



MFEXby**Euroclear**

JULY 2023

MFEX MUTUAL FUNDS EXCHANGE SUSTAINABILITY REPORT | **2022**

TABLE OF CONTENTS

04 - 05		CEO LETTER
06 - 13		ABOUT MFEX
14 - 17		THE SUSTAINABILITY OPERATING FRAMEWORK
14 - 15		Understanding our sustainability impacts
16 - 17		Managing ESG risks
16 - 17		Contributing to Euroclear's ESG ambitions
18 - 21		MARKETPLACE
18 - 19		ESG in our product offering
20 - 21		A word from Matt
22 - 31		GOVERNANCE
22 - 23		Improving our sustainability governance
24 - 25		Meet our group ESG manager Frédérique Nicoli Ly
26 - 27		Counteracting corruption
28 - 29		Data and information security
30 - 31		Meet our CTO Jacob Hamacher
32 - 43		WORKPLACE
32 - 33		Being an employer of choice
32 - 37		Streamlined HR strategies across the group
38 - 39		Learning and development
40 - 41		Promoting diversity and inclusion
42 - 43		Work environment and well-being
44 - 53		ENVIRONMENT
46 - 47		Improving our energy consumption and increasing renewable energy
48 - 49		Environmental impact in our value chain
50 - 51		Our journey to Net Zero
52 - 53		Managing our waste
54 - 55		COMMUNITY
54 - 55		Volunteering and donations
56 - 59		GRI INDEX - About this report

A WORD FROM THE CEO

How would you describe 2022 for MFEX from an overall business perspective?

2022 was a challenging year from a business perspective with a steep fall in stock and bonds markets globally impacting funds value. Following the invasion of Ukraine, social and economic challenges increased for companies, as well as for individuals.

Despite downgrading market trends, we strengthened our end-to-end offering of digital solutions for asset managers and fund administrators across mutual funds, ETFs, and alternative funds. We clarified our value proposition and intensified our commercial efforts in combination with Euroclear group. The group's acquisition of Goji means that we now have a solution that offers our clients access to private markets funds. MFEX also opened an office in Dublin, adding to our already strong presence in Europe.

What are your thoughts on the importance of sustainability/ESG for MFEX?

ESG is continuously getting more attention globally and we understand the importance and the urgency around it. Despite the turbulence in the global economy and financial markets, we remain strongly attached to expanding our ESG agenda. It has therefore been included in our top priorities for 2023.

Internally, we have defined our ESG strategy to align with our stakeholders' expectations.

We focus on five pillars: Marketplace, Environment, Workplace, Community and Governance, for which we define KPIs and align with the Euroclear model, with a strong will to contribute to our Group's ambitious goals. In 2022, we made some significant achievements on each pillar, which will be presented throughout the report. We recognise however that we still need to mature our approach to sustainability and add more ESG initiatives.

Externally, in the financial market, ESG calls for more transparency, especially considering the complexity of European regulations and their limits. Through our market intelligence products and services, we offer our clients the ability to make better informed decisions, share real-time high-quality data related to ESG, reduce their regulatory costs, and increase their own clients' satisfaction.

Our direct clients are also more demanding when it comes to

sustainability and do not hesitate to rank their providers partly based on ESG criteria.

Quote: "In our market, extra-financial data is considered as strategic "green gold" for asset managers and distributors. It is required in increasingly sophisticated analysis models and we have unique capabilities to deliver this. Internally, we will align with our group objective of net zero by 2050 and address climate change related challenges. We will also continue to support the diversity and growth of our workforce and make sure we have some positive impact on our communities."

Do you see any specific risks and opportunities for MFEX in the years to come?

MFEX is on a growth path with a strong value proposition. The economic and geopolitical context is challenging, but we are progressing with the support of our teams. We have a roadmap to further enhance our digital and data enabled solutions and improve our technology.

Every decision we make is with ESG in mind, be it from a market point of view, enhancing transparency for instance, or from a workplace standpoint, promoting diversity and inclusion and reducing our own environmental footprint. We want to take responsibility in driving the financial industry towards more sustainability.

How do your stakeholders contribute to the success of MFEX?

Clients remain at the heart of our business, which is why our partner companies are strategic stakeholders in enabling us to deliver more comprehensive and innovative services for our clients. We are collaborating closely with other Euroclear partner companies such as Greenomy, with whom we developed a new ESG reporting solution adhering to the European ESG Template (EET).

ImpactCubed is another Euroclear partner company we work with. They provide ESG impact data and analytics solutions. Their focus is on outcome-based data to ensure that institutional investors can make more informed investment decisions for their clients.

Our employees are naturally key to the success of our company and in 2022 we organised a series of additional training and new well-being projects, to be further developed in 2023.

ESG also gives our employees a sense of purpose and satisfaction at work.

Finally, our suppliers are getting more attention and scrutiny and will play an essential role in our carbon footprint improvement in 2023.

What is your ambition related to ESG for 2023?

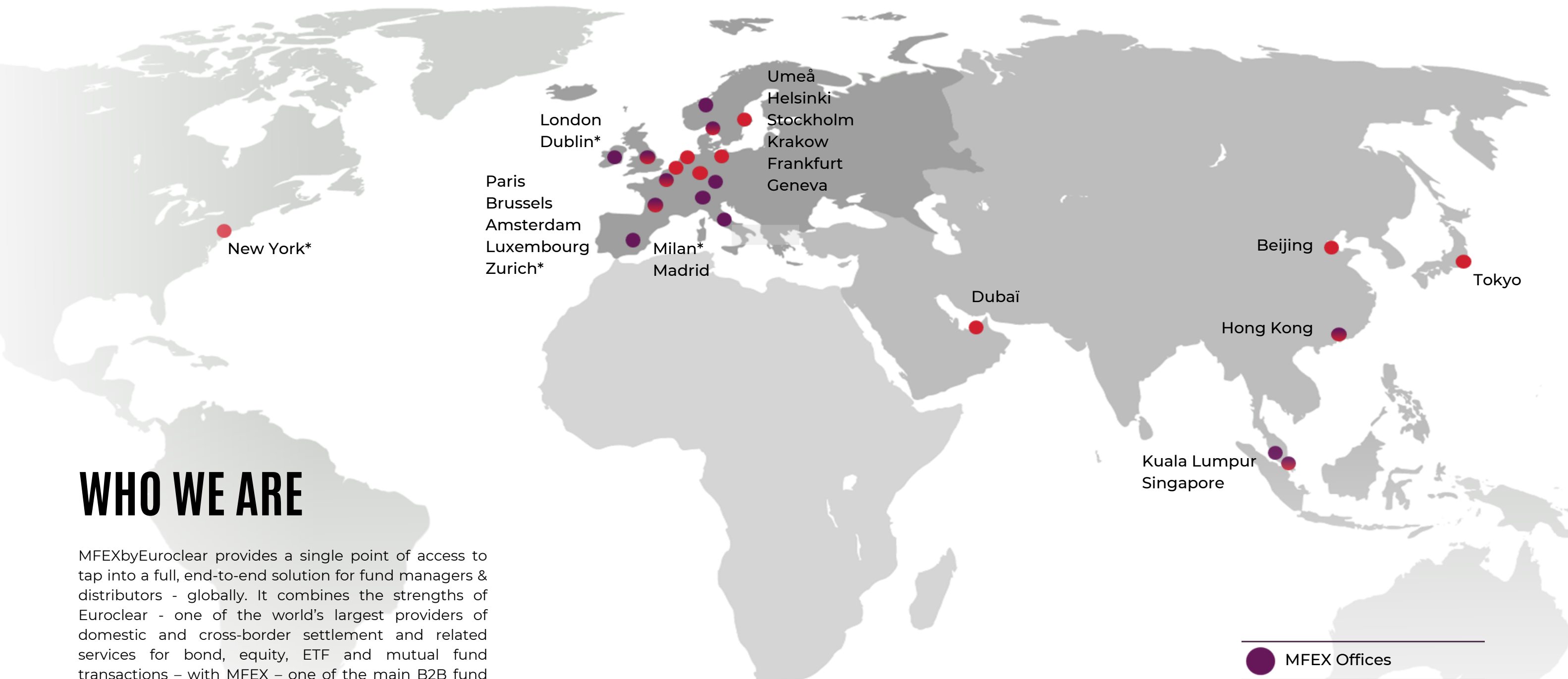
With a stronger ESG governance implemented in 2022 and a new ESG policy in the writing, we now have everything in place to gain maturity on the subject. We intend to review our product roadmap to further develop ESG opportunities. We will engage more widely with our communities in all our main locations. We will proudly continue to develop our ESG programs and deliver on our bold objectives.

