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**Euroclear France SA
Governance Charter**

December 2017

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INTRODUCTION

This charter outlines the main aspects of the Corporate Governance of Euroclear France SA (“**EF**” or the “**Company**”).

The content of this Charter is updated in line with the Corporate Governance Memorandum as adopted periodically by the Board of Directors.

The description of the composition of the Board of Directors and its committees is included every year in a specific section of the Annual Report. In addition the Euroclear Group provides more detailed information on Euroclear risk management objectives and policies as well as on its remuneration policy and practices can be found in the Pillar III Disclosure.

The latest version of the Charter, Pillar III Disclosure and Annual Report are publicly available from www.euroclear.com or the local authorities.

1. CORPORATE STRUCTURE

This section describes the legal and supervisory regime applicable to EF as well as its shareholder structure.

1.1. LEGAL AND SUPERVISORY STATUS

Euroclear France SA, (“**EF**”) a French incorporated “*société anonyme*”, is the Central Securities Depository (“**CSD**”) of France and a securities settlement system that settles Euronext stock exchange transactions (with LCH.Clearnet S.A. as central counterparty) and Over-The-Counter (“**OTC**”) transactions, and provides custody and other services to its clients (financial institutions and issuers).

From a prudential viewpoint, EF is regulated by the *Autorité des Marchés Financiers* (AMF) and is subject to the oversight of the *Banque de France* (BdF).

EF has applied for a license under EU regulation number 909/2014 of the European Parliament and Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories (“**CSDR**”).

EF is a subsidiary of Euroclear SA/NV (“**ESA**”), a Belgian company regulated by the NBB as an institution assimilated to a settlement institution and as a financial holding company. The governance and group structure of ESA is described in the Governance Memorandum of ESA.

1.2. SHAREHOLDER STRUCTURE

1.2.1. Shareholders

All issued capital shares of Euroclear France SA are held by Euroclear SA/NV, except for the shares held by Board members in line with legal requirements and the current Articles of Association. All ESA’s share capital is itself held by EI except one share which is held by Euroclear plc (“**Eplc**”). The precise number of issued shares in EF is outlined in the Company’s financial statements each year.

ESA, EI and Eplc are all financially sound companies. The consolidated and stand-alone financial statements and annual accounts of Eplc demonstrate the financial soundness of Eplc and its subsidiaries and are published on www.euroclear.com.

As direct or indirect EF shareholders, ESA, EI and Eplc create the conditions necessary to ensure a sound, objective and prudent management of EF and treat the holding of their interest in EF in accordance with these conditions. ESA, EI and Eplc have undertaken to adopt all measures necessary to promote EF’s stability and autonomous management of its business towards its long term development.

As majority shareholder, ESA Board participates in the definition of EF’s general strategy and policy including its risk tolerance and risk framework, the supervision

of its activities and its management, the appointment of the members of the Management Committee/Board and the performance of the powers entrusted by law to the Board of Directors.

1.2.2. General Meeting of Shareholders

All EF shareholders may attend the General Meeting (ordinary or extraordinary), either themselves or through proxies, subject to compliance with applicable law and the Articles of Association of EF (the "Articles"). Each share of the Company carries one vote.

The Annual General Meeting is held at least once a year within the six months following each closure of accounts. Additional Annual or Extraordinary General Meetings are convened at any such time as the Company's interests may require. Annual and Extraordinary General Meetings are held at the place indicated in the notice of meeting, but usually at the registered office of the Company.

The quorum for General Meetings of the Company consists of a number of shareholders, present in person or by whatever means of telecommunication allowing to identify them or by proxy in line with legal requirements. A remote voting procedure is also possible, in line with legal requirements. Notwithstanding applicable legal requirements, the resolutions of the shareholders are taken by simple majority of the votes cast. No resolution on items which are not on the agenda can be adopted. Decisions taken at General Meetings are binding on all shareholders, including absent or dissenting shareholders.

2. GOVERNANCE BODIES AND STRUCTURE

ESES GOVERNANCE MODEL

Since January 2009, EF and the Belgian and Dutch CSDs, Euroclear Belgium ("**EBE**") and Euroclear Nederland ("**ENL**") respectively, run most of their operations on the same IT platform and offer a largely integrated service to the clients of the Euronext markets (to the exception of the Portuguese market), namely the Euroclear Settlement of Euronext-zone Securities ("**ESES**").

The implementation of the ESES programme has created an integrated settlement infrastructure, introducing a single IT platform, harmonised services, market practices and tariffs across Belgium, France and the Netherlands. As this integration has further strengthened the interdependence between EBE, EF and ENL (altogether the "**ESES CSDs**"), those entities have adopted an integrated governance model to further coordinate the decision-making in these three entities in view of ensuring (where possible) a consistent approach in the delivery of ESES across the Belgian, French and Dutch markets.

The ESES governance model consists in harmonising the governance and management structure of the three ESES CSDs while complying in each jurisdiction with the local applicable laws and regulations. It aims at managing the ESES CSDs with the necessary level of coherence to offer a domestic-like service across the Belgian, French and Dutch markets, to the benefit of the ESES CSDs' clients while preserving the legal autonomy of each ESES CSD and their ability to operate in and for its own market in full compliance with local rules and priorities.

In practice, this harmonised governance model implies, in the three ESES CSDs, (nearly) the same composition of most of the corporate bodies, the appointment of the same person as Chief Executive Officer, and the creation of cross-entity fora or committees.

BOARD OF DIRECTORS

2.1.1. Role and Responsibilities

The Board of Directors of EF (the "**Board**") is the ultimate decision making body of the Company and is charged with setting the policies and strategy for the Company, upon a recommendation of the MC, within the framework of and taking into consideration the overarching strategy, policies and risk tolerance defined by the Group.

The Board has put in place several specialised advisory committees to assist it in carrying out its role efficiently.

The Board has vested the CEO (Directeur Général) with the most comprehensive powers to act in all circumstances on behalf of the Company.

The Board has defined its own Terms of Reference as well as those of the committees it has set up.

The Company has in place a full set of reference documents on the role, composition and operation of all of its committees.

The Board has the powers to carry out all acts that are useful to achieve the object of the Company as defined in the Articles, except those that are explicitly reserved by law or the Articles to the shareholders.

In carrying out this role, each Board member acts in good faith in the way s/he considers would be most likely to promote the success of the Company for the benefit of its shareholders as a whole while having due regard to the interests of other stakeholders (such as customers, employees and suppliers). The Board also has regard to the interests of the Group, provided the proper balance is struck between the burden imposed on the Company and the eventual benefit to the Company.

The primary responsibilities of the Board are to define and oversee the implementation of the strategy and objectives of the Company and its risk framework (including its risk appetites and risk policies) and to supervise the Company's management.

In defining the strategy of the Company, the Board handles any individual strategic matters as and when they arise, and also receives updates on the Company's and the Group's strategy at each Board meeting.

The control and oversight of the Company's management is carried out by the Board in various ways. The Board has access to the minutes of all MC meetings upon request. In addition management reports to the Board on the implementation of the agreed strategy, risk profile and financial position of the Company and all other matters delegated from the Board to the Management Committee, including amongst others regular reporting on risk control policies, risk tolerance, metrics and critical residual risk and any change thereto.

