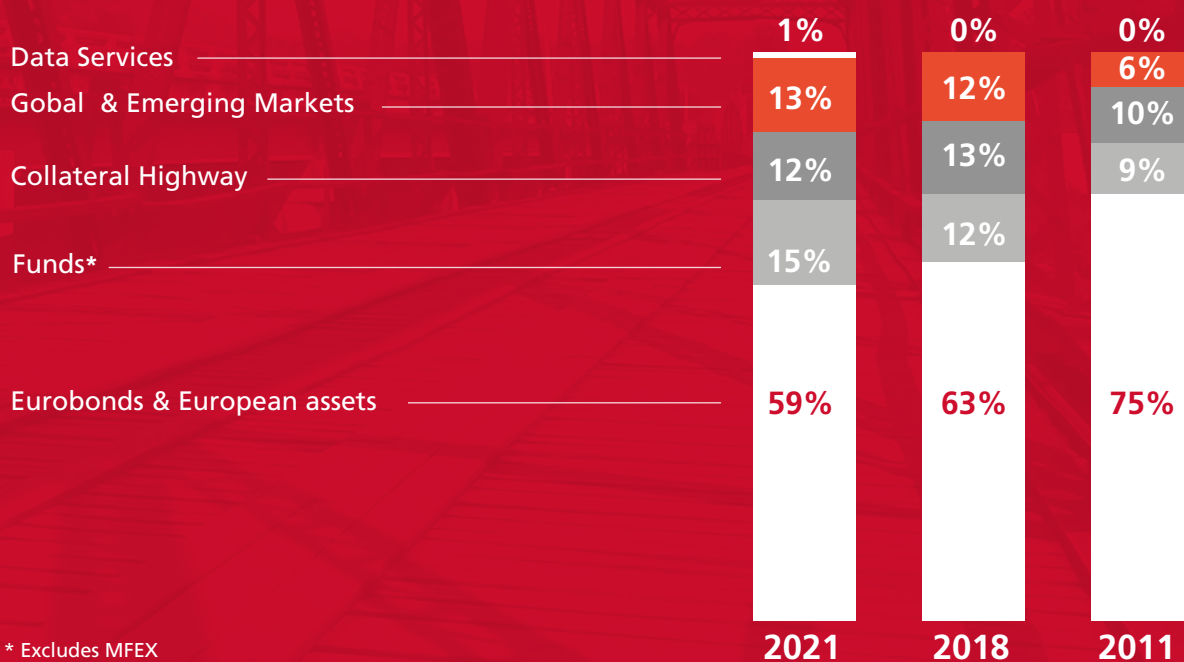
As a provider of financial market infrastructure, Euroclear is trusted to operate a secure, neutral platform where a wide network of the world's largest financial firms and central banks hold and transact securities issued by companies and governments.



Euroclear provides financial market infrastructure services across asset classes via its international CSD (Euroclear Bank) and the group's six domestic European CSDs serving seven markets (Belgium, Finland, France, Ireland, the Netherlands, Sweden and the United Kingdom).

Together, these highly regulated CSDs provide solutions for domestic and global financial market participants to either issue or access securities issued by governments, corporations and asset managers. In addition, the group facilitates financing in capital markets by reducing risk, increasing post-trade process efficiency, and optimising collateral mobility and access to liquidity.

**Business income from non-core services increased from 25% to 41% in 10 years**



\* Excludes MFEX

Euroclear has extended this presence in 2021 with the acquisition of MFEX, a leading European and global funds distribution platform.

The Euroclear network comprises 2,000 financial institutions which use its platform to access 50 different markets and settle transactions in 50 currencies. On their behalf, the group holds €37.6\* trillion of assets under custody, and enables over 276 million transactions per year, worth an equivalent of €1 quadrillion (1,000,000,000,000,000) or approximately 12.5 times world economic output.

In 2021, Euroclear again demonstrated its operational reliability, despite disruption caused by the Covid-19 pandemic. Consequently, the group attained record operating metrics and a best-ever financial performance, reaching its key 2023 targets two years ahead of plan.

Underpinning this performance was accelerating progress on the group's three strategic objectives:

- **Strengthening our network** in Eurobonds, European securities and investment fund asset classes
- **Growing our network** by expanding internationally and by connecting global collateral pools
- **Reshaping our network** by exploring innovative value-add solutions that ensure long-term relevance to clients

Achieving its key multi-year performance targets early confirms Euroclear's strategic direction is sound and that the business is performing very well. The scale of this transformation is even more apparent when looking over a ten-year time horizon. In 2011, growth business lines contributed just 25% of income compared to 40% by 2021. Having a stronger, more diversified business positions Euroclear well for its future strategic evolutions.