I would like to thank all employees, partners, suppliers and of course our clients for being part of this journey.

Geert Desmedt
Co-CEO MFEX



WHERE WE OPERATE



WHO WE ARE

MFEXbyEuroclear provides a single point of access to tap into a full, end-to-end solution for fund managers & distributors - globally. It combines the strengths of Euroclear - one of the world's largest providers of domestic and cross-border settlement and related services for bond, equity, ETF and mutual fund transactions - with MFEX - one of the main B2B fund platforms.

Euroclear is a proven, resilient capital market infrastructure committed to delivering risk-mitigation, automation and efficiency at scale for its global client franchise. The group also includes Euroclear Bank - which is rated AA by Fitch Ratings and Standard & Poor's - as well as Euroclear Belgium, Euroclear Finland, Euroclear France, Euroclear Nederland, Euroclear Sweden, Euroclear UK & International.

OUR JOURNEY

- 1999** **Foundation of MFEX in Sweden**
Oliver Lagerström founds MFEX and swiftly signs our first client
- 2005** **Expansion into Europe**
Signing our first client in Belgium, marking our expansion in Europe
- 2006** **Opening of Paris Office**
Opening of Paris office to serve the French market
- 2012** **Launching Rebates Collection Service (RCS)**
MFEX launches its RCS to respond to clients' needs
- 2014** **Expansion into Asia**
MFEX opens its office in Singapore marking its expansion into Asia
- 2015** **Partnership with Société Générale**
Société Générale selects MFEX for its Rebates Collection Service
- 2017** **Foundation of Global Fund Watch * | Opening of Milan Office**
Global Fund Watch sets up in Sweden | MFEX opens Italian office
- 2018** **Acquisitions of Axeltis (Natixis Group) & Ahorro | New Madrid Office**
Acquisitions of Axeltis, France & Ahorro, Spain | New office in Spain
- 2019** **Acquisition of RBC's Global Fund Platform | New Global Offices**
GFP acquisition | New offices in London, Luxembourg and Malaysia
- 2020** **Acquisition of SGBT's GFT Platform | Obtaining CSSF**
Acquiring SGBT's GFT Platform | Luxembourg trading license (CSSF)
- 2021** **MFEX joins Euroclear group**
Euroclear acquires MFEX, as its main B2B fund distribution platform
- 2022** **Opening of Dublin Office**
Opening of a new representative office in Dublin, Ireland
- 2022** **Euroclear group to acquire Goji ***
Enabling MFEX & Euroclear clients to access Private Market Funds

* Global Fund Watch, the in-house digital compliance regtech for all Fund professionals

* Goji, the leading provider of technology-enabled solutions and digital access to private markets



WHAT WE DO

We offer end-to-end fund solutions enabling Distributors and Fund Management Companies to realise their visions

Trading & Custody

- ▶ Trading (Mutual, Money Market, Alternative funds and Private Equity)
- ▶ Automated settlement with centralised cash management in Euroclear Bank
- ▶ Automated transfers and corporate actions

Funds Distribution Services

- ▶ Rebates collection
- ▶ Access to a large library of funds
- ▶ Online reporting
- ▶ Custodian connectivity
- ▶ Contract management
- ▶ Fee collection on structured products
- ▶ Additional services

Funds Data Services

- ▶ Dealing data
- ▶ Static & dynamic data
- ▶ Regulatory data
- ▶ Documents
- ▶ ESG focus

Regulatory Compliance

- ▶ Single questionnaire
- ▶ Due diligence automated campaigns
- ▶ AML & KYC Platform
- ▶ Integrated Dow Jones Factiva* Screening