The level of control over management is assessed regularly by the Board as a whole as part of the Board self-assessment process which covers specifically management's relationship with the Board.

The responsibilities of the Board have been defined in detail in the Articles and its own Terms of Reference.

2.1.2. Composition

The Board comprises at least three and a maximum of 16 members as prescribed by the Articles. Board members are natural or legal persons. The list of Board members is available in the annual report and accounts of the Company and on the Group website (www.euroclear.com).

The majority of the Board members are non-executive Directors.

At least one third, but no less than two of the non-executive Board members are independent Directors. The Company strives to have four independent directors on the Board to be able to reinforce the breadth and depth of expertise, build upon the Board effectiveness and governance and adequately constitute the Board committees. Independence is defined taking into consideration the ESES operating model and the spirit of CSDR and local legal applicable requirements, as well as recent European guidance and best practices.

A number of the non-executive Directors on the EF Board are also members of the Group management. This promotes a coherence in strategy and policies as between Group entities and ensures the sensitivities of EF are well understood by ESA and vice versa. All non-executive directors have a fiduciary duty to act objectively and independently in that function to ensure that the corporate interests of EF and the general interest of the infrastructure are preserved.

In order to ensure that the Board shall be composed of suitable members of sufficiently good repute with an appropriate mix of skills, experience and knowledge of the Company and of the market, EF has adopted the Board and Board Committee Composition Policy. All nominations to the Board are made , based on the particular need of the Board at the time of appointment:

- against merit, based on objective criteria defined by the Board;
- on the basis of a Director's potential contribution in terms of knowledge, experience and skills;
- with a view to ensuring a balanced Board;
- actively taking all aspects of diversity into account.

With a particular focus on gender diversity, a target of achieving (and maintaining) a minimum of one third representation of the under-represented gender in 2019 has been set. The Board will review each year, as part of the annual review of Board and Board Committee composition, and agree, as necessary, on measurable objectives for achieving and maintaining diversity on the Board.

The Nominations and Governance Committee ("NGC") leads the process for Board nominations and makes recommendations to the Board in this respect. In putting forward names for membership of the Board, the NGC strives to achieve that the Board composition would comply globally with following considerations:

- Directors shall have the highest degree of personal integrity and ethics, leadership qualities and a proven ability to exercise sound business judgement.
- Directors should provide assurance that they are able to commit sufficient time to the work of the Board and its Committees.
- Directors should have sufficient seniority and experience so as to be able to take a strategic view.
- The Board should include Directors with relevant experience in both generic and company specific areas (i.e. General Management, Strategic planning/Business strategy; Risk Management/Internal controls matters, Finance/Accounting, EF Business)

The principles set out above, apply where relevant to the composition of the advisory committees of the Board.

EF plans to reassess and further fine tune where appropriate its suitability policy and internal appointment process for Board, Management Committee and key function holders to adapt as necessary to the latest European best practices principles.

2.1.3. Appointment, Renewal and Resignation of Board Members

In line with French legal and regulatory requirements, Board members are appointed by the shareholders. The appointment of the Directors is for an initial term of maximum six years. At the end of their term, Directors may be re-elected by the General Meeting. Should a Board member leave the Board before the end of her/his term, the Board can appoint a new Board member to fill the vacancy; such appointment being confirmed by the shareholders at the next General Meeting, and made for the remaining duration of the predecessor's term.

Appointments of individual Board members are subject to a prior assessment of his or her expertise and professional integrity (referred to as 'fit and proper', in accordance with local regulatory guidance) by the supervisory authority. Where a new Board member is being appointed, the supervisory authority is provided with all the necessary information and documents to assess the experience and skills of the candidate and ensure s/he is fit and proper to sit on the EF Board.

The Company will also inform the supervisory authority of any proposed renewal of appointment, as well as of non-renewal and removal. Board members must permanently comply with the 'fit and proper' requirements during their term of office.

Once a Board member is appointed, information on the Board members, is duly published in line with legal requirements.

2.1.4. Chairman

The Board appoints a Chairman from among its independent non-executive members, subject to prior regulatory non-objection from the French authorities, and may at any time remove him/her from office.

The profile and role of the Chairman are defined by the Board upon a recommendation of the NGC. The Chairman presides every meeting of the Board and is responsible for directing, advising and leading the Board in all aspects of carrying out its role as the senior governing body of the Company. In carrying out this role, the Chairman is pivotal in ensuring strong corporate governance and overall process integrity within the Board, facilitating the Board relationship with Management, creating the conditions for overall Board and individual Director effectiveness, both inside and outside the boardroom, realising the potential of the Board and controlling the implementation of the allocation of powers between the Board and the CEO and putting in place a strong line of communication with the parent entity.

2.1.5. Operating Rules

The Board normally has five scheduled meetings per year. Additional meetings may be and are called whenever the specific needs of the business require it. Board members are expected to attend the Board meetings regularly and in person.

The Board of Directors may only deliberate and adopt resolutions if at least a simple majority of its members are present or represented, provided that at least two Directors are physically present, either at the location of the meeting or by conference call or video conferencing. Board resolutions are adopted by a simple majority of members present or represented at the meeting provided that Management Committee members do not form a majority of Board members present or represented. In the event of a tie in the voting, the Chairman has a casting vote.

The Chairman, in consultation with the Chief Executive Officer, establishes the agenda for the Board meetings with the assistance of the Board Secretary. All Board members have the right to place items on the meeting agenda. Under exceptional circumstances an item not on the agenda may be addressed at the meeting provided all members attending agree.

The Chairman takes responsibility for ensuring that Board members receive accurate, timely and clear information in advance of meetings. The Chairman liaises with management in this regard and is assisted by the Board Secretary in fulfilling this responsibility. Board papers are supplemented where necessary by presentations at Board meetings, generally given by MC members or other senior managers of the Company.

Discussions held during Board meetings are recorded in minutes. The Board minutes aim to provide a true and accurate record of proceedings, discussions and decisions of the Board meetings and, where appropriate, to reflect the recommendations made, the balance of arguments and challenge by the Board and to serve as guidance for future Board action. Directors are given an opportunity to review and approve draft minutes which are provided to them prior to being tabled for approval at the next Board meeting.

The Board has appointed a Board Secretary to assist and advise the Board and its Chairman, as well as the Chairmen of each of the Board Committees in the performance of their roles and responsibilities. The Board Secretary acts as Secretary to those meetings.

2.1.6. Assessment of the Board

The Board regularly assesses the functioning of the Company's governance structure, in particular of its governance bodies, including their competences, composition and size.

The Board carries out a self-assessment and effectiveness review of the Board as a whole, the Board Chair and the individual members. This review endeavours to ensure that the individual directors and directors collectively remain suitable, taking into account the individual and collective performance and any relevant situation which could cause a reassessment and the impact it has on the actual or required suitability, of the requirements on diversity and to include at least one third, but not less than two, independent directors.