# STRENGTHENING EUROCLEAR'S EUROPEAN NETWORK

Euroclear entities play an especially crucial role in the functioning of European capital markets. They hold approximately 55% of all European capital market securities and over 60% of Eurobonds, which is testament to Euroclear's attractiveness to its home region's issuers and its investors.

The group's European network, which comprises Eurobond and European assets, generates 59% of Euroclear's business income.

## RESILIENT AND SCALABLE INFRASTRUCTURE

By investing consistently in the group's technology capabilities and infrastructure platforms, we have ensured that Euroclear's core European business remains both reliable and scalable to meet growing market demand.

Our resilience was demonstrated as the group met its systems uptime targets despite the unprecedented market volatility of the past two years, during which time transaction volumes have risen by 23%. In 2021, netted transaction volumes increased by 7% to 295 million.

Undoubtedly, such exceptional growth in volumes in financial markets has been influenced by uncertainty resulting from the Covid-19 pandemic as well as other macro-economic and geopolitical considerations. This trend, along with extensive issuance of securities by businesses and governments, has continued throughout 2021.

Euroclear has supported this broad-based volume increase while being in a long-lasting contingency situation, with almost all staff working fully from home since Covid-19 reached Europe in early 2020. As local restrictions are gradually lifted, we expect our people to be able to use our

office facilities, in line with governmental guidance, and progressively shift towards hybrid working practices. Further information is contained on page 34.

## SUSTAINED INVESTMENT TO UPGRADE TECHNOLOGY CAPABILITIES

Highest priority is given to ensuring operational risks remain strictly controlled, with continued investment in cyber-defence and business resilience to meet an ever-evolving risk environment.

This focus is reflected in the group's technology investments where Euroclear is upgrading core systems and infrastructure, as well as optimising its technology to future-proof the organisation and enhance its service offering to clients. By moving towards hyper-converged technology solutions, the group is seeking to structurally optimise the costs related to acquiring and running hardware.

Several initiatives are underway to explore IT process automation and digital customer interfaces. These include Application Programming Interfaces (APIs) via the EasyWay product, as well as hybrid cloud solutions. EasyWay, a web-based interface that helps clients to work efficiently and manage their operational risks, is now used by the majority of Euroclear Bank clients and achieves high levels of customer satisfaction and platform stability. In parallel, actions are underway to embed further agile

>2,000  
financial  
institutions

50   
settlement  
currencies

€37.6  
trillion of assets  
under custody

ways of working and optimise the IT operating model by leveraging group synergies and experience, and global partner support. Such efforts continue to make Euroclear an attractive place to work for talented and skilled technology professionals.

#### **SUPPORTING EUROPEAN AMBITIONS**

Providing robust infrastructure and a global investor network, Euroclear is a natural partner for European authorities as they raise funds for the sustainable post-pandemic economic recovery of the region. For example, Euroclear supported the European Union's €750 billion NextGenerationEU issuance, launched to help build a greener, more digital Europe.

Euroclear is also well placed to contribute further to the European Union's longstanding ambition to develop integrated European capital markets. In 2021, Euroclear Bank signed an agreement with the European Central Bank (ECB) and the central banks of the euro area to join the ECB's TARGET2-Securities (T2S) settlement system.

By connecting to this platform, Euroclear Bank will become the first ICSD to offer clients the choice between Euro settlement in commercial bank money and/or Euro settlement in central bank money.

Euroclear Bank will provide clients with access to a single pool of liquidity and collateral, across multiple currencies and jurisdictions, enabling them to greatly optimise liquidity management and reduce their financing costs. Clients will also continue to benefit from the existing asset protection and high-quality collateral management and asset servicing.

Connecting Euroclear Bank to T2S builds on the group's existing contributions to European harmonisation. Euroclear's ESES CSDs (Euroclear Belgium, France and Nederland) have been connected to T2S since 2016.

ESES is proving to be an attractive place of issuance for domestic and pan-European issuers, with 2021 assets under custody reaching more than €10 trillion for the first time (up 14% year on year) and hosting a record 47 initial public offerings (IPOs) in 2021 (vs. 13 in 2020).

Euroclear Finland is scheduled to join T2S in 2023. In addition, the Swedish Riksbanken has taken the directional decision to migrate the SEK payments and securities settlements to the Eurosystem's T2/T2S.

To help chart the path forward, Euroclear Sweden sponsored a market wide study around this topic, which was conducted by Oliver Wyman. This resulted in an independent impetus to the market harmonisation and helped to assess the implications of what lies ahead for the entire Swedish market.

### **CHAMPIONING EFFICIENCY AND SAFETY DURING REGULATORY TRANSITIONS**

Euroclear continues to actively embrace and enable efforts to make the financial industry safer and more efficient. Over the past decade, pan-European legislation (including MIFID II, EMIR, the CSD Regulation (CSDR), the Shareholder Rights Directive II (SRD II) and new banking regulations) have continued to transform the financial landscape with a primary focus on fostering capital market safety.