Highest standards of asset safekeeping



Data-enabled services



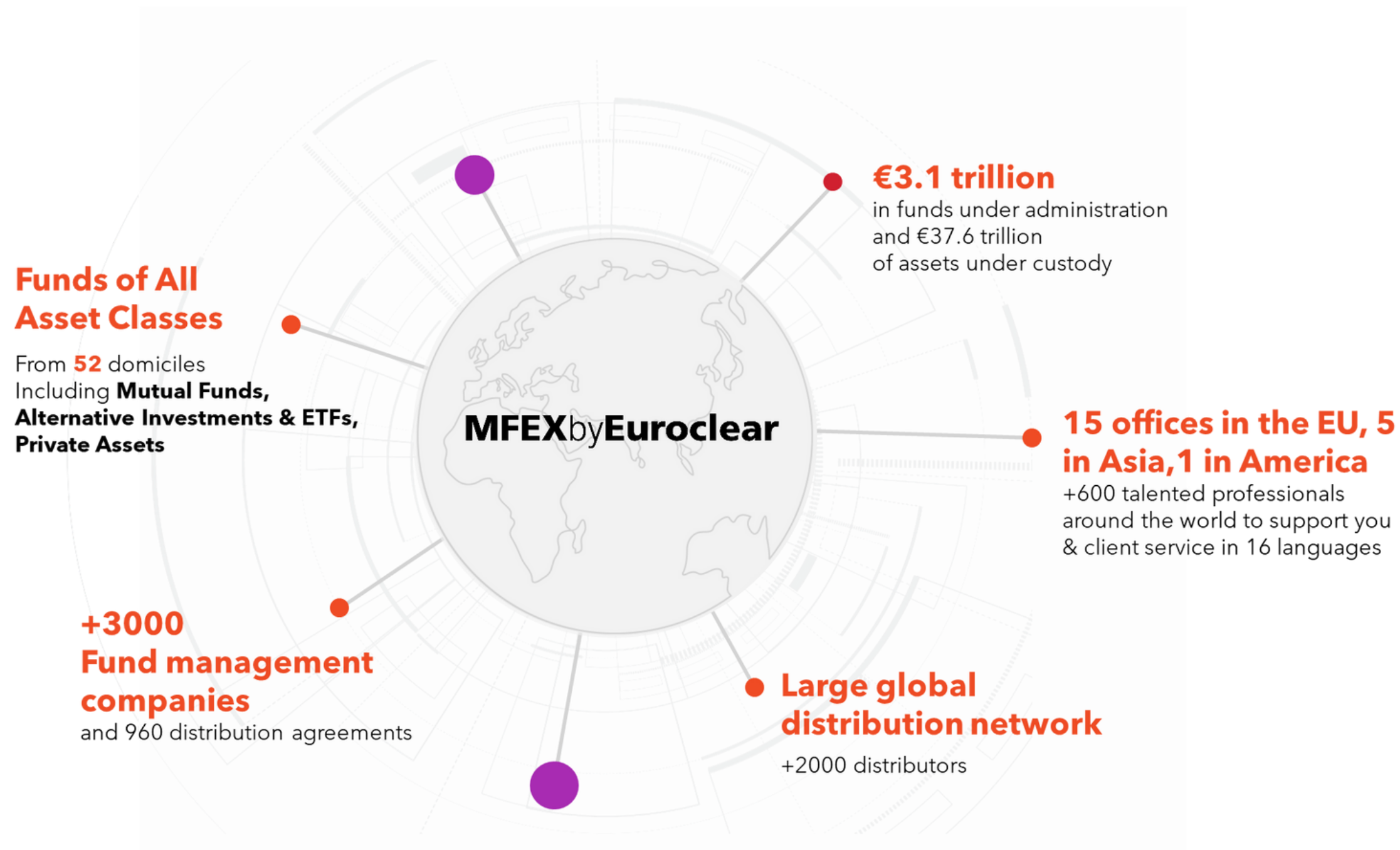
Access to the largest multi-asset funds



Efficient digital solutions

KEY FIGURES

MFEXbyEuroclear combined figures:



World's largest multi-asset funds universe with Customer-centric with solution-oriented offerings



Access the largest multi-asset funds universe : Mutual Funds, ETFs, Alternative Funds including Hedge Funds and Private Market Funds



Ranked #1 Best Overall Service in Europe*

Platforūm

*According to Platforūm 2022 survey from fund management companies

UNDERSTANDING OUR SUSTAINABILITY IMPACTS

Materiality analysis

Materiality assessment is the foundation of a corporate sustainability strategy, as it guides a company on what to focus on. MFEX's materiality assessment was last updated in 2021, when a consolidation of material aspects was made based on defined topics. The assessment was built on the sustainability risk matrix, as well as current sustainability trends and issues.

The revision of the materiality assessment resulted in ten material sustainability topics, which can be viewed in the list below. The sustainability topics were assessed following the dual materiality approach, meaning that the topics were analyzed based on the impact they have on MFEX, as well as the impact that the company has on the topics. The aspects were then ranked in order of priority, giving us guidance on which aspects to primarily focus on for the coming years.

Throughout the year, we engaged with our stakeholders to understand their expectations, even though we have not held formal dialogues with specific focus on sustainability.

In 2023 we will revisit the materiality assessment again to ensure preparedness with the upcoming Corporate Sustainability Reporting Directive (CSRD), which will require the assessment of a specific set of topics, with added focus on financial risks and opportunities. This will include formal sustainability-related stakeholder dialogues.

The 2021 assessment showed that the areas where we have the highest impact relate to employee diversity and inclusion; employee skills, capacity and well-being; as well as information security and data privacy. These are areas where we have high governance structures in place and have carried out several improvements, including both increased employee training and added cyber security defense. Read more about our actions taken throughout the year in the coming chapters.

As last year, looking at which Sustainable Development Goals (SDGs) we have an impact on, as well as which are most aligned with our priorities, we focus on the six goals below to contribute further to the 2030 Agenda:



Corresponding sections of the report:
 SDG 3,4,5: Workplace
 SDG 12, 13: Environment
 SDG 16: Marketplace, Governance

- 01. Increase employee diversity and strengthen inclusion
- 02. Strengthen employee skills, capacity and well-being
- 03. Uphold high information security
- 04. Uphold data privacy
- 05. Integrate ESG into product offering
- 06. Counteract all forms of corruption and bribery
- 07. Reduce energy consumption
- 08. Responsible handling of e-waste
- 09. Sustainability in the supply chain
- 10. Reduce greenhouse gas emissions

MANAGING ESG RISKS

There are many pressing risks related to Environmental, Social and Governance (ESG) issues, and understanding the risks relevant for our business in the short, medium and long term is therefore of utmost importance for their management. MFEX is covered by the general risk framework of Euroclear, in which ESG risks are being embedded in line with regulatory expectations and market practices. Rather than being a standalone category, ESG risks are viewed as a driver of existing risk types within Euroclear's risk library.

Overall, MFEX's exposure to ESG risks is considered low. In the short term, the most pressing risks relate to meeting stakeholder expectations, including increased legal requirements within the European Union (EU). MFEX is not subject to the EU Taxonomy, but our French operations must follow the Sustainable Finance Disclosure Regulation (SFDR), which requires disclosure of ESG risk integration into investment decisions to our customers, on our [website](#). In the long term, MFEX expects impacts from the effects of climate change, as a company and as part of the financial sector.

Looking ahead, one of our key focus areas within ESG risk management will be to identify and manage the ESG risks in our supply chain. We will launch a supplier ESG assessments mid-2023 for all our critical suppliers. Euroclear signed an agreement with EcoVadis, a leading provider of supplier ESG ratings, to help us build a robust mechanism for our supplier assessment ensuring comparability of results.

In 2023, our focus will also be to assess the financial risks and opportunities related to sustainability, which is part of meeting upcoming Corporate Sustainability Reporting Directive (CSRD) requirements.

CONTRIBUTING TO EUROCLEAR'S ESG AMBITIONS

As a Euroclear company, we align to its ESG framework and ambitions, based on the five pillars below. MFEX contribution to these areas are detailed in the coming chapters of the report.

Marketplace

Facilitate and accelerate a sustainable financial system.

Governance

Ensure robust and transparent governance across the organisation and encourage good governance in our value chain.

Workplace

Be an employer of choice by fostering a healthy, inclusive environment and attracting, developing and upskilling staff for the future needs of financial markets.

Environment

Build a climate resilient business and support climate resilient financial markets through the management of climate risk.

Community

Demonstrate impact in our local communities.
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MARKETPLACE

ESG in our product offering

The development of sustainable finance has been tremendous, both from a regulatory point of view and from a market requirement's point of view.

The demand to assess environmental, social and governance (ESG) criteria of companies or funds is essential for the industry and obtaining relevant and recent data on ESG criteria is an area where MFEX has widened its offer.

Achievements in 2022

- ▶ Widened and deepened the dedicated Responsible Investor section in our GFW questionnaire
- ▶ Offered to assess asset managers from an operational perspective
- ▶ Further developed our Data Solutions and launched the EET service for MFEX distributors

Goals for 2023 and beyond

- ▶ Launch the EET service for our asset management clients
- ▶ Extend the ability for clients to search ESG data through our Market Intelligence "MINT" service
- ▶ Further develop synergies with companies acquired by the Group to offer deeper ESG services and powerful solutions

The Responsible Investor section in Global Fund Watch

We provide customers access to our Global Fund Watch (GFW) service, a digital onboarding and compliance exchange platform, where financial companies simplify and speed-up their onboarding (KYC) and recertification process

with digital tools. Built like a "Compliance LinkedIn", GFW allows financial companies to access directly updated information and documents from their network of counterparties. The sourcing and sharing of information is controlled by the owners of each profile. A dedicated Responsible Investor section includes an ESG questionnaire and various related documents such as ESG policies. From a compliance perspective, companies can use this tool to assess the ESG capabilities of their clients or providers, which complements their assessment of ESG investment capabilities.

Asset managers assessment

Institutional investors and fund distributors need support with Responsible Investment solutions and ESG investment decisions. Due to both regulation and client demand, they need to ensure that the asset managers they select or invest in are aligned and compliant with their ESG engagements. For more than 12 years, MFEX has been assessing asset managers from an operational perspective and delivering reports with an opinion and a scoring on operational robustness. In order to support our clients, since 2021 we have extended this offering with an integrated ESG module. This enables MFEX users to evaluate fund managers' actual ESG organisation, governance, and process implementation. In the often-confusing universe of ESG funds and labels, the integrated ODDS (Operational Due Diligence Service) offer uniform analysis and therefore allow for easier comparisons between different asset managers' ESG claims, benefitting from over 10 years track record on assessing this industry.