The self-assessment review is carried out by completion of a questionnaire or by conducting interviews with Board members, as decided by the Board depending on the specific needs of the Board in the year assessed.

Are part of the assessment process:

- The composition of the Board and the Board Committees, including gender diversity and independence as defined above.
- the operation (including the training of the Directors and the relationships of the Board with the Board Committees and with Management, involvement, commitment and independence of Board members);
- the role of the Board (including the way the strategic matters are treated by the Board and the control exercised by the Board over Management); as well as
- the Directors involvement and attendance at meetings.

The consolidated results of the assessment are reviewed by the NGC, and the results are reported to the Board for discussion. Concerns raised are followed up appropriately. The outcomes of the NGC and Board discussions as well as any agreed follow-up actions are recorded in minutes.

The Board assessment process covers the individual performance of each Director including the Chairman. The NGC, while reviewing the Board composition as well as the list of candidates proposed for re-election at the Annual General Meeting, uses the results of the assessment as a basis for its analysis. The Chairman takes steps to ensure that any areas of weak performance in the assessment are taken up with the relevant individual Director as necessary.

On a periodic basis, the evaluation of the Board is externally facilitated.

2.1.7. Training

Upon being appointed to the Board, all new Directors receive customised induction training. Such induction training is comprehensive and designed to cover all the major business areas and each of the support functions in order to give Directors a global view of the Group, its strategy and policies and the major challenges it is facing. It also develops the Directors' understanding of their role and responsibilities under French Law, and the legal and regulatory regime applicable to EF.

Directors also receive ongoing training on matters relevant and material to their directorships and committee mandates. They attend training sessions as necessary or requested from time to time.

In addition, workshops are arranged for the Board on topics of particular relevance or importance.

Board training needs are part of the Board self-assessment process. Each year, the Board, assisted by the Company Secretary, sets a general training plan based on the results of the Board self-assessment and the assessment of the Chair.

2.1.8. Remuneration

The independent non-executive Directors are the only members of the Board of Directors who are remunerated for their mandate as Board member. The remuneration of the independent non-executive Directors shall not be linked to the business performance of EF. The amount of remuneration takes account of the level of responsibility and time required in fulfilment of their Board role and is determined in line with the Euroclear France Compensation Policy.

The shareholders set the collective amount of remuneration of directors who are remunerated for their Board positions, for division among the directors in such a manner as the Board of Directors may decide.

2.1.9. External directorship and managerial functions

All members of the Board should commit sufficient time to perform their functions in the Company. There are some restrictions and limits on the number of directorship mandates or managerial functions that Board members can exercise outside the Group. Prior to accepting any external function, the Board member informs the Company Secretary, who will ensure the appropriate authorisation/information procedure is followed, as described in the Policy on External Mandates for Board and Senior Management pursuant to the legal requirements and the Articles.

BOARD ADVISORY COMMITTEES

In order to perform its responsibilities more efficiently, the Board has established several specialised advisory committees: the Audit Committee, the Risk Committee, the Remuneration Committee and the Nominations and Governance Committee.

2.1.10. Composition and appointment

Each Committee is composed of at least three members per committee and consists exclusively of non-executive board members. Taking account of the ESES governance model, the majority of the members of the Audit committee and at least one member of the other Committees are independent as per the considerations of ESMA Q&A. The majority of members of the Audit, Risk and Remuneration Committee are different.

The Chair of each Committee is independent. The Chair of the Audit, Risk and Remuneration Committees are different.

Each non-executive director sits in no more than three Committees.

Board Committee members are appointed by the Board upon recommendation of the NGC. The NGC regularly reviews the composition of each committee in order to make sure each committee remains properly composed, with the required level of collective and individual knowledge, commitment, availability and independence of mind, and makes its recommendations to the Board. The review is undertaken in light of the role of governance bodies in question, the characteristics of the Company and the relevant legal and corporate governance requirements applicable to EF.

Any change in the Chair or to the composition of any Board Committee is notified to the French authorities.

Each Committee can, and does from time to time, appoint observers and/or advisors to the Committee who are professionals with experience relevant to the role and workings of the said Committee. The membership and expertise of those Committees is disclosed in the annual report.

2.1.11. Operating rules

The Board has defined the Terms of Reference of each of the Committees, which include details of their role and responsibilities, operating procedures and the reporting requirements back to the Board. Committee's activities, observations and recommendations are reported by the Committee Chair to the Board. Supporting material and minutes of the Committee meetings are also made available to the Board members.

Each Committee has an agreed reporting calendar to ensure it properly discharges its responsibilities and covers all matters within its purview.

The quorum consists of a simple majority of Committee members either physically present at the location of the meeting or by telephone/video conference.

For voting a simple majority of Committee members present or represented is needed with the Committee Chair having the casting vote in case of equality of votes.

2.1.12. Evaluation

Each Committee evaluates its own performance against a documented benchmark that reflects the objective of the Committee as well as relevant good practice and guidance completed by each Committee member.

An analysis of such assessment is reviewed by each Committee and follow-up actions to further improve the Committee effectiveness where appropriate as well as a plan on general training needs identified in the self-assessment process are agreed by the relevant Committee and recorded in the meeting minutes and reported to the Board.

The Committee Chair, with the assistance of the Company Secretary, ensures all follow-up items are properly addressed and this is reported to the relevant Committee.

2.1.13. Trainings

As explained above Board Committee members receive ongoing training on matters relevant to their Committee mandates, as necessary or requested on an ad hoc basis.

2.1.14. Audit Committee

The Audit Committee ("AC") is an advisory committee of the Board established to assist the Board in fulfilling its financial reporting, internal and external audit, technology, and compliance and ethics oversight responsibilities. In discharging its

responsibilities, the Committee also reviews the controls over all outsourced services on which the Company is dependent. Its responsibilities are detailed in its own Terms of Reference.

The members of the AC collectively have an understanding of the Company's business, accounting and audit matters and at least one member is competent in either audit and/or accounting matters.

The AC meets at least five times a year with additional ad-hoc meetings as deemed appropriate by the Chair.

Only the AC members are entitled to be present at a meeting of the AC. However, to facilitate the effective conduct of its business, the Chief Executive Officer, the Company's Head of Internal Audit, the Company Chief Compliance Officer, the Chief Technology Officer, the External Auditor and additional invitees as deemed necessary or appropriate by the Chair (e.g.) may attend the Committee meetings. The AC meets at least once a year with each of the Company Head of Audit, the Company Chief Compliance Officer, the Chief Technology Officer and the External Auditor without management being present. The Company Head of Audit, the Company Chief Compliance Officer and the Chief Technology Officer have direct access to the Audit Committee Chair and members.

The Audit Chair may be a member of, but not chair the Risk Committee or Remuneration Committee and has an appropriate recent audit experience.

The Committee is informed about the major risk issues reported to the Company's Risk Committee.

The Committee has adequate interaction with the Risk Committee to ensure consistency and avoid any gaps in their respective roles. To this end, the Chair of the Risk Committee has an open invitation to attend the Audit Committee meetings where desired, insofar s/he is not already a member of the Audit Committee. At times the Audit and Risk Committees meet in joint session to review issues relevant to both Committees including, but not limited to, ICAAP, cyber security, internal control system reports.