Euroclear has invested extensively in its own regulatory compliance as it adapts to these new requirements. Every group CSD is fully licenced under CSDR since end 2020, making Euroclear the first major group of (I)CSDs to achieve such regulatory compliance.

We are now accompanying market participants in each of the group (I)CSDs through the adoption of the CSDR settlement discipline regime which entered into force on 1 February 2022.

Furthermore, as explained later in this report, Euroclear is supporting clients as they adapt to the new regulatory requirements in other areas of its business strategy such as the expansion of global collateral management services and by providing data insights that foster high standards of corporate governance.

Euroclear also supported clients through the changes resulting from the United Kingdom's decision to leave the European Union (EU).

In March 2021, Euroclear successfully migrated all Irish corporate securities to its international CSD, Euroclear Bank, which already acted as issuer CSD for Irish government securities. This migration, which provided long-term certainty to the €100 billion Irish securities market, was unique, and involved close market co-operation.

### **A NEW BRAND FOR EUROCLEAR'S UK CSD**

Following this migration, the UK CSD changed its name to Euroclear UK & International (EUI). The new brand more accurately represents EUI's current business and services, as well as the growing importance of international securities to the UK financial markets.



The new brand represents the next phase of the UK business, given the new commercial strategy and the continuous diligent focus on stability and resilience. The commercial strategy has already delivered tangible results, including developing a new service to provide continued access to Euro Central Bank money and an upgrade to the collateral management functionality to improve market efficiencies.

Throughout 2021, EUI's focus has been on continuing to develop its operational resilience across three dimensions, including the delivery of post-incident remediation actions resulting from the September 2020 settlement interruption and associated internal and third party reviews.

As required by the Bank of England's s191 direction in accordance with s166 of the Financial Services and Markets Act 2000, EUI appointed a Skilled Person to access and report on its implementation of the recommendations from the independent review of the causes of the aforementioned incident.

On the regulatory agenda, EUI has progressed its plan to comply with the Operational Resilience Framework supervisory statement. The supervisory statement is designed to improve the operational robustness of firms and financial market infrastructures (FMIs) in order to protect the financial community and economy.



**+276**  
million  
transactions  
per year

**€1,000,000,000,000,000**  
or €1 quadrillion per annum of securities transactions  
**X12.5** times global GDP

# GROWING A HIGHLY ATTRACTIVE FUNDS BUSINESS

Today, Euroclear's funds business generates 15% of the group's business income. As well as offering access to securities, the group also provides significant coverage of the funds industry as part of its diversified business model. In September 2021, this access was strengthened further through the acquisition of MFEX, a leading funds distribution platform.

MFEX, which was purchased for €505 million, is the most significant acquisition by the group in the past decade. By combining MFEX's well established fund distribution platforms with Euroclear's post-trade expertise, Euroclear is creating a new end-to-end funds offering for our clients, providing access to over 2,000 fund distributors and 2,500 fund companies.

The integration of MFEX is progressing well. We expect to deliver revenue and cost synergies of at least €25 million after the integration has been completed, and the acquisition is expected to be accretive to group profits from 2023. The funds market is highly attractive, and we believe that the purchase of MFEX will deliver meaningful long-term value for our shareholders.

Meanwhile, Euroclear's existing funds business performed well during 2021 reflecting an attractive proposition to asset managers who wish to enable broad and efficient access to their issuances and specific post-trade services. Fund assets under custody were up 23% to €3.2 trillion, before inclusion of the MFEX business.

With FundsPlace services including automated order routing, settlement and asset servicing, clients benefit from reduced costs, risks and the complexity associated with processing fund orders.

Such an offer is attractive at a time when the funds industry is going through a period of significant evolution. Innovative business models that meet the needs of an increasingly global and technology-savvy customer base, as well as pressures for increased transparency and efficiency throughout the investment chain, are disrupting traditional practices.

Euroclear is well placed to support these evolving trends, including those occurring through the proliferation of Exchange-Traded Products (ETPs). Having already supported the rapid development of the international ETF model over the past years, this offer was broadened to include a wider array of ETPs such as Exchange-Traded Notes (ETNs) and Exchange-Traded Commodities (ETCs).

**15%**  
of group's  
income

A stylized bar chart with four bars of increasing height from left to right. A white arrow points upwards and to the right, starting from the base of the bars.

**€3.2**  
trillion  
in funds under  
administration  
(excl. MFEX)

# GROWING EUROCLEAR'S NETWORK GLOBALLY

We seek to grow Euroclear's network internationally and support the evolving requirements of clients as they look to benefit from the opportunities created by an inter-connected, global economy.

To achieve this, Euroclear focuses on two opportunities:

- mobilising collateral across borders and time zones
- connecting international markets to Euroclear.