EET and Data Solutions Services

Our data Solutions services have enabled us to support our marketplace offering, which collects all regulatory data related to funds' ESG themes and makes it available to distributors. The data covers both the commitments of fund managers to their investment strategies and ultimately the impact of these strategies.

As an example of the data analytics services, MFEXbyEuroclear has started the dissemination of the European ESG Template (EET) to distributors throughout Europe to be ready for the official launch in January 2023. The EET provides a standardised template complying with regulatory requirements from the Regulatory Technical Standards (RTS) under the Sustainable Finance Disclosure Regulation (SFDR) Level 1, applied in Europe. The EET enables asset managers to gather all reporting on the EU taxonomy, SFDR, MiFID and Insurance Distribution Directive (IDD) requirements.

MFEX collects EET data directly from asset managers, which ensures that we have data quality and can redistribute it in a transparent and efficient way. When we started collecting MiFID data, the template only had 60 data points in it. Now with EET, we cover over 600 data points, even if not all the data points are populated yet.



Matt Newnham, co-Head of Fund Product Strategy

A WORD FROM MATT

What is MFEX added value on ESG Data?

Today we cover over 80 000 ISIN worth of EET data, by collecting data at the source in order to support our clients within the distribution chain.

These elements serve to enlighten end customers in their investment decisions, while highlighting and giving more transparency to sustainable finance-oriented products. Transparency and timeliness are key, and we are ready to make available any new data sets as soon as they become available by the manufacturers.

What's next for 2023?

We will extend the ability for our clients to use referential ESG data within our newly launched Market Intelligence service, that takes all the transactional information in MFEX and Fundsettle (platform of Euroclear Bank) databases, trillions worth of assets, and provides an anonymized and aggregated view to support to support our clients improve their product and distribution strategies.

We will also continue our partnerships to provide deeper ESG data views of the funds within our ecosystem, such as with Impact Cubed, a provider of empirical ESG impact data and analytics solutions in which

Euroclear took a stake in September 2022, expanding its analysis of ESG sustainability criteria. In January 2022, Euroclear had also invested in Greenomy, a Brussels-based start-up that helps companies meet environmental, social and governance (ESG) criteria dictated by the European Union, with whom we also work on several projects.

As a financial infrastructure manager, we have a unique role to play in providing transparent data solutions for sustainable investing.

Through this threefold service offering, we believe to create benefits directly for our clients but also for the larger society.

GOVERNANCE

Improving our Sustainability Governance

As sustainability became increasingly important at MFEX, a new position of Group ESG Manager was created in 2022, reporting to the General Secretary, who reports directly to our CEO.

Sustainability is on the Executive Management Team's agenda, as important matters arise as well as for reoccurring topics such as the review of the sustainability report. Upon proposal of the ESG Manager, Executive Management has discussed and set a high-level ESG roadmap, which is part of MFEX key priorities for 2023. The ESG manager reports regularly to the Executive Management on the progress of all components of the roadmap, including on internal training/awareness campaigns as well as the organisation and staff attendance of local volunteering actions.

The Board of Directors discusses and reviews all elements related to ESG throughout the year. It also approves all policies related to ESG, as well as the sustainability report.

Until 2022, the primary steering document on sustainability was MFEX Code of Conduct. During the year, we made several changes on our policy framework within different sustainability topics, such as regarding our compliance and anti-corruption work, which you can read more about in our Anti-corruption and business ethics chapter.

Our sustainability work is also greatly interlinked with the sustainability governance being conducted by our parent company Euroclear, regarding policies, trainings, compliance and ESG data collection. In 2023, Euroclear's new ESG policy has been released and is available on [ESG Group Policy.pdf \(euroclear.com\)](#). This document compiles a set of minimum requirements applicable to the Group and MFEX has agreed to transpose this policy within one year.

Achievements in 2022

- ▶ Recruited a new Group ESG Manager
- ▶ Aligned our ESG program to Euroclear ESG framework
- ▶ Improved policy framework with integrated ESG
- ▶ Review and publication of our [Supplier Code of Business Conduct](#)

Goals for 2023 and beyond

- ▶ Write up of a new ESG policy
- ▶ Screen our critical, outsourced and high spend suppliers on ESG
- ▶ Launch a new materiality assessment

MEET FRÉDÉRIQUE

What triggered your interest about this position?

I believe that the financial sector should and will play a crucial role in driving ESG progress and that if the financial sector fails to step up, the sustainability transformation of our economy could ultimately falter: a sustainable world needs sustainable finance.

MFEX is in a great position to make a valuable contribution to the sector because there is a strong will from the top management to deploy corporate sustainability and, from a product's perspective, we have all the data needed to support sustainable finance. I'm impatient to start and contribute to our journey to a better finance industry and to reach Euroclear's ambitious goal of net zero.

What main projects have been developed with this new role?

MFEX is navigating in a complex and evolving regulatory landscape. Monitoring EU regulations related to corporate sustainability and sustainable finance could be a job in itself. So, leading the company's efforts to stay compliant through regulatory watch is one part that is now better covered.

A key priority for this role is also to share my expertise in ESG and train all employees on the topic. In January 2023, two ESG awareness sessions have been held for all staff, attended by over 200 colleagues, revealing people's interest in this field. Monthly internal ESG newsletters will be sent and will serve as a communication tool to keep all employees informed of the company's ESG efforts or market trends on ESG.

Which will be the ESG focus areas going forward?

In the coming year, we will strive to develop an ESG sponsor network in all MFEX locations and enroll as many volunteers as possible to help drive the ESG agenda forward and reinforce the ESG governance. Furthermore, in close collaboration with the Euroclear ESG Team, we will work to develop employee well-being and community programs.

An important part of my activity relates to reporting. As legal requirements will get more stringent, broadening our reporting scope is a necessity. We have made great achievements in this annual report compared to the previous report and will need to expand further to meet Corporate Sustainability Reporting Directive (CSRD) requirements.

Finally, an important project will be deployed in 2023, on our supply chain ESG screening. We have already selected our high spend, outsourced and critical suppliers to be included in the assessment process.



Frédérique Nicoli Ly, MFEX group ESG Manager

COUNTERACTING CORRUPTION

As part of MFEX values, counteracting all forms of corruption and bribery is crucial for our credibility as a provider of financial services, but also for operating in an open and transparent way.

MFEX Chief Compliance Officer is responsible for the anti-corruption work at group level and reports directly to the CEO. The day-to-day compliance work is carried out by the compliance department located in Stockholm, with compliance officers based in France, Luxembourg and Singapore (covering Hong Kong).