The Committee keeps the parent (ESA/PLC) audit committee informed about:

- any material issues of concern at Company level; and
- the level of assurance on the safety and soundness of the Company.

The parent audit committee keeps the Company's Audit Committee informed about any material group level issues under its review having an impact on the Company.

With a view to ensuring abovementioned information flow as well as consistency of EF financial reporting, risk & compliance practices with those of the parent and to support the latter in its oversight function, a structural interaction exists between the EF AC and ESA AC which is ensured via quarterly conference calls between ESA and subsidiary AC chairs, a cross-attendance programme at Committee meetings, sharing of relevant minutes and informal and open contact between members.

2.1.15. Risk Committee

The Risk Committee ("RC") assists the Board in fulfilling its oversight responsibilities for EF in respect of the following: risk tolerance and profile, risk exposures, risk management framework and critical risk policies, risk management function, chief risk officer, strategic matters, remuneration policy and business continuity. Its responsibilities are detailed in its own Terms of Reference.

The Committee members individually have the skills and experience to be able to understand the Company's business and to oversee the risk strategy, risk tolerance, risk capacity and risk profile of the Company.

The RC meets at least five times a year with additional ad-hoc meetings as deemed appropriate by the Chair.

Only the RC members are entitled to be present at RC meetings, including a member of the Remuneration Committee. However, to facilitate the effective conduct of its business, the Company's Chief Risk Officer, the Chief Executive Officer and additional invitees as deemed necessary or appropriate by the Chair may attend the Committee meetings. The RC meets at least once a year with the Company's Chief Risk Officer without management being present. The Company's Chief Risk Officer has direct access to the Risk Committee Chair and members.

The RC Chair may be a member of, but not chair the Audit or the Remuneration Committee and has appropriate recent risk experience.

The Committee shall be informed about major risk or control issues raised by/to another board committee to enable it to assess the acceptability within the Company's risk profile.

The Committee has adequate interaction with the Remuneration Committee. To this end, a member of the Remuneration Committee has an open invitation to attend the Risk Committee meetings where desired, insofar s/he is not already a member of the Risk Committee.

To ensure consistency across the group on risk practices and material risk issues, the parent risk committee will inform the subsidiary risk committee of any material group level issues under its review having an impact on the Company.

The Committee will similarly keep the risk committees at parent level informed about any material issues at Company level.

The interaction between parent and subsidiary risk committees is organised via quarterly conference calls between parent and subsidiary committee chairs, a cross-attendance programme, sharing of relevant minutes and informal contact between members.

The Committee has adequate interaction with the Audit Committee to ensure consistency and avoid gaps in their respective roles. To this end, the chair of the Audit Committee has an open invitation to attend the Risk Committee meetings where desired. The Audit and Risk Committees may meet together from time to time to discuss areas of common interest and significant matters of relevant to both Committees including, but not limited to, ICAAP, cyber security, internal control system reports.

2.1.16. Remuneration Committee

The Remuneration Committee ("RemCo") assists and advises the Board of Directors in:

- defining a global compensation philosophy for the Company
- ensuring that the CEO, the non-executive Board and Board Committee members of the Company, the Heads of the control functions and the CTO are compensated as per the principles described in the Euroclear compensation policy
- overseeing management's implementation of the compensation policy

Its responsibilities are detailed in its own Terms of Reference.

The Committee members will exercise relevant and independent judgment on the remuneration policies and practices. They collectively have the knowledge, expertise and experience concerning remuneration policies and practices, risk management and control activities, namely with regard to the mechanism for aligning the remuneration structure to the Company's risk and capital profiles. The Committee

members collectively also have an understanding of the Company's business and shall have competence relevant to the sector in which the Company operates.

The RemCo meets at least two times a year with additional ad-hoc meetings as deemed appropriate by the Chair.

Only the RemCo members are entitled to be present at RemCo meetings, including a member of the Risk Committee. However, to facilitate the effective conduct of its business, the Chief Human Resources Officer and additional invitees as deemed necessary or appropriate by the Chair may attend the Committee meetings.

The Chair of the RemCo may be a member of, but not chair the Audit Committee or Risk Committee.

The Committee works closely with the Risk Committee in evaluating the incentives created by the compensation policy. The Risk Committee shall advise the Remuneration Committee on its opinion with respect to:

- the consistency of the compensation policy with sound and effective risk management;
- the identification process of material risk takers, as defined in the Euroclear France Compensation Policy, in accordance with the regulation;
- the way the risk strategy and risk tolerance is reflected in the overall annual performance review so as to ensure that the Remuneration Committee takes into account all existing and future risks when advising the Board on the incentive pool and individual incentive compensation for the members of the Management Committee and other Identified Staff

2.1.17. Nominations and Governance Committee

The Nominations and Governance Committee ("NGC") assists and advises the Board of Directors in all matters in relation to the nomination of Board and Management Committee members, Board and Committee composition (as previously described in this memorandum), succession planning as well as corporate governance matters as they apply to the Company.

Its responsibilities are detailed in its own terms of reference.

Committee members should possess individual and collective appropriate knowledge, skills, expertise and professional experience regarding selection process, suitability and control practices.

The Committee meets at least three times a year with additional ad-hoc meetings as deemed appropriate by the Chair.

Only the NGC members are entitled to be present at NGC meetings. Other invitees as deemed necessary or appropriate by the Chair may attend.

The Committee will maintain effective working relationships with the Board and management of the Company.

CEO

2.1.18. Role and Responsibilities

The CEO has been entrusted with the general management of the Company.

The Chief Executive Officer has been vested with the broadest powers to act on behalf of the Company in all circumstances by the Board within the limits of the corporate object of the Company and the limits set by the Board, with the exception of the powers reserved to the Board or shareholders by law.

While the determination of the strategy and general policy of the Company are a general prerogative of the Board, the MC is in charge of preparing those strategic and policy recommendations. The CEO reports and makes recommendations to the Board. The latter is responsible, amongst others, for setting the CEO's objectives and proposing remuneration to the Board in line with Euroclear compensation policy. There is also a functional reporting line to the group CEO (ESA MC Chair) to make sure there is a harmonised view of key management issues across the Group and that ultimately ESA can fulfil its regulatory obligations in accordance with the consolidated supervisory regime it is subject to under Belgian law.

In addition, the role of the CEO consists of setting the agenda, style and tone of MC discussions, making certain the MC has effective decision-making processes and applies sufficient challenge to major proposals and, as part of the MC:

- leading in establishing the Company values, and setting a cultural tone of honesty, integrity and transparency,
- leading the Company's staff in implementing the Company's vision, philosophy, and mission;
- ensuring a strong relationship of senior management with the Board, and supporting the Board in its activities;
- implementing strategic goals and objectives of the Company as set by the Board and consistent with the strategy and policies set by the Group;
- maintaining the Company's focus on high quality and reliable services and innovation, and identifying world economic and industry events and trends that impact the strategic vision for the Company;
- ensuring the right overall programs for recruiting and retaining the best people and developing their capabilities;
- ensuring effective crisis management.