Together, these business lines contributed around 25% of the group's revenues in 2021.

## PROVIDING GLOBAL COLLATERAL MANAGEMENT SOLUTIONS

The Euroclear Collateral Highway supports the financial market's requirement for a neutral, interoperable utility to source, mobilise and segregate collateral. It provides a comprehensive solution for managing collateral, offering clients a complete view of exposures across the full spectrum of their asset classes and enabling them to benefit from collateral optimisation opportunities.

In addition to more traditional collateral management activities (typically repos, securities lending, derivatives and access to central bank liquidity), Euroclear's range of collateral management solutions includes dedicated services for corporate treasurers, and a specialised equities collateral management service.

By the end of 2021, the average daily collateralised outstanding on the Collateral Highway reached a record €1.9 trillion, up 27% compared to 2020. The Collateral Highway's growth benefited from our leading global role in providing triparty solutions as clients implement new uncleared margin rules for derivatives under the Basel frameworks.

Such new global regulations, which require clients to post margin across transactions to reduce counterparty and systemic risk, are expected to drive ongoing demand for collateral management services across a broader spectrum of market participants.

In early 2021, the group took steps to extend the global Collateral Highway by signing a Memorandum of Understanding (MOU) with the TMX Group to build a new collateral management service for Canada's capital markets.

**€1.9**  
trillion  
average collateral  
outstanding mobilised daily

**+27%**  
compared  
to 2020




## **EUROCLEARABILITY – EXPANDING THE GLOBAL REACH OF THE NETWORK**

Across the globe, growth economies are seeking to attract foreign investors to help fund long-term development needs. At the same time, international investors want opportunities to diversify and increase their investments around the world, particularly during a period of historically low yields in Europe and North America. Euroclear's Global and Emerging Markets business grew assets under custody by 15% in 2021 to €1.5 trillion.

Euroclear works closely to support local economies that wish to connect their domestic capital markets to a broad global investor base, to maximise capital flows and guarantee stability to these financial markets. In the course of 2021, we signed an agreement to extend our global reach possibilities to Saudi Arabia in co-operation with the central depository in the region.

Euroclear has continued to extend its network in Asia with the launch of new asset classes in China and Japan during 2020. These were supplemented by the launch of a new bond structure with Singapore, launched in the first quarter of 2021. The new innovative structure combines domestic issuance with global distribution channels and is beginning to gain traction amongst major issuers in the region.

**Global and Emerging markets  
and Collateral Highway**



**25%**  
of group's revenue

# RESHAPING THE NETWORK

Euroclear's third strategic theme is to explore opportunities through new technologies and business models to reshape its network in sustainable ways that support clients' evolving requirements.

The areas of opportunity that Euroclear is exploring in support of this theme, include:

- enhancing connections within the financial market ecosystem and strengthening shareholder governance
- harnessing insights through data
- exploring new technologies and opportunities to anticipate capital market needs
- expanding the role of infrastructure to foster growth and efficiency in the sustainable finance market

## **INSIGHTS THAT ENHANCE GOVERNANCE-RELATED ISSUER SERVICES**

In recent years, there has also been an increasing demand for issuers to know and engage more closely with shareholders as part of their corporate governance practices. This trend is further strengthened by new regulatory imperatives around Know Your Customer (KYC) and the SRD II.

In 2021, Euroclear launched InvestorInsight, for issuers across the European Union. The service allows easy identification of their shareholders which creates opportunities for issuers to engage with their investor base, regardless of location and the intermediaries they use. InvestorInsight builds on more than 25 years of experience in offering shareholder identification services to the French market.

By understanding the composition of the shareholder base, firms can better target roadshow and analyst meetings as well and anticipate investor actions/needs at AGMs, etc.).

Lastly, the service should enable issuing firms actionable insight into prospective investors. The depth and quality of the data provided by InvestorInsight has been praised by issuers and their agents, with a Beneficial Owner identification rate reaching more than 95%.

Another similar product, known as Vantage by Euroclear, has also been developed and launched specifically for Swedish issuers. Vantage is a state-of-the-art platform which supports issuers' investor relations professionals with data insights on their company's shareholder structure.

The product supplements the existing issuer service offering of Euroclear Sweden to more than 2,000 issuer clients. This offering includes a digital voting service for annual general meetings which has been highly appreciated. Since the pandemic a large portion of such meetings were held virtually, or in hybrid format, a context in which Euroclear Sweden's digital voting service was particularly valued.

In Finland we have also extended the services provided to the issuer community with 84 companies choosing to use Euroclear Finland's advance voting service for their general meetings.

By continuing to extend the range of issuer services, the Euroclear CSDs become more attractive as a place to list securities in an increasingly competitive and harmonised pan-European issuance market. We are therefore equipping our EU-based domestic CSDs to fit the legal and tax requirements that allow Euroclear to welcome issuers from different regions.