Achievements in 2022

- ▶ Widened and deepened the compliance training catalogue
- ▶ Over 4000 hours of training on compliance
- ▶ Launched a new Speak Up Group Policy: new framework and reporting channels

Goals for 2023 and beyond

- ▶ Launch a compliance training for all boards
- ▶ New anti-fraud, anti-bribery and corruption Group Policy aligned with Euroclear framework
- ▶ Produce an anti-fraud and anti-bribery and corruption risk assessment
- ▶ Launch a dedicated Fraud/ABC training to all MFEX employees

In 2022, the anti-corruption work at MFEX was governed through our Group Policy for Anti-Bribery and Corruption, a set of Employee Guidelines (similar to an internal Code of Conduct) as well as a whistle-blowing function, stipulating the rules to handle ethical issues, such as conflict of interest or confidentiality matters. Our Speak Up Group Policy offers an option to report anonymously. However, we do not promote

anonymous reporting because it makes it more difficult to investigate a concern and remediate any identified issues. The employee guidelines, as stipulated in our Code of Conduct, governed by four principles:

- ▶ Providing services to clients with thoroughness and fairness
- ▶ Respecting the integrity of the market
- ▶ Acting fairly concerning MFEX and its best interests
- ▶ Comply with all applicable laws, rules, and regulations

The Employee Guidelines contain instructions on how MFEX works with Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF). All policies are communicated to employees through internal communication channels such as Teams and email. In addition, MFEX holds multiple annual compliance training courses for employees, detailing policies and whistle-blowing function. During 2022, MFEX has significantly improved its compliance training catalogue, both in its structure and in its content, providing AML and MiFID e-learnings on an external platform for instance. Over 4000 hours of training have been spent on AML, MiFID, GDPR, Risk Framework, Sanctions and general compliance training. At the end of 2022, all employees have received a Conflict-of-interest form to be filled out and an e-mail explaining applicable rules related to gifts, including acceptable thresholds.

Continuously improving staff knowledge about corruption issues is key to ensuring that employees are aware of relevant laws and know how to detect compliance risks in their field of operations. In 2023, a new training on anti-fraud will be launched, and we will further train all boards on all the compliance topics. However, most board members are either MFEX or Euroclear employees and as such are included in the employee compliance training courses.

During 2022, there have been no (0) confirmed incidents of corruption and no (0) reported incidents through our Speak-Up channels.

DATA & INFORMATION SECURITY

Having a robust information and data security management system is fundamental for all companies. This is especially critical for MFEX, considering our reliance on time-sensitive financial information to deliver the best experience for our clients.

We recognize that effective governance is critical to ensuring secure information and data security practices. Our organisation has implemented a governance framework that includes the following elements:

Risk Management:

We conduct regular risk assessments to identify and assess potential security risks to our information and data assets. Based on the results of these assessments, we implement appropriate controls and mitigation measures to reduce the likelihood and impact of security incidents.

Compliance and Legal Requirements:

We comply with applicable laws, regulations, and industry standards related to information and data security. Our information security team actively monitors changes in regulatory requirements and ensures that our security measures are aligned with these requirements. The following regulation has been accommodated:

- EBA Guidelines on ICT and Security Risk Management
- SWIFT Customer Security Control Framework
- CSSF 20/750 Requirements regarding information and communication technology (ICT) and security risk management
- CSSF 22/806 Outsourcing arrangements
- MAS Guidelines on Technology Risk Management
- MAS Notice on Cyber Hygiene

Reporting and Accountability:

Information and data security is overseen by the Chief Security Officer (CSO), located at our headquarters in Stockholm. We have local information security officers based in Luxembourg, France, and Sweden. CSO reports to Chief Technical Officer (CTO), Chief Risk Officer (CRO), other MFEX entities and stakeholders, the status of our security measures, incidents, and compliance with policies and procedures. CRO reports directly to the Board of Directors (BoD).

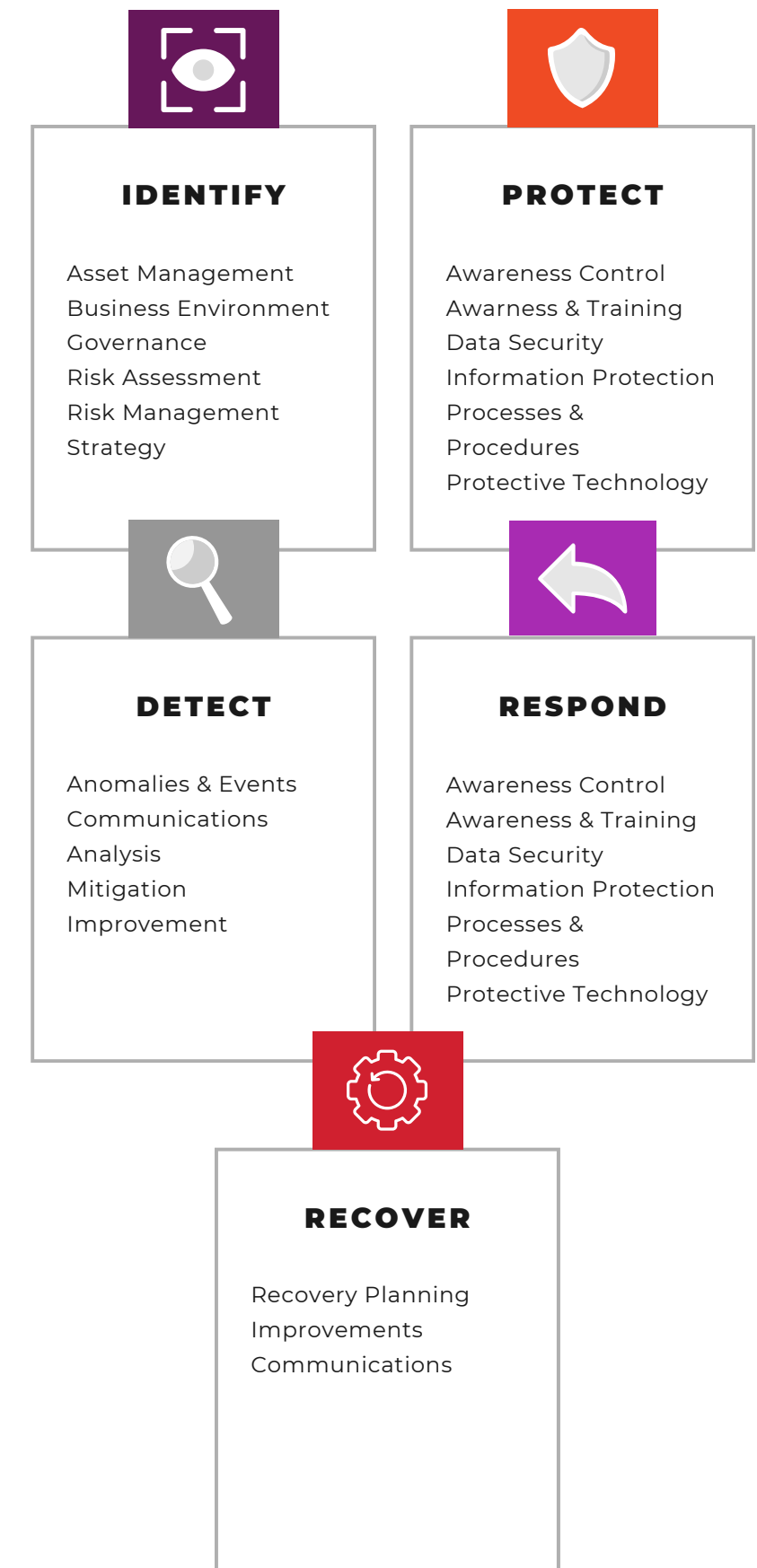
Continuous Improvement:

We are committed to continuously improving our information and data security practices. We regularly review and update our security measures based on feedback, lessons learned from security incidents, and changes in technology and industry best practices.

Policies and Procedures:

We have established comprehensive policies and procedures that outline our information and data security requirements, standards, and best practices. These policies and procedures are regularly reviewed and updated to reflect changes in our business environment and the evolving threat landscape. We follow the guidelines of the National Institute of Standards and Technology (NIST) Cybersecurity Framework, which consists of five key functions: Identify, Protect, Detect, Respond and Recover. Any complaints or incidents related to customer privacy can be reported through our whistleblowing function or directly to our Data Protection Officer (DPO).