2.1.19. Appointment and Resignation of the CEO

The CEO is appointed by the Board upon a recommendation of the NGC.

In view of promoting the coherent and effective management of the ESES CSDs pursuant to the ESES governance model, the same person has been appointed as CEO of the three ESES CSDs.

The CEO may not be older than 70 years of age as determined by the Articles. Once the CEO has reached the age limit, he is deemed to have resigned from office.

The Board determines the length of the CEO's mandate but is generally appointed for an undetermined period of time.

The recruitment process, conducted with the assistance of the Human Resources Division, includes a series of interviews of the candidate, an assessment of the candidate's profile carried out by reputable external consultants where appropriate as well as a check of the candidate's experience, skills and fit & proper character for the role in accordance with local regulatory guidance. In order to select the best candidates for this function, the Human Resources Division has created a competency profile for the MC members based on the following criteria to be understood and applied in the light of the seniority and importance of the position:

- Business acumen: MC members shall exercise sound business judgement to make the right decisions, leveraging overall understanding of the business and its underlying drivers;
- Leading change: MC members shall define, initiate and support organisational transformation change initiatives required to achieving the organisation's objectives and vision;

- Leading people: MC members shall be able to energise people for success and achievement and lead people to surpass themselves.
- Strategic agility: MC members shall set vision and strategic direction; take decisions and actions accordingly for long-term business success.

Each proposal of appointment of a CEO (and possible renewal of appointment) as well as the resignation or dismissal of a CEO is duly notified to the French authorities. Any appointment of a CEO is subject to receiving the non-objection of the French authorities. The authorities are provided with all the necessary information and documents to assess the experience and skills of the candidate and ensure s/he is fit and proper for the role. Board members must permanently comply with the 'fit and proper' requirements during their term of office.

The CEO may be dismissed at any time by the Board.

The appointment/resignation of the CEO is duly published with the commercial register.

2.1.20. Management Committee

An EF Management Committee has been formed under the responsibility of the CEO in order to examine, debate and make recommendations to the Chief Executive Officer on all matters submitted to them by the CEO.

2.1.20.1. Composition

The Management Committee will be composed of as many members as the Chief Executive Officer may decide from time to time.

Currently, the MC is composed of 5 people, the CEO who acts as MC Chair and the Country Manager of each of the three ESES CSDs. Each of the country managers also have transversal functions among the ESES CSDs (see below).

Members shall be of sufficiently good repute and experience so as to ensure the sound and prudent management of the Company.

All nominations to the MC are made against merit and on the basis of the knowledge, experience and skills of the candidate, regardless of his/her gender or ethnic background.

2.1.20.2. Operating Rules

The MC meets as and when required, generally once every two weeks. The CEO has the power to call additional meetings if required.

The CEO sets the agenda. An item not on the agenda may be addressed at the meeting, upon the CEO request.

The CEO may invite individuals from within ESES or the Euroclear Group or external consultants or advisors with relevant experience to attend its meetings, in order to assist the MC by way of presentations, seminars, general advice or answers to queries.

The MC has appointed an Executive Secretary who provides administrative support. The Executive Secretary prepares the minutes of each meeting indicating clearly all items reviewed, recommendations made, decisions taken and any challenge by management committee members. If the Executive Secretary is not present at a particular meeting, then the MC members present appoint an acting secretary for the purpose of the meeting.

The Executive Secretary endeavours to ensure that each member receives written material in a timely manner ahead of meetings so that the meetings can function effectively.

The MC also receives regularly reports from the internal committees.

The MC meetings minutes are posted on a dedicated internal website available to appropriate senior managers.

The Management Committee has in place a reporting calendar to ensure it has the reporting, tools and information necessary to fulfil its role effectively.

2.1.20.3. Remuneration

The remuneration of the CEO is fixed by the Board on the proposal of the RemCo.

The RemCo discusses and recommends to the Board for approval the CEO annual and long-term fixed and variable compensation, as well as any executive perquisites, pension and other benefits. Fixed and variable compensation of the CEO is set out on the basis of the Euroclear Compensation Principles.

2.1.20.4. External directorships and managerial functions

The CEO should commit sufficient time to perform his/her functions in the Company. There are some restrictions and limits on the number of directorship mandates or managerial functions that the CEO can exercise outside the Group. Prior to accepting any external function (in or outside the Group), the CEO member must inform the Corporate Secretary, who will ensure the appropriate authorisation/information procedure is followed, as described in the Policy on External Mandates for Board and Senior Management pursuant to the legal requirements and the Articles. The CEO functions exercised outside the Group are published in the Annual Report.

2.1.21. Internal Division of tasks

2.1.21.1. Chief Financial Officer

The CFO is responsible for a variety of financial activities, including accounting, financial control, asset and liability management, cost management and tax to meet EF business requirements, taking into consideration the Euroclear group financial strategy.

One of the key missions of the Financial Division consist in producing reliable and timely financial statements that respect applicable laws and regulations. This control objective is further articulated into more granular key controls objectives in the Financial Internal Control Accountability process (FICA process). The Financial Division maintains a central database where these control activities are formalized, evidenced and monitored.

The monthly closing of the books is structured in sequential steps monitored daily by the closing office. The yearly preparation of the statutory financial statements is essentially organized on the same database and set of data as those used for the monthly reporting.

2.1.21.2. Country Manager

Whereas the CEO exercises his/her role across the ESES CSDs, a local MC member has been appointed as Country Manager in each ESES CSD for ensuring a strong local anchoring role. The EF Country Manager is in charge of ensuring the day-to-day senior executive presence and proper interaction with local staff, regulators and other stakeholders in France. S/he assists the CEO in performing his/her responsibilities in France and is accordingly the senior contact point for all stakeholders in France.

Each Country Manager is member of the MC and holds one of the below specific roles across the ESES CSDs.

i. Head of CEO Office

In order for the CEO to lead efficiently and consistently the running of the business across the ESES CSDs, an "ESES CEO Office" with transversal responsibilities across the ESES CSDs has been put in place to assist the CEO in fulfilling his/her responsibilities. The ESES CEO Office supports the CEO/Management Committees in ensuring the effective execution of their strategy and decisions. To this effect, it assists the CEO/ESES MCs in managing their relationship with ESA and in monitoring the balance between the quality and the costs of the services delivered by ESA. In addition, the ESES CEO Office provides general management support and information on projects to the members of the ESES MCs. Together with ESA, it also takes care of internal communications.

The function holder is currently the Country Manager for Belgium.

ii. Chief Business Development Officer ("CBDO")

The CBDO is in charge of managing business matters across the three ESES CSDs (e.g. product management, commercial issues) and for coordinating decision-making in this area, as well as in market relationship. S/he is also responsible for coordinating, legal and regulatory related matters across the ESES CSDs. To this effect, s/he liaises with the relevant ESA divisions and Country Managers. The CBDO is currently the Country Manager for the Netherlands.

iii. Chief Operating Officer ("COO")

The COO is responsible for leading the operational matters across the three ESES CSDs and for coordinating decisions in this field, as well as in Corporate Technology and Application Development matters. To this effect, s/he liaises with the relevant ESA divisions and Country Managers. The COO is currently the Country Manager for France.

