(Translated version)

Sustainability report 2018
Euroclear Sweden AB (556112-8074)

Goals and objectives of the sustainability report
In this sustainability report, Euroclear Sweden compiled information about the company’s work on sustainability according to the new regulations in the Annual Accounts Act regarding sustainability reporting. The document is created in order to help our stakeholders to find information about Euroclear Sweden’s sustainability work, increase transparency and provide the opportunity to present how we are working with sustainability and implementing it into our business. Euroclear Sweden’s sustainability work is conducted in collaboration with the Euroclear group.

Business Description
In the capacity as a central securities depository, Euroclear Sweden offers its customers long-term, safe and cost-efficient services. The services include issuance and administration of financial instruments as well as clearing and settling transactions of shares, funds and interest-bearing securities. We keep the share registers and debt registers for over 1,800 issuing companies. The business is under the supervision of the Swedish Financial Supervisory Authority.

Euroclear Sweden is part of the Euroclear group, which is the world’s largest supplier of services for domestic and cross-border transactions of bonds, shares, derivatives and investment funds. The Euroclear group includes Euroclear Bank, as well as Euroclear Belgium, Euroclear Finland, Euroclear France, Euroclear Nederland, Euroclear Sweden and Euroclear UK & Ireland.

What is sustainability at Euroclear Sweden?

Environmental (ecological) sustainability
Covers Euroclear Sweden´s business’ impact on the climate, from paper consumption to cleaning supplies. An unsustainable use of environmental resources makes it difficult to contribute to an economically and socially sustainable society.

Social sustainability
The Euroclear group acts in a responsible way, to enable society to continue develop in a sustainable way. Euroclear Sweden actively works to prevent direct or indirect violation of human rights or basic working conditions.

Employees
The Euroclear group stands for the values Respect, Effective, Accountable, Client First, Helpful- REACH. Our values are part of our corporate culture and are incorporated in everything that we do.

Anti-corruption
The Euroclear group has an anti-corruption policy which states that all employees in addition to annual training, must be regularly notified regarding bribes, corruption and inappropriate influence.
**Financial sustainability**
Concerns issues such as efficient and responsible resource consumption; an economically sustainable organisation uses their resources efficiently and responsibly in order to operate the company in the best possible manner.

**Guidelines and policies**
Euroclear Sweden’s sustainability work is an integrated part of its corporate governance. Together with the company’s management, the Board of Directors supports the policies that guide Euroclear Sweden’s social impact.

Several policies have a bearing on sustainability, including:
- Code of conduct
- Gift policy
- Work environment policy
- Gender equality policy

Responsible corporate engagement promotes a positive, sustainable impact on the environment and society as a whole.

**Euroclear Sweden as a workplace**

**Our organisation**
Euroclear Sweden's organisation is a line organisation, where manager’s report directly to the CEO, Operations, Commercial, Product Management, Communication, IT and Legal. Compliance and Risk are independent departments and have dual reporting to the CEO and to the Board of Directors to ensure independence.

Certain functions are outsourced within the Euroclear group. This is regulated in service agreements, Service Delivery Plans.

External services are negotiated primarily in conjunction with larger projects and are monitored by the outsourcing manager for Euroclear Sweden in consultation with the company’s outsourcing committee.

**Collective agreements and HR processes**
Euroclear Sweden has a collective agreement via BAO - Financial Sector Union of Sweden. HR processes are guided by internal policies. One example is the Performance Management Process, which stipulates goal-setting, follow-up and feedback. Another example is Euroclear Sweden's compensation policy, which regulates the process around bonuses and salaries.

**Diversity**
Euroclear Sweden has a diverse workforce. Our work on diversity is the result of our commitment to a work environment where all employees are included, regardless of their sex, ethnicity, age, sexual orientation, religion or disability.

Actively working on diversity helps increase our attractiveness as an employer for both existing and future employees.

Our success over the long term depends on our ability to create strong and reliable relations with existing and potential customers and employees.

An inclusive environment promotes innovation and creativity – the central factors for improving our performance and providing a competitive advantage.

**Compliance and ethical behaviour**
For Euroclear Sweden, it is essential that the entire organisation is permeated by an integrated Compliance culture and guidelines for ethical behaviour. Primarily, we focus on;
- Following the established policies of the Euroclear group and Euroclear Sweden
- Maintaining and continuing the constructive dialogue we have with our union representatives
- Ensuring a transparent compensation model for all employees

Euroclear Sweden has a clear process for detecting any violations of our code of conduct or in the event of suspected discriminatory harassment.

**Health and wellness**
Euroclear Sweden promotes wellness and offers all employees a number of different wellness activities.

**Work/life balance**
We encourage a flexible work schedule and help our employees to find a balance between their private and professional lives.

**Community engagement**
Diversity and inclusiveness is high on the agenda at Euroclear Sweden. Therefore, we have made the decision to support two organisations in 2018/2019 – Mitt Liv and Tjejzonen. The collaboration is part of the Euroclear group’s 50 year anniversary, whereby SEK 250,000 was donated to each of the two Swedish charities.

Both organisations focus on integration – Tjejzonen by providing coaching and support to young women, and Mitt Liv which offers mentorship to new immigrants and assistance entering the Swedish labour market. Euroclear Sweden also supports Ung Företagsamhet

**Follow-up**
The effects of the work on policies and guidelines are monitored through regular employee surveys and work environment surveys. Dialogues are conducted with union representatives.