We are proud to report that in 2022, MFEX did not receive any substantiated complaints regarding breaches of customer privacy, and we did not experience any confirmed breaches or losses of customer data.



National Institute of Standards and Technology (NIST) Cybersecurity Framework



MEET JACOB

In what ways is your department actively involved in supporting and furthering MFEX's sustainability initiatives?

Our department actively contributes to MFEX's sustainability efforts by not only safeguarding our customers' personal data, but also by taking measures to reduce Greenhouse gas (GHG) emissions associated with IT equipment and cloud services. For instance, in 2022, MFEX relocated its cloud services to regions with higher availability of renewable energy, thereby minimizing our carbon footprint. Additionally, we have optimized our machines to run data workflows only during night time, rather than 24/7, resulting in energy savings.

MFEX has also selected an IT hosting provider focusing on reducing its own Greenhouse Gas emissions from energy consumption, travel, and transportation, as well as hardware infrastructure and waste management including their indirect emissions from their operations' supply chain. We are very satisfied that our supplier is amongst those who have joined the Science Based Targets initiative (SBTi) and expects to have its climate targets validated and approved by mid 2023.

What has been the main focus in 2022 related to information security?

In 2022, the ever-changing cyber security landscape has been further complicated by geopolitical tensions in Europe, resulting in an increased threat of nation-state sponsored

cyber-attacks and sabotage. In collaboration with Euroclear, MFEX has taken proactive measures to strengthen our cyber-security defenses to prevent, detect and respond to new types of threats, with a particular focus on addressing nation-state sponsored attacks.

Could you share information on future initiatives to enhance information security in the upcoming year?

As we move into 2023, MFEX is not only investing in AI for software testing, but also for detection and response. The application of AI in cybersecurity will enable us to proactively detect and respond to potential threats, enhancing our defense mechanisms and safeguarding our systems and data. With AI-powered detection and response capabilities, MFEX remains at the forefront of technology-driven cybersecurity measures, ensuring the highest level of protection for our operations and clients.

Jacob Hamacher, MFEXbyEuroclear CTO

WORKPLACE

Being an employer of choice

One of the pillars of our ESG strategy is our employees. They are of strategic importance to the development and growth of the company. In our niche market, finding the right talents is key to our success. Our will is to create the best possible place to work for our employees, by fostering a healthy, inclusive and attracting environment, where our staff can thrive, learn, grow and give back to our communities.

Achievements in 2022

- ▶ Implemented local HR (Human Resources) management in Kuala Lumpur
- ▶ Improved HR governance framework
- ▶ Increased training sessions: over 2 days of training per employee in average
- ▶ Launched wellbeing initiatives

Goals for 2023 and beyond

- ▶ Implement local HR management in Sweden
- ▶ Further buildup of our training catalogue
- ▶ Develop occupational health services/ wellbeing program
- ▶ Promote ESG by assigning a personal ESG objective for each employee

Streamlined HR strategies across the group

With more than 368 employees in ten different countries with 35 nationalities, it is important that we ensure a consistent approach of HR management in all our jurisdictions, and treat our people fairly and consistently, regardless of their location. For this reason, our focus this past year has been to continue to communicate to all employees and managers a wide range of topics, such as remuneration, recruitment, professional development, diversity & inclusion, and trainings. We also rolled out a brand-new onboarding process to support managers and new joiners in their early days and months in the company,

to ensure we are creating the conditions of a successful integration.

In 2022, we've been able to rely on our group wide HR system to act as the HR golden source of data and to offer to managers, employees and HR a simple, user-friendly interface to manage time off, and key HR processes (performance review, compensation, onboarding, ...).

We are also able to rely on several group-wide policies for HR areas such as the Diversity and Inclusion Policy, the Remuneration Policy and the Recruitment Policy. To ensure efficient and consistent implementation, local HR managers have been trained on new group policies and supported in the implementation of HR tools such as performance reviews and recruitment processes. These initiatives were continuously developed and implemented throughout 2022.

Number of employees (FTES) by Gender, by type of Employment - Year 2022

Employment Type	Women	Men	Total
Permanenet Contract	136	210	352
Temporary Contract	6	10	16
Total	142	226	368
Full-time	132	224	356
Part-time	10	2	12
Total	142	226	368

Number of Employees (FTES) by Country - Year 2022 and 2021

Country	2021			2022			
	Male	Female	Total	Male	Female	Total	Total in %
Sweden	54	22	76	63	22	85	23%
Sweden (Fondab)	13	10	23	10	10	20	5%
Luxembourg	39	40	79	31	34	65	18%
France	48	36	84	48	39	87	24%
Spain	2	2	4	1	2	3	1%
Switzerland	4	1	5	6	1	7	2%
Italy	2	0	2	2	1	3	1%
Singapore	5	1	6	5	2	7	2%
Malaysia	45	23	68	58	30	88	24%
Hong Kong	1	1	2	1	1	2	1%
Ireland	-	-	-	1	0	1	0%
Total	213*	136	349	226	142	368	-
Percentage	57%	43%	100%	61%	39%	100%	100%

- Notes:
- 30% of our employees were covered by collective bargaining agreements in 2022.
 - *In March 2022, 3 MFEX UK employees have been carried over to Euroclear SA

368
Employees

Employee hires and turnover - 2022

	New hires	Employee turnover	New hires (%)	Employee turnover (%)
Gender				
Women	45	40	12%	11%
Men	67	51	18%	14%
Age				
Age <30 years	57	33	15%	9%
Age 30-50 years	51	51	14%	14%
Age >50 years	4	7	1%	2%
Country				
Sweden	23	15	6%	18%
Sweden (Fondab)	1	4	0.2%	1%
Luxembourg	15	28	4%	14.2%
France	30	26	8%	20.7%
Spain	0	1	0%	28%
Switzerland	2	0	0.5%	0%
Italy	1	0	0.2%	0%
Singapore	4	2	1%	17%
Malaysia	35	14	10%	18%
Hong Kong	1	1	0.2%	0%
Ireland	0	0	0%	0%
Total	112	91	30%	16.1%

Notes:

1. New hires rates are calculated as percentage of the total employees number
2. Turnover rates are calculated using 12 rolling months methodology

LEARNING & DEVELOPMENT

In 2022, the effort has been put to have a clear training schedule composed of diverse types of training:

- ▶ mandatory/regulatory trainings that are subject to close monitoring
- ▶ technical trainings
- ▶ sessions focusing on soft skills and in particular the implementation of a leadership training for managers.

Over 4700 training hours have been delivered in 2022, that is two days per employee in average. In 2023, the training program has been further enriched, with for instance two ESG awareness sessions delivered, to help embed an ESG mindset across our business and these were attended by over 200 colleagues, underlining the importance of ESG for our staff. Security awareness is another focus for 2023 group-wide training.

Throughout 2023, all employees will also gain access to Euroclear's rich training catalogue enhancing the offer and will benefit from cross teams' sessions between Euroclear and MFEX. In that area, we are proud that 3 employees participated in a high calibre training in collaboration with a prominent Belgian business school with the aim to get the knowledge and skillset that our future Leaders will need.

PROMOTING DIVERSITY & INCLUSION

At MFEX, we believe that diversity strengthens our brand and our teams. In our daily work we strive to be an inclusive place of work where employees' individualities are valued and respected. Our Code of Conduct and Diversity and Inclusion Policy prohibit general and sexual harassment, bullying, as well as all forms of discrimination or disadvantageous treatment based on origin, gender, ethnicity, religion, disability, educational background, sexual orientation, transgender identity or expression, and age.