USER COMMITTEE

In line with CSDR, a User Committee has been established for the securities settlement system the Company operates. The User Committee set-up has been based on the model of the Euroclear France Market Advisory Committee, which it has superseded.

2.1.22. Role and Responsibilities

The User Committee provides independent advice to the Board, on key arrangements that impact the EF members:

- criteria for accepting issuers and participants
- service level, including relevant significant developments needed to adapt to legal, regulatory, tax or other market changes impacting the way participants and/or issuers interact with EF
- review and/or testing of the default procedures of EF (excluding any banking related aspects)

The User Committee may submit a non-binding opinion to the Board containing detailed reasons regarding the pricing structures.

The User Committee may submit a request for implementation of DvP settlement for any link maintained by EF that would not be a DVP link yet.

The User Committee is informed by EF and acts as appropriate on audit findings relating to the topics covered in its mandate, ensuring that the provision of the information does not give a competitive advantage to any of the User Committee members.

The User Committee is regularly informed of the performance of the EF securities settlement system.

2.1.23. Composition

The User Committee is composed of representatives of participants and issuers in the securities settlement system.

The User Committee Chair and members should have appropriate knowledge of the post-trade industry, have sufficient seniority and experience

Nominees for User Committee Chair are proposed based on data available in the EF records (e.g. list of participants, segments of activities) The independent non-executive directors of EF approve the appointment of (one of) the preferred candidate(s) as Chair.

The User Committee Chair must be subject to re-election as User Committee Chair, at least every three years.

The User Committee Chair will identify potential candidates for User Committee membership based on data available in the EF records (list of participants, segments of activities, etc.). In line with the delegation provided by the Board, the User Committee Chair will approve the appointments for User Committee membership

The User Committee Chair is independent from any direct influence by EF Board/Management.

2.1.24. Operating rules

The User Committee has four scheduled meetings per year. Additional ad-hoc meetings may be and are called as deemed necessary by the User Committee Chair.

At the beginning of each User Committee meeting, the User Committee Chair determines whether there is sufficient and balanced representation of participants and issuers in order to proceed with the meeting.

Any advice, non-binding opinion or request of the User Committee shall be determined by a simple majority of User Committee members present. Each User Committee member has one vote and all votes are equal. A User Committee member may not appoint a proxy to vote at a User Committee meeting in their place. The User Committee Chair has the casting vote in case of equality of votes.

The User Committee will be informed by EF of any decision in which the Board decides not to follow the advice of the User Committee.

The User Committee may inform the competent EF supervisory authority of any areas in which it considers that the advice of the User Committee has not been followed.

The User Committee will provide the minutes of their meetings to the Board.

3. INTERNAL CONTROL FRAMEWORK AND KEY FUNCTION HOLDERS

3.1. RISK STRATEGY AND RISK MANAGEMENT FRAMEWORK

The EF Board is committed to maintaining a low risk profile in line with the company's role as a leading financial market infrastructure with a closely guarded reputation for safety and resilience. Reflecting this, the Board has established a risk strategy

(EF Corporate Risk Management Board Policy and Operational Risk Management Board Policy) , supported by an appropriate risk appetite framework, that ensures and preserves EF's long-term strength and the trust of its key stakeholders.

The Board has put in place a risk governance framework in which roles and responsibilities for managing risk are clearly defined. The Board oversees Senior Management implement risk appetite through a set of diverse, approved limits that are based on risk reward analysis and are related to our strategic objectives. Senior Management and Risk Management report to the Board on the bank's current risk position by reference to a suite of financial and non-financial risk appetite measures, allowing the Board to determine what actions are needed to maintain our risk profile at the desired level.

With the Board established risk appetite framework as its foundation, Senior Management puts in place EF's enterprise risk management framework (see below) which ensures the systematic and disciplined identification, evaluation, management, monitoring and reporting of all types of risk across all aspects of our business – including operational risk.

EF's ERM framework is documented in the ERM Framework Policy Handbook and is applicable to all risk types. The ERM Framework Policy Handbook acts as an umbrella reference document for all other risk specific frameworks operated by EF, including operational risk and business continuity risk frameworks. Other policy handbooks contain topic specific information and cross-reference the ERM Framework Policy Handbook as necessary.

EF's risk strategy and framework guides the Board in its responsibility to devote the appropriate time and attention to risk issues, and oversee the implementation of our corporate strategy, in a way that preserves our reputation through risk awareness and the exercise of behaviours and values that foster a robust culture.

EF's ERM framework covers, amongst other things:

- **Risk governance** – including the role of the Board, the Risk Committee, the Management Committee, Risk & Operating Committee (ROC). Effective risk governance is critical to the overall effectiveness of EF's risk management.
- **Risk appetite** - in achieving its strategic objectives, the risk-reward balance is crucial. Risk appetite should be viewed as a guide to help senior management teams understand how much risk the Board is willing to accept in aiming to meet its objectives. In contrast, risk capacity is the total risk burden that EF can bear without entering a recovery situation. EF's risk appetite framework facilitates these decisions.
- **Risks in execution** - underpinning the effectiveness of its risk governance framework is the need for open and transparent identification, analysis, sharing of risk information and management of those risks – including root causes, potential impacts and incidents - from across the organisation.
- **Risk culture** - Euroclear risk culture refers to, amongst other things, its attitude towards risk and opportunity, its level of risk awareness, how decisions are taken and how responsibility and accountability are defined.
- **Three lines of defence** - the three lines of defence model within EF facilitates the effective operation of the ERM framework. Each line plays a distinct role providing senior management teams and the Board with confidence that EF is likely to achieve its key goals through the effective management of risks.

3.2. INDEPENDENT CONTROL FUNCTIONS

EF has in place independent internal audit ("IA"), compliance & ethics ("C&E") and risk ("RM") management functions as well as a Chief Technology Officer ("CTO")

function according to CSDR requirements with the highest applicable standards in ensuring a robust and transparent management structure and control environment.

The system of internal controls is fully integrated and ensures a prudent conduct of business, a right balance between risks, service quality and costs, the protection of EF and client assets, the quality of the financial information and compliance with regulatory requirements across all the entities of the Group.

Those functions fit within the Three Lines of Defence model which EBE has adopted pursuant to best industry practices. The allocation of responsibilities within EBE Three Lines of Defence model is:

- **1st line of defence:** Business implement and operate required controls and report on their effectiveness and involve control functions:
 - Compliance & Ethics: together with Legal, monitors changes in laws and regulations and advises as to what controls are required.
 - Risk Management: makes available policies, a risk management framework and adequate tools to record and monitor controls.
 - CTO: Provides risk oversight and advices to the Board and senior management and maintains a holistic view of the main IT risks and control environment of EBE related to cyber resilience, business continuity and outsourcing.
- **2nd line of defence:** Risk Management monitor the Risk and Internal Control environment against changing internal and external environment and report, challenge or escalate to management risks or control defects. Risk Management advises on remedial actions.
 - Compliance: monitor, test and report to management on controls relating to laws and regulations and advise on remedial actions.
 - CTO: Regularly meets with IT representatives to monitor and control the performance and compliance by IT against agreed-upon directions and control objectives laid down in the IT framework and applicable regulations
- **3rd line of defence:** Internal Audit provides reasonable assurance, in an independent and objective way, on the adequacy and effectiveness of governance, risk management and internal controls.