## BRINGING DATA INSIGHTS

With almost €38 trillion of assets under custody, Euroclear manages huge quantities of financial transactions data. Euroclear has extended its role in bringing greater transparency and liquidity in global capital markets by harnessing this untapped data. Launched in early 2021, LiquidityDrive captures this aggregated liquidity information to inform pre-trade decisions and enrich post-trade analysis.

For clients, this complements existing traditional sources of fixed income data, based on executed trades, empowering traders to use the centralised view on holding and concentration levels to make informed fixed income investment decisions. With historical data spanning back to 2018, the LiquidityDrive service spans over 450,000 Fixed Income ISINs including aggregated data on over 200,000 Eurobond issuances, as well as domestic European debt.

## PILOTING BLOCKCHAIN TECHNOLOGY AND DIGITAL CURRENCY SETTLEMENT

In March 2020, Banque de France launched a wholesale Central Bank Digital Currency ("CBDC") experiment programme to test the integration of CBDC in innovative procedures for the exchange and settlement of tokenised financial assets between financial intermediaries. A consortium of banks led by Euroclear assessed the potential of post-trade capital market settlement operations in CBDC for French Sovereign Debt Securities (OAT).

Last year's findings from the experiment confirmed that blockchain technology is suitable to manage post-trade market operations in CBDC, subject to additional testing with real-world volumes. It also highlighted that the full value of blockchain cannot be realised by simply replicating 'as is' the securities settlement operations processes.



However, enabling direct access by end-investors on the blockchain platform via their custodians and/or removing the current post-trade processing breaks, would allow blockchain technology to improve post-trade operations. We are proud of our contribution to the overall CBDC experiment and the long-term blockchain journey of the capital markets.

### **EXTENDING DIGITAL INTERFACES IN THE ECOSYSTEM**

Euroclear continues to invest in connectivity and communications products that enhance our clients' experience and increase efficiency. EasyWay is Euroclear's web-based interface that offers clients a clear overview of settlement, collateral management and corporate actions activity. With accurate, real-time data at their fingertips, EasyWay helps users work efficiently and make fast, effective decisions to manage operational risks.

A further example is Taskize, the innovative messaging tool helps back-offices across the ecosystem to manage and resolve their post-trade activities more efficiently, particularly important considering CSDR settlement discipline. Client demand for the service has steadily increased, with 550 clients in more than 50 countries signed up to the service and reporting important levels of user satisfaction. The network continues to experience strong growth with over 100 clients signing up to Taskize in 2021.

### **SUPPORTING GROWTH OF THE SUSTAINABLE FINANCE MARKET**

Throughout 2021, Euroclear intensified investment to support the development of a sustainable finance market as one of the main pillars of our group ESG strategy.

To this end, a joint study with PwC explored the opportunity of using a financial market infrastructure approach to scale the sustainable finance market and we are now aiming, as a key part of our ESG strategy, to:

- support greater supply of ESG investment opportunities by reducing barriers to issuance;
- simplify and clarify the issuance process for a sustainable issues to trade in international capital markets successfully;
- foster trust through the processing of ESG information;
- improve flow of ESG information between market participants; and
- mobilise greater ESG finance flows by expanding to more asset classes and participants

In this context Euroclear was delighted to announce a strategic investment in Greenomy, a Belgium-based sustainable fintech platform that aims to support issuers and investors for compliance with increasing ESG taxonomy standards.

# BUSINESS OPERATING METRICS

(as at December 2021).

## Euroclear ESES CSDs

Guillaume Eliet, Chief Executive Officer

### Euroclear Belgium



	2021	Change from 2020
Turnover	€0.7 trillion	▲ 2%
Value of securities held <sup>1</sup>	€0.2 trillion	▲ 12%
Number of netted transactions	2.7 million	▼ 8%

### Euroclear France<sup>2</sup>

	2021	Change from 2020
Turnover	€121 trillion	▲ 6%
Value of securities held <sup>1</sup>	€8.7 trillion	▲ 13%
Number of netted transactions	33.7 million	0%

## Euroclear Sweden

Roger Storm, Chief Executive Officer



	2021	Change from 2020
Turnover	€11.3 trillion	▲ 2%
Value of securities held <sup>1</sup>	€2.5 trillion	▲ 35%
Number of netted transactions	18.6 million	▲ 20%



<sup>1</sup> Yearly average

<sup>2</sup> The data for Euroclear France excludes 'pensions livrées' with Banque de France



**Euroclear Bank**  
Peter Sneyers, Chief Executive Officer

	2021	Change from 2020
Turnover	€652.6 trillion	▲ 13%
Value of securities held <sup>1</sup>	€17.1 trillion	▲ 12%
Number of netted transactions	146.9 million	▲ 14%