The aim is for our workforce to be truly representative of all sections of society, and for each employee to feel respected and able to develop their full potential whilst working at MFEX.

One area of focus is to increase gender diversity and equality, for example by continuing to monitor and close any gaps in remuneration package and creating the appropriate conditions to allow diversity at all levels of the Company, including training and upskilling opportunities. The company is also working on diversity at Board level.

In 2022, there were no incidents of discrimination. One grievance was investigated and revealed no substantial grounds after investigation.

At Group level, we observe a significant reduction (-10%) of the gap compared to 2021, to reach 5% in 2022. The countries where we observe that fewer women are positioned in the highest levels, are where the gender pay gap is the highest. In Sweden, the significant close of the gap is due to the recruitment and promotion of two women at a high level of responsibility in the organisation.

In France, the pay gap has reduced to 8.7% and is expected to further reduce in 2023 with the recruitment of one woman at senior level.

For the first year, gender pay gap has been calculated for all locations. It shows gender pay is favourable to men, because more senior roles are occupied by men (Singapore, Switzerland, Italy and Malaysia). In Spain on the contrary, the ratio plays in favour of women.

Employee and board diversity by gender and employee category – 2022

Employment Category	Women	Men	Total
Board of Directors	17% (1)	83% (5)	2% (16)
Exec. Management Team	30% (3)	70% (7)	3% (10)
Managers	33% (21)	67% (43)	17% (64)
Employees	60% (199)	40% (173)	78% (372)*

Note: * 368 + 4 euroclear employees

Employee and board diversity by age and employee category – 2022

Employment Category	Age <30	Age 30-50	Age >50
Board of Directors	0% (0)	0% (0)	100% (6)
Exec. Management Team	0% (0)	100% (10)	0% (0)
Managers	11% (7)	77% (49)	12% (8)
Employees	36% (104)	58% (169)	6% (19)

Note: These numbers exclude interns.

Group gender pay gap by region – 2022

Country	2022 Percentage
Sweden	1%
Luxembourg	5%
France	8.7%
Spain	-17.4%
Switzerland	55.6%
Italy	17%
Singapore	10%
Malaysia	18%
Hong Kong	3.5%
Ireland	N/A
Total	5%

Notes: There is no Gender pay gap data for Ireland as there is only one employee at this site.

WORK ENVIRONMENT & WELL-BEING



Gaëlle Allin, Chief Human Resources Officer

We want our employees to feel appreciated and challenged at work. MFEX strives to create an environment that promotes individual and collective development. Several initiatives have been rolled out such as implementing e-bikes for our Swedish employees (8 employees have benefited from this service from GreenBenefit), offering fruits baskets twice a week in Luxembourg, Sweden and France.

Through our Working from Home Group Policy, which authorizes our employees to work remotely, we ensure our employees can practice home office and support a better work-life balance.

For the second year in a row, we launched two employee surveys during the year. Participation is anonymous and provides an opportunity for employees to give feedback as well as raise issues if any. Our Change Management Team sent the surveys to measure employee morale and the adoption rate, with a particular focus on the integration with Euroclear, following the acquisition. The surveys showed that the MFEX respondents morale significantly improved between May and September 2022, going from 66% to 93% of employees rating their morale good or excellent.

In addition to the employee survey, in 2022, 97% of our employees had a performance appraisal with their managers. These reviews are the opportunity to open a dialogue around performance, but also work life balance and career development.

Midyear reviews are also carried out to measure progress made against our corporate and individual objectives. Performance targets are cascaded down into individual objectives and discussed between the employee and their manager at the beginning of the year. A midyear review was carried out in June 2022 to ensure that we were on track for successful achievements at the end of the year and if not, allow action plans to be implemented.

MFEX has also implemented a whistleblowing channel where employees can report on violation of the code of conduct, illegal activities, breach of compliance or risk procedure.

Reports are directed to the Group Chief Compliance Officer, who is responsible of handling the report appropriately. In addition, there is a process in place where issues can be escalated to HR and/or management.

Total number of employees who received a performance and career development review during the year

Employment Category	Male	Female	Total	Percentage
Exec. Management Team	7	3	10	3%
Managers *	43	21	64	18%
Employees	165	117	282	79%
Total	215	141	356	
Percentage	60%	40%		
Pending review	9	1	10	3%
			All Employees	

*Does not include the two founders of the company

ENVIRONMENT

At MFEX, we acknowledge that climate change is a significant challenge facing our planet and society. As such, we recognize our responsibility to play a part in reducing and limiting our energy and resources consumption, as well as our greenhouse gas emissions. Our motivation stems from a desire to have a positive impact on the environment and from an understanding that our stakeholders increasingly expect us to have high environmental ambitions to maintain their trust in us.

Our work with environmental sustainability is guided by various documents and a Travel Policy, which apply to all MFEX business functions. The policy and documents set out MFEX environmental objectives, which are: reducing MFEX environmental footprint, promoting and acting to protect the environment, and promoting a sustainable lifestyle, travel and consumption.

We are also aiming to engage our staff on environmental issues, as we deploy our annual recurring initiative regarding environment cleaning, which you can read more about in the community section.

Achievements

- ▶ Promoted staff soft mobility with an e-bike program launch in Sweden
- ▶ Improved carbon footprint Scope 3 reporting covering additional categories
- ▶ Conducted an employee commute survey to calculate emissions from employees' commute

Ambitions

- ▶ Expand the E-bike program to additional locations
- ▶ Implement an updated travel policy
- ▶ Improve travel data collection through a cooperation with a travel agency
- ▶ Establish aspiring sustainability targets aligned with our net zero group ambition .