The MC is responsible, under the supervision of the Board of Directors, for taking all necessary measures in view of the implementation of these control functions and for reporting, at least once a year, to the Board, to the regulators and to the External Auditor, on the compliance with these requirements and on the adequate measures adopted.

The Board, through the AC, is responsible for controlling the compliance with these requirements at least once a year and is informed of the adequate measures as adopted.

3.2.1. Set up of Control Functions

The following conditions apply in respect of each Control Function:

- The staff of the Function does not perform any operational tasks for, and are organisationally separate from, the activities they monitor and control;
- None of the above named Functions may be combined with any other (i.e. the functions of ESES CRO, ESES Head of Audit and ESES Compliance Officer should be carried out by different individuals);
- C&E, RM and CTO Functions are subject to separate independent review by IA;

- Remuneration of staff within each of the above named Functions, including the relevant Control Function Head, is not linked to the performance of the activities the Function oversees;
- These functions have the necessary authority, resources expertise and access to all relevant information to perform their mission;
- These functions may be provided either intra-group or externally at EF's discretion according to its own operating model, subject to CSDR and local requirements. Under the same conditions, Functions may be shared between EF and other Euroclear CSDs.

Currently all Head of Internal Control functions are shared between the ESES Companies. In addition the services pertaining to those functions are provided by ESA (see also section 4.3. of this memorandum).

3.2.2. Control Function Heads

3.2.2.1. Reporting lines

(i) Heads of C&E, RM and CTO

The Heads of C&E, RM and the CTO may be a member of the EBE Management Committee (with or without voting rights). They have:

- a direct reporting line to ENL CEO;
- a direct reporting line to the Chair of the competent EBE Board Committee (Audit or Risk, as relevant and as outlined in the Committee Terms of Reference);
- unmediated access to Chair of the Board, the Board itself and members of the relevant board committee (i.e. without requiring advance notice to, or approval by, ENL management). May also directly contact the statutory auditor or the supervisory authority when deemed necessary; and
- an administrative reporting line to Group Chief Function, except CTO.

(ii) Head of Internal Audit

- Reports directly to the Chair of the Audit Committee, with an administrative reporting line to the CEO (gathering audit intelligence, sharing of audit planning and reports, etc);
- Has an administrative reporting line to Group Chief Function.

3.2.2.2. Appointment and removal

The EBE CEO may be consulted to provide input in the selection process to the relevant Board Committee.

The relevant Board Committee may consult with relevant Group Chief Function for an opinion (except for the CTO).

Appointment and removal is approved by the Board upon the recommendation of the relevant Board Committee. An internal fit and proper assessment is performed in accordance with local regulatory guidance.

Removal is subject to prior approval from the Board.

3.3. OTHER KEY FUNCTIONS: FRAMEWORK FUNCTIONS

EF disposes of all the necessary framework functions as well as resources to carry out its mission. The framework functions have access to the information they need for fulfilment of their tasks.

4. BUSINESS ORGANISATION

Since January 2011 the ESES CSDs implemented an Operating Model (“**OM**”) as a further step towards integration and harmonisation of service levels and the management of operational performance. This OM consists of:

- An organisation by business domain rather than by geographical location;
- An organisation adapted to the evolution of the services and to their level of maturity;
- An organisation seeking continuous improvement (operational excellence) in a well-controlled environment.

In 2017, a revised model was implemented, aiming at better aligning to the post T2S environment and the upcoming ESES strategy in view of the increase of transversal tasks at the ESES level for the future operational services and client services teams.

The tasks and responsibilities of staff and departments are sufficiently delineated with clear reporting lines (as evidenced by job descriptions and detailed organisation charts), supporting an appropriate organisation adapted to the size and activities of EF.

4.1. OPERATING DIVISIONS

EF (and ESES in general as per the operating model described above) is organised into operating divisions, each headed by the COO or a department head.

4.2. SERVICES & PRODUCTS

ESES offers services to a wide range of international participants, which are mostly banks, custodians, broker-dealers, central banks and issuers.

4.3. OUTSOURCING

4.3.1. Outsourced services

To ESA

The Group has centralised a significant number of business, framework and support functions within ESA in order to create greater organisational efficiency.

All Control functions services are provided by ESA for the benefit of the Group and with a view to avoiding gaps in efficiency and coherence due to fragmentation between the different Group legal entities. Hence, EF has at its disposal several divisions or units whose responsibility is to define and to monitor the implementation of control processes, and to advise senior management and other staff, as well as the Board as appropriate, on risk and control matters.

Between CSDs

In order to generate synergies and to benefit from existing expertise in the three ESES entities, EF, EBE, and ENL provide to each other certain operational and client services (“services”). This set-up also ensures that the three ESES entities have at

all times a solid back-up solution in place which contributes to the overall business continuity plan of the three ESES entities. These services are provided by a pool of staff employed by EF, EBE, or ENL. EF is also the provider of access to the ESES platform to EBe and ENL.

Finally, Euroclear Bank provides services related to collateral management and to the management of cross-border settlement links with foreign CSDs.

To the Eurosystem

Since September 2016, EBE, EF and ENL have migrated to TARGET2-Securities (T2S), the European securities settlement engine which offers centralised delivery-versus-payment (DvP) settlement in central bank money across all European securities markets. This entails outsourcing of a core part of CSD's IT functions (technical record keeping and processing of settlement) to the Eurosystem, the service provider. This has been arranged in a specific outsourcing agreement.

5. STRATEGIC OBJECTIVES & BUSINESS VALUES

5.1. COMPANY OBJECTIVES

As market infrastructures, the ESES CSDs mission is to provide post-trading services that support safe, resilient and efficient capital markets in Belgium, France, The Netherlands and across Europe. As a leading, domestic group of issuer and investor CSDs connected to the T2S system, the ESES CSDs provide a range of cost-effective and value-added services that meet the financial markets' evolving requirements. Together, the ESES CSDs strive to build a strong and sustainable future that benefits their clients and the markets they serve.

This strategy enables to attract clients based on the logic and efficiency of a gradual convergence of our services through shared but focused investments with more immediate return on value. EF also benefits from the pooling of investment within a larger group, the ability to develop new services and cover new products leveraging the expertise of the Group with the objective of meeting the needs of the market where they operate.

5.2. COMPANY VALUES

Euroclear attaches the utmost importance to its reputation for integrity, honesty and fairness. This is also reflected in the Group values under REACH (Respect-Effective-Accountable-Client First-Helpful).

The Group has established high standards of professional conduct that direct the ongoing activities of the Group.

These standards are formalised in various policies and procedures applicable to employees, senior management and Directors across the Group.