**Euroclear UK & International**  
Michael Carty, Chief Executive Officer

	2021	Change from 2020
Turnover	€197 trillion	▲ 5%
Value of securities held <sup>1</sup>	€6.8 trillion	▲ 13%
Number of netted transactions	70.9 million	0

**Euroclear Nederland**

	2021	Change from 2020
Turnover	€7.6 trillion	▲ 37%
Value of securities held <sup>1</sup>	€1.5 trillion	▲ 26%
Number of netted transactions	7.9 million	▼ 8%

**Euroclear Finland**  
Hanna Vainio, Chief Executive Officer

	2021	Change from 2020
Turnover	€1.7 trillion	▲ 9%
Value of securities held <sup>1</sup>	€0.5 trillion	▲ 13%
Number of netted transactions	13.7 million	▼ 9%



**MFEX**  
Brigitte Daurelle, Chief Executive Officer

	2021	Change from 2020
Turnover	N/A	N/A
Value of securities held <sup>1</sup>	€0.2 trillion	N/A
Number of netted transactions	N/A	N/A

# MANAGING RISK

## ENTERPRISE RISK MANAGEMENT FRAMEWORK AND GOVERNANCE

Euroclear operates within a highly regulated environment and is a systemically important financial market infrastructure. In this context, an integrated, compliant, and effective Enterprise Risk Management framework (“ERM Framework”) is in place, underpinned by a sound risk culture and a strong governance framework supporting decision making. This enables Euroclear to adequately identify, assess and manage its risks within the Board’s risk appetite, whilst pursuing its strategy and corporate objectives and promoting resilience. The ERM Framework is subject to continuous improvement and its effectiveness is assessed periodically.

The ERM Framework also details the roles and responsibilities of the three lines of defence. The first line of defence is the risk owner and the primary source of (non-independent) assurance on the adequacy and effectiveness of the control environment. The second line of defence comprises Risk Management and Compliance and Ethics (C&E) which provide independent oversight of risk-taking activities and compliance with applicable regulation, respectively. Internal Audit sits in third line providing reasonable assurance and insight based on the highest level of independence on governance, risk management and internal controls.

Euroclear’s risk appetite is set by the Board and represents the maximum amount of risk the Board is willing to accept to achieve its objectives, including preservation of the long- term strength of the company and of the trust of all key stakeholders. The risk appetite is supported by metrics which are monitored on an ongoing basis.

## PRINCIPAL RISKS

### Operational risk

Operational Risk (the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events) in particular cyber, business disruption and execution, delivery and process management risk

### Financial risks

### Legal, Compliance, Conduct and Culture risks

### Change and Project Risks, Business and strategic risks



## APPROACH

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The ERM Framework has a strong focus on managing operational risks, which are at the core of the Euroclear business. The limited amount of incidents and operational errors demonstrate the robustness of the control environment.

All locations have appropriate contingency arrangements for recovery from workplace disruptions; supplemented by three geographically separate data centres to sustain operations in the event of a local and regional- scale disaster. Euroclear continuously monitors and regularly tests its operational and management response and provides adequate training. To respond to evolving market and regulatory expectations a new Business Resilience division was created with the mandate to support the entities in conducting their resilience programs and crisis management activities.

Throughout 2021 and the continuing Covid-19 crisis, the group has displayed a resilient control environment. The group continues to monitor and reacts appropriately with a view of safeguarding employees, clients (and their assets) and maintaining service levels. As society embraces the 'new normal', a strategic vision based on a hybrid (work-home) activity-based working model is being implemented.

Euroclear has continued to invest significantly in its cyber security capabilities including improvements to the cyber security risk culture. Our investment also in the IT risk and control environment resulted in improved security arrangements in a constantly evolving cyber threat landscape. Further investment will continue in 2022 and beyond to further reduce the residual risks and ensure sustainability.

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Euroclear's CSDs offer only securities settlement services in central bank money and do not provide credit to clients. They do not engage in operations with counterparties, except for the investment of their own funds. Financial Risks are borne by Euroclear Bank in its role as a settlement bank. Euroclear Bank operates a robust credit and liquidity risk framework which continuously seeks to reduce the intra-day uncommitted credit provided to its participants and to ensure smooth day-to-day operations and maintain a high level of preparedness to cope with unexpected and significant liquidity shocks. Euroclear Bank has further improved its resilience and reduced the credit and liquidity risks it faces over the last years, which is confirmed by its sustained CSDR licensing. Euroclear Bank has low residual market risk arising from the investment of Euroclear Bank's capital (interest rate risk) and future earnings (interest rate and foreign exchange rate risks). A hedging strategy is in place to mitigate Euroclear Bank's interest rate risk and foreign exchange risk.