**Key indicators**

**Environmental indicators**

*Energy consumption*
Consumption is measured via Euroclear Sweden’s own electricity subscription and the office building electricity subscription as well as for air conditioning and district heating. A large part of the electricity is generated through certified renewable energy such as wind power and hydropower, and the district heating system is climate-neutral.

Over the years, both Euroclear Sweden and the property owner have installed new equipment and replaced old equipment to help reduce energy consumption. Electricity consumption per person has dropped since 2011.

*Water consumption*
Euroclear Sweden uses low-flow toilets and showers, as well as energy-efficient dishwashers to help use as little water as possible. Water consumption per person has dropped since 2011.

*Travel*
This is the largest source of CO2 emissions for Euroclear Sweden. Flying within Europe has increased due to large projects, while both domestic and long-distance travel (trips outside Europe) has decreased. Euroclear Sweden tries as much as possible to increase the use of digital technology as an alternative to flying or renting a car.

Travelling to and from the workplace is another important aspect, which is why the location of our office is important, i.e. having a location that is easily accessible via public transport.
**Paper consumption**

Euroclear Sweden strives for efficient use of material resources. The goal is to reduce paper consumption and to always use recycled paper.

**Personnel indicators**

Euroclear Sweden is actively working towards greater diversity, health, flexible work schedules and continuing professional development for its employees. Euroclear Sweden conducts an annual employee survey to measure employee satisfaction.

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<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
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<tr>
<td>Average number of employees</td>
<td>94</td>
<td>87</td>
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<tr>
<td>Women</td>
<td>43</td>
<td>38</td>
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<tr>
<td>Men</td>
<td>51</td>
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Age distribution:

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<tbody>
<tr>
<td>0-29</td>
<td>9</td>
<td>10</td>
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<tr>
<td>30-44</td>
<td>35</td>
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<td>45-59</td>
<td>44</td>
<td>34</td>
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<td>60</td>
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**Financial indicators**

Profit and Loss account

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<tbody>
<tr>
<td>Operating income</td>
<td>551</td>
<td>546</td>
<td>526</td>
<td>488</td>
<td>432</td>
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<tr>
<td>Operating expenses</td>
<td>-459</td>
<td>-405</td>
<td>-353</td>
<td>-307</td>
<td>-284</td>
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<tr>
<td>Operating profit after depreciation</td>
<td>92</td>
<td>111</td>
<td>173</td>
<td>181</td>
<td>148</td>
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<td>Net financial income</td>
<td>-2</td>
<td>-3</td>
<td>0</td>
<td>5</td>
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<td>Appropriations</td>
<td>49</td>
<td>47</td>
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<td>-22</td>
<td>-8</td>
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<tr>
<td>Profit before tax</td>
<td>140</td>
<td>156</td>
<td>170</td>
<td>159</td>
<td>145</td>
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<tr>
<td>Taxes</td>
<td>-32</td>
<td>-35</td>
<td>-38</td>
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<td>-32</td>
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<tr>
<td>Net profit for the year</td>
<td>108</td>
<td>121</td>
<td>132</td>
<td>124</td>
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Balance sheet

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<tr>
<td>Fixed assets</td>
<td>88</td>
<td>102</td>
<td>121</td>
<td>64</td>
<td>63</td>
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<tr>
<td>Current assets</td>
<td>942</td>
<td>896</td>
<td>907</td>
<td>737</td>
<td>672</td>
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<tr>
<td>Shareholders’ equity</td>
<td>586</td>
<td>478</td>
<td>357</td>
<td>349</td>
<td>339</td>
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<tr>
<td>Untaxed reserves</td>
<td>148</td>
<td>197</td>
<td>244</td>
<td>244</td>
<td>222</td>
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<tr>
<td>Liabilities</td>
<td>296</td>
<td>323</td>
<td>427</td>
<td>208</td>
<td>174</td>
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<tr>
<td>Balance sheet total</td>
<td>1 030</td>
<td>998</td>
<td>1 028</td>
<td>801</td>
<td>735</td>
</tr>
<tr>
<td>Average number of employees</td>
<td>94</td>
<td>87</td>
<td>82</td>
<td>75</td>
<td>69</td>
</tr>
</tbody>
</table>
**Goals 2019**

**Well-being and inclusion:** Promote an inclusive culture and a healthy lifestyle.
- We continue to promote a working climate where diversity and inclusion are essential for our business success.
- We offer our employees opportunities to develop their professional expertise and to grow in the company, both in Sweden and internationally.
- We also offer a range of benefits in fitness and health as well as flexible working hours, to help achieve a healthy work-life balance.

**Environment and Emissions:** Reduce our carbon footprint and work with sustainable providers.
- Our office is centrally located and with easy access to public transport, supporting our zero company cars and zero employee parking spaces objective.
- We discourage the use of taxis for travel and promote the use of public transport to travel to airports.
- Where possible, we only offer organic and fair-trade products to employees.

**Waste:** Prevent unnecessary waste and improve handling when it cannot be avoided.
- We improve our waste management practices by replacing all normal recycle bins by combinations of separate bins for paper and plastic.
- We no longer allow the use of disposable cutlery, cups and plates in the office.

**Energy:** Reduce electricity usage.
- We have initiated a campaign to use Virtualized Desktop Infrastructure when working remotely to allow local workstations to be shut down more frequently.
- We have sun-reflecting curtains in areas of the office that are most exposed to direct sunlight to reduce glare and use of air-conditioning.