5.3. POLICY FRAMEWORK AND INTEGRITY POLICIES

The Group has in place a comprehensive policy framework which covers all C&E, RM and Legal policies and is supported by the Policy Office within the C&E Division. The policy framework formalises the standards of professional conduct expected of all individuals working at Euroclear.

The Policy Framework is based on a two-tiered structure, as follows:

Board Policies

- are approved by the Board and are principles-based;
- address high level control objectives in order to manage Euroclear risks effectively;

- address specific requirements (e.g. regulatory, legal) subject to Board's approval;
- describe the relevant governance and decision making processes; and
- provide clear Board statements from which management can then derive, when relevant, underlying policy handbooks.

Policy Handbooks

- are approved by the MC;
- are practice-based and detail how to exercise the principles set out in board policies;
- describe the relevant governance and decision making processes; and
- provide clear management statements from which division heads, department heads and team leads can further cascade, where applicable, into more practical guidelines and relevant Standard Operating Procedures.

Key Integrity Policies

Set out below is an overview of the key integrity policies in place in the Group, all of which are reviewed and updated annually.

5.4. ETHICAL, LEGAL & COMPLIANCE RISK BOARD POLICY

The Ethical Conduct, Legal and Compliance Risk Board Policy:

- consists of a Group code of ethics setting out the list of minimum standards to which senior management, employees, and as appropriate contractors must conform;
- sets out Euroclear's commitment to protect its reputation for integrity, fairness and honesty;
- establishes the basic principles governing legal and compliance risk, including a compliance program to detect and prevent money laundering and terrorist financing;
- detail the actions to be taken in the event of non-compliance.

In line with the policy framework described above, the ethical standards referred to in the Board Policy are further elaborated and implemented through a number of separate handbooks.

Those company objectives, values and codes are communicated and promoted throughout the Company and the Group i.e. by postings and comments on Euroclear's internal website (Pulse +). Practical awareness tools include e-Learning modules and targeted training organized by Compliance & Ethics.

EF MC is responsible for overseeing the implementation of the appropriate processes. Compliance & Ethics monitors the adherence by all staff to relevant regulatory and internal provisions through regular 'review and confirm' missions. These consist in a yearly self-certification performed by business owners to provide first line assurance on the adequacy and effectiveness of their controls (review) followed by a risk-based testing program carried out by the Assurance team (confirm).

5.5. BOARD CODE OF ETHICS AND CONFLICTS OF INTEREST POLICIES

The Board has adopted a Board Code of Ethics setting forth values to which Board members shall adhere in carrying out their duties and promoting honest ethical conduct by establishing standards to which Board members should conform and outlining the actions that should be taken in the event of Board member wishes to raise a concern.

Similar to other groups, the management of the Euroclear Group gives rise to a range of situations that (could) amount to a conflict of interest. The corporate structure as well as contractual arrangements (including outsourcing arrangements) in place in the Group creates the potential for intra-group conflicts of interest.

EF and its CSDs have therefore adopted comprehensive policies that Euroclear Board members, senior management and staff (including contractors), must follow in order to identify, notify, assess, properly manage and control potential and actual Conflicts of Interest ("CoI"):

- Board Code of Ethics, Policy on Conflicts of interest for Board Members and Policy on External Mandates for Board and Senior Management;
- Group Policy Handbook on Conflicts of Interest and External Mandates; and
- Guidelines for categorisation, assessment and determination of management measures and controls for Conflict of Interest in Euroclear.

Those Group policies cover both personal and corporate conflicts, with due consideration of potential intra-group conflicts resulting from the group structure and its operating model entailing multiple outsourcing arrangements. CoI Policy Documents require all board, management and staff not only to consider and disclose the conflicts of interest they may have both personally (including via persons directly or indirectly linked to them) and "qualitate qua" (i.e. when they act upon a mandate) but also to take reasonable steps to avoid engagement in activities which could create a perception of impropriety or jeopardise Euroclear integrity or reputation. A number of procedures have been designed to identify (potential) CoI.

Guidelines and Standard Operating Procedures detail how to:

- Categorise and assess the materiality of conflicts of interest identified or disclosed under the CoI Board Policy or the CoI Handbook;
- Assess the effectiveness of available management measures and controls in respect of any conflicts of interest; and
- Implement effective management measures and controls for identified and disclosed CoI.

All Euroclear Group entities seek to limit the occurrence of material (permanent) CoI situations. Euroclear Board (Committees) composition rules form integral part of this objective.

In case of an actual permanent conflict of interest, the Company will automatically apply the measures foreseen in relevant regulation i.e. involved individuals will be excluded from the decision making process and from the receipt of any relevant information concerning the matters affected by the permanent Conflict of Interest.

All potential or actual conflicts identified or disclosed in line with the CoI Board Policy and the CoI Handbook must be recorded either in the Conflicts of Interest Inventory or Register along with the outcome of the categorisation and materiality and manageability assessments which are required by the Guidelines.

Intragroup outsourcing (from EF to another CSD or vice versa) is one of the categories of possible conflicts of interest considered in the CoI inventory. The inventory includes a specific sub-category relating to the services that Euroclear entities provide to other group undertakings. For each of the identified potential CoI, specific control measures are described to manage those potential conflicts.

The intragroup standard contractual arrangements (either SSA or ICOA) evidence the arms' length nature of the relationship and detail the process steps to hold EBE or any other group undertaking to account for due performance of its obligations.

In the event of consistent failure by the intragroup service provider or should a dispute arise that cannot be resolved at the level of the regular service management meetings, the intragroup standard contractual arrangements (either SSA or ICOA) include a two-level internal escalation procedure involving the respective parties' management and decision bodies on an equal footing. For the unlikely eventuality of an issue that cannot be resolved through the ordinary contractual or governance channels an internal escalation body (composed of Independent Directors from the Group) is empowered to deal with unresolved disputes in an objective manner (including those relating to the outsourcing arrangements).

To prevent any conflict of interest specifically resulting from the exercise of external functions EF has dedicated policies on the matter (see above).

5.6. SPEAK UP (FORMERLY "WHISTLEBLOWING")

Euroclear encourages everyone –regardless of their role in the organization- to report known or suspected violations if they genuinely and in good faith believe that a suspected or known violation of laws, regulations or internal policy is occurring or has occurred within any Euroclear company

EBE has therefore a Speak Up Policy Handbook which:

- provides a framework which ensures that speaking up is possible at all levels and through various channels;
- provides guidance on the reporting arrangements explaining:
 - What can be reported;
 - What is the process for reporting, including the available internal and external channels;
 - How a report is handled.
- ensures that all reports will be treated in confidence, in a timely manner and with due regard for the rights of all individuals concerned, in accordance with local laws.

5.7. FORMAL COMPLAINTS HANDLING

EF has a formal complaints handling process in place. A person (client or third party) seeking recourse from EF in relation to the way in which it has provided or has failed to provide its services can file a formal complaint. This process is actionable as a last resort in the event that the issue could not be resolved via the usual Euroclear contact points. Formal complaints have to be made in writing. The complaints handling process is a formal escalation process handled by the EF Compliance Officer. Relevant information is published on Euroclear's website.