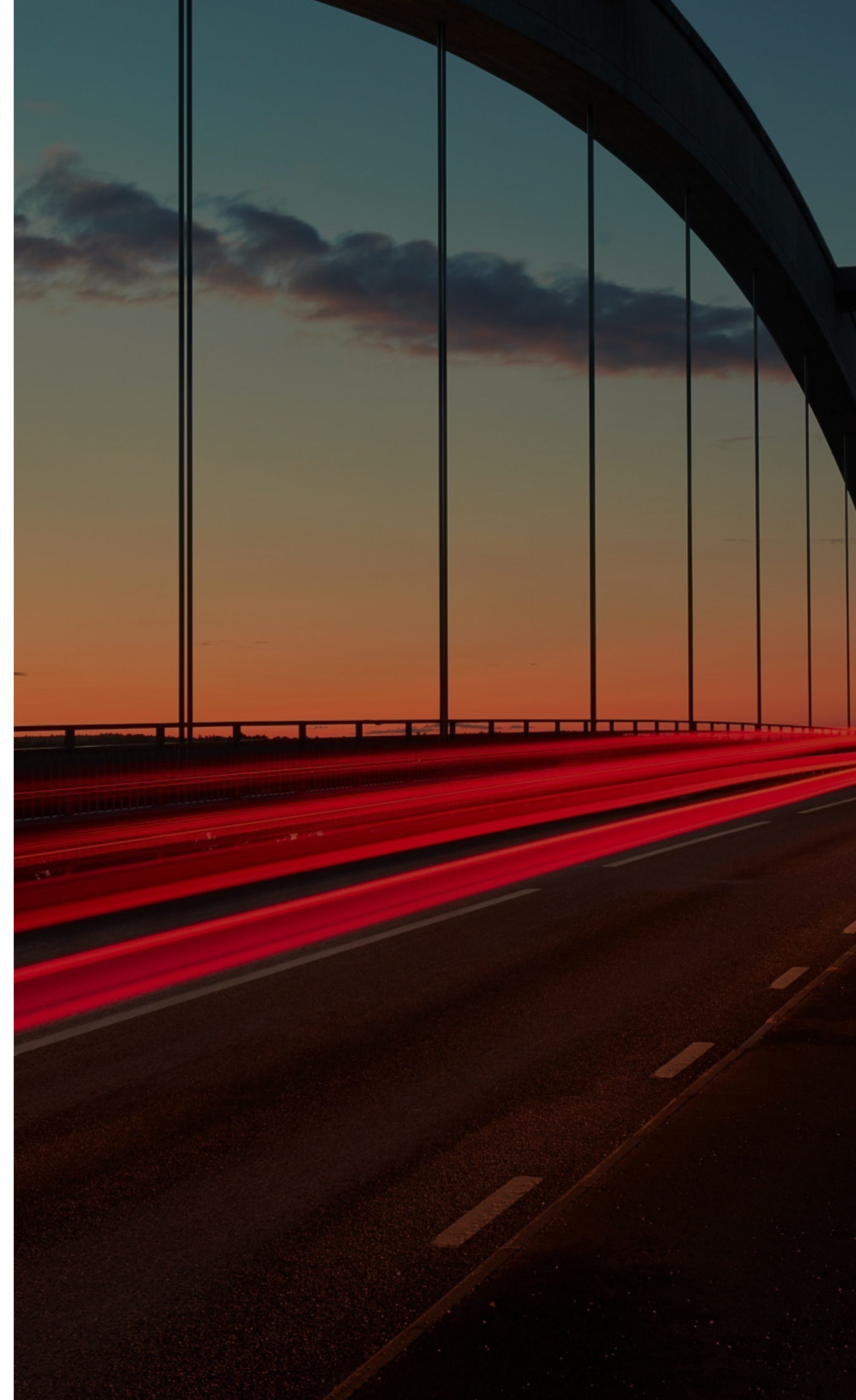
IMPROVING OUR ENERGY CONSUMPTION AND INCREASING RENEWABLE ENERGY

In order to reduce our energy consumption and our related emissions, in 2022 we purposely moved our cloud storage to Sweden, which provides easier access to renewable energy. Additionally, MFEX successfully implemented a new strategy to reduce energy consumption, by switching off machines during non-operational hours, which both reduces carbon footprint and increases cost savings while extending material lifetime. We are also happy that we can secure renewable energy in both our offices in Sweden and Luxembourg. We do not have any car fleet across the group, which also minimizes our carbon footprint.

You will notice in the table below that despite our efforts, energy consumption increased in 2022 versus 2021. This is mainly because in the 2021 data collection, we did not include our Asian offices' data, so the reporting perimeter was not complete last year. This year, we covered all MFEX offices of more than 5 employees.

MFEX Energy consumption in MWh

	2022	2021
Fuel	0	0
Electricity	276	247
Heating	30	20
Total energy consumption	306	267



ENVIRONMENTAL IMPACT IN OUR VALUE CHAIN

The materiality assessment conducted in 2021 showed that we have environmental impact throughout our value chain. Therefore, we commit to reduce our energy consumption and greenhouse gas emissions by reviewing our contracts and requirements on suppliers (particularly for IT and cloud services) as well as handling our waste, especially e-waste responsibly.

A great achievement of 2022 is that we have, thanks to our cooperation with Euroclear, improved our data quality compared to the previous year. As part of Euroclear's data collection process, we have provided an extensive set of data to an external consultancy firm to calculate our Greenhouse gas (GHG) emissions using both activity-based and spend-based approaches. This allowed us to get a better understanding of our emissions, in particular on our Scope 3 data.

We also conducted for the first time an employee commuting survey to better understand the impact from our employees' commute to and from work. We have been able to estimate the homeworking emissions to 58 tCO₂e. Some data has also been extrapolated, for locations where we did not have full data coverage. Together, these positive developments have led to higher and more robust GHG emissions reporting in 2022, which we attribute to improved data quality and coverage, as well as renewed business activity following the end of the Covid crisis.

MFEX emissions (CO₂e) location-based

Scope 1 (Direct GHG emissions)

Scope 2 (Energy indirect GHG emissions)

Scope 3 (Other indirect GHG emissions)*

Category 1: Purchased goods and services

Category 2: Capital goods

Category 3: Fuel- and energy-related activities

Category 4: Upstream transportation and distribution

Category 5: Waste generated in operations

Category 6: Business travel (incl. Well-to-tank emissions)

Category 7: Employee commuting

Category 9: Downstream transportation and distribution

2022

21.7

67.9

4627.8

3772.4

84.7

23.5

7.2

1.9

373.9

364.2

Incl in cat.4

2021

0

37,7

68

Notes

1. The scope 1 data refers to the estimated use of natural gas in office facilities in France and Luxembourg

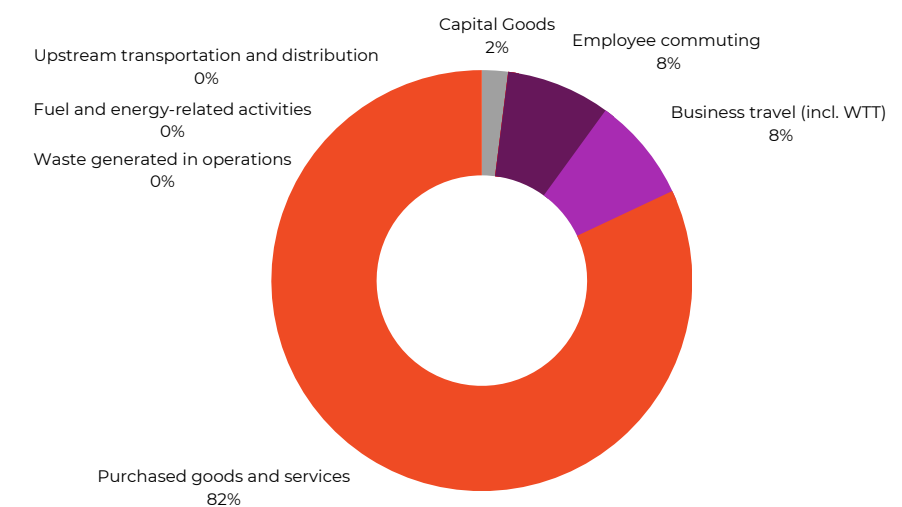
2. Scope 2 Market-based was: 62 tCO₂e

3. For the 2022 data, the emission factors used are from Better Building Partnerships and IEA 2021. The data has been extrapolated to account for missing data from specific locations

Scope 1 and 2 emissions by Country, tCO₂e 2022

Country	Scope 1	Scope 2
France	8,8	5,7
Luxembourg	12,9	6,2
Stockholm	-	1,9
Umeå	-	3,8
Sweden (Fondab)	-	0,7
Kuala Lumpur	-	49,7
Total	21,7	67,9

Scope 3 by category:



OUR JOURNEY TO NET ZERO

As for many companies, our carbon footprint Scope 3 is the heaviest in terms of emissions and this is why in 2023, we will launch the supply chain ESG screening program in order to monitor our suppliers' emissions and implement improved data collection processes.

As our mother company has committed to reaching net zero by 2050 at the latest, and reducing its Scope 1 and 2 emissions by 55% by 2030, we will need to take part in this ambitious objective. Euroclear has submitted its detailed net zero targets to the SBTi (