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**The group also faces conduct and culture and legal and compliance risks given its position as a leading financial market infrastructure operating in a highly regulated environment. These risks are managed through robust application of Euroclear's legal and compliance risk management framework.**

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The ability to anticipate and integrate change in an evolving market is essential for the longer-term strategy of the Euroclear group. Therefore, Euroclear operates a project management framework and has a dedicated Group Project Management Office to increase the robustness of its project and programme management capabilities

Further information on our risks and uncertainties, risk management strategies, policies and processes can be found in the notes accompanying the consolidated financial statements of Euroclear Holding SA/NV and in our annual Pillar 3 report on [www.euroclear.com](http://www.euroclear.com).

# OUR RESPONSIBILITY

At Euroclear, we take our commitments to the environment, society and good governance seriously. Not only is this the right thing to do, but we believe that a company is far more likely to succeed and deliver strong performance if it creates value for not just shareholders but for all its stakeholders.



We use the UN's Sustainable Development Goals as our guiding principles and report according to the Global Reporting Initiative (GRI) standards in our annual sustainability report.

In 2021, we appointed our first Chief Sustainability Officer together with a dedicated team to coordinate and communicate our approach to ESG issues across the group. At the same time, and to further understand how we can leverage and harness the opportunity of ESG in our business, we engaged PwC to carry out two studies. The first analysed the role of an FMI in creating a more sustainable marketplace. The second provided an in-depth gap analysis of our current ESG approach. As a result of this work, we have identified five main ambitions for the coming years:

### **1. To facilitate and accelerate a sustainable financial system and become the issuer of a sustainability-linked bond in due course**

In September 2021, together with PwC, we published a position paper entitled "A Cross Border FMI driven approach to Sustainable Finance". This assessed how the trusted and central role of a global financial market infrastructure (FMI) could address obstacles in the growth of the sustainable finance market globally, through greater transparency on securities and ESG information, which now underpins the sustainable finance market. It set out three areas where an FMI could help the delivery of this vision:

- reducing barriers to issuance; where FMIs can simplify and clarify the issuance process for successful sustainable issues to trade in international capital markets.
- processing ESG information; where FMIs can improve the flow of ESG information between market participants, distribution and corporate actions processing.
- expanding the sustainable finance market; where FMIs can mobilise greater sustainable finance flows by expanding the reach of the market to more asset classes and participants.

We are now working to accelerate greater sustainable finance flows through an efficient (pre)issuance process, and we are defining and delivering infrastructure processes to allow investors and issuers to exchange ESG information efficiently and transparently across the group.

### **2. To build a climate resilient business and support climate resilient financial markets through the management of climate risk**

We continuously strive to reduce our impact on the planet. We have been carbon neutral to PAS 2060 standards since 2012 and set our carbon emission reduction targets in accordance with Science-based Targets. In 2021, we adapted our Science-based Target to be in line with the Paris Agreement goal of keeping global warming below 1.5 degrees. We have accordingly set ourselves the ambitious target of reducing our carbon emissions by 42% by 2024 based on our 2014 baseline and we will keep these targets under close review.

In 2021, we reduced our carbon emissions by 47% compared to the 2014 baseline. This figure takes into account the energy consumed due to homeworking for the entire year.

We continue to reduce our carbon emissions wherever possible and see a positive evolution since the introduction of our new car policy in Belgium, with the aim of creating a more sustainable fleet. Considering pending orders at the end of 2021, 78% are for electric or hybrid vehicles.

In 2022, we will finalise the path towards achieving net zero, while at the same time reviewing our Scope 3 emissions, especially focusing on our supply chain and reassessing how we manage climate risk more broadly.

### **3. To be an employer of choice by fostering a healthy, inclusive environment and attracting, developing and upskilling staff for the future needs of financial markets**

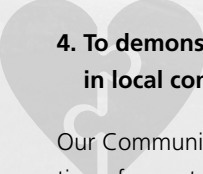
While the Covid 19 pandemic continues to have a serious impact across our markets, our main priority remains the well-being and safety of our staff, whilst ensuring business continuity. Throughout 2021 most of our people continued to work from home, and we made sure to maintain a strong connection with our people through our 'How are you?' and 'Your Voice' surveys measuring employee engagement. The results of the last twice-yearly Your Voice survey was a score of 7.4 out of 10, which has remained stable across the last three surveys.

In 2021, we continued to build on our successful Diversity & Inclusion programme launching a dedicated training course with a focus on inclusion for our leadership population. We focused on inclusion, with the main objective being to engage all colleagues in this journey through dialogue sessions, training and communication. In parallel, we continued to work on areas where we can make a specific impact, for example gender balance, disability and diversity.

Women represent 50% of the company, but they are not evenly represented at all levels and in all divisions. To address this, we aim to have at least 1/3 women at all levels and at least 1/4 women in executive committees by end 2022; and to increase the number of women by 4% in those divisions with less than 40% women.

We are now investigating ways in which we can gather data for diversity dimensions other than gender.

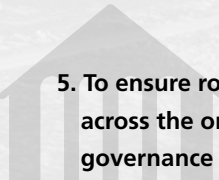
As we look towards returning to our various offices in 2022, we plan to encourage a hybrid, activity based working model, as part of our Flex-E programme. To support our employees during these prolonged periods of home-working, we have organised trainings on mental resilience, stress management and working from home with positive feedback received from staff on the initiatives. In addition, at the beginning of 2021, we launched our Employee Solidarity Fund to financially support colleagues who find themselves in exceptional circumstances.



#### **4. To demonstrate the impact of our support in local communities**

Our Community stream focuses on four main pillars: alleviation of poverty; coaching and education, social and financial inclusion and the environment. With the launch of our new corporate volunteering programme in 2020, we had a record number of volunteers who took part in a range of activities over the year. In 2021, 850 volunteers took part in 30 different activities which represented 3,600 hours of support to local communities.

We continue to support isolated rural communities in Uganda and in Asia together with our chosen community partners, providing much needed Savings & Loans schemes and materials so that children can learn at home.



#### **5. To ensure robust and transparent governance across the organisation and encourage good governance through our value chain**

Euroclear SA/NV and its major subsidiaries are all subject to a variety of financial services regulations, most notable the CSDR Regulation and Banking Regulations which detail very specific governance requirements. We publish detailed governance charters which outline the main aspects of the Corporate Governance framework of the major entity in the group.

A major focus in 2021 centred on delivering continued business services to the highest levels of professionalism and ethics, thorough personal trust, accountability and

empowerment. We launched the revised “Code of Ethics & Business Conduct: We live our values together” enshrining expected behaviours. This Code serves as a North Star for the organisation and is key in empowering staff to perform to their best ability, do the right thing at all times and speak up if they witness behaviour which goes against the Code’s principles.

In 2021, Euroclear’s staff awareness programme on compliance and ethics topics continued as usual. E-learning modules and certification exercises showcased a continued drive to create awareness around data usage under GDPR, market abuse, Speak up, anti-money laundering and how to manage Conflicts of Interest.

#### **ESG IN OUR SUPPLY CHAIN**

Euroclear manages the supply chain risks of its suppliers in order to contribute to financial market stability.

All critical suppliers are assessed annually, with respect to ESG and compliance (anti-money laundering, sanctions, conflicts of interest, bribery and corruption, human rights including modern slavery, personal data). Protocols are established and followed when issues are identified. In 2022, we will be investigating how we can further strengthen our supply chain assessment

Please refer to **our 2021 Sustainability report ‘Our Responsibility’**, set out in accordance with the Global Reporting Initiative Standards, which will be published in mid-2022 for more details.

# EUROCLEAR HISTORY

1968

Euroclear System sold to the Euroclear Clearance System Public Limited Company which is owned by over 120 major financial institutions.

1972

Euroclear Bank merges with Sicovam, the CSD of France, which is renamed Euroclear France.

2000

2001

2002

Euroclear SA/NV created as a new parent company, owning Euroclear Bank and the CSDs and the group's securities-processing platforms.

2005

2006

Euroclear acquires the Nordic Central Securities Depository, which comprises the CSDs of Finland and Sweden.

2008

2009

Launch of Euroclear's Collateral Highway, the first open global market infrastructure to source and mobilise collateral across borders.

2012

2016

**Euroclear acquired MFEX, a leading global distribution platform and delivered a record performance, exceeding its key financial targets 2 years ahead of plan.**

2021

Morgan Guaranty launches the Euroclear System.

Euroclear Bank created, taking responsibility for all Euroclear-related operating and banking activities.

NECIGEF, the Dutch CSD, joins as Euroclear Nederland. CRESTCo, the CSD for Irish equities and all UK securities, becomes part of the Euroclear group renamed Euroclear UK & Ireland.

CIK, the CSD for Belgium joins the group as Euroclear Belgium.

Euroclear Settlement of Euronext-zone Securities (ESES) is launched.

Euroclear's ESES CSDs (Euroclear Belgium, Euroclear France and Euroclear Nederland) connect to the ECB's TARGET2-Securities platform.

## ABOUT EUROCLEAR

Euroclear is the financial industry's trusted provider of post-trade services. We provide settlement, safekeeping and servicing of domestic and cross-border securities transactions, from bonds, equities and derivatives to investment funds. We connect over 2,000 financial market participants across the globe and ensure securities transactions are processed safely and efficiently. As an open and resilient infrastructure, we help clients cut through complexity, lower costs, and mitigate risks.



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Euroclear is a carbon neutral company **PAS2060 certified**

**IR4309- 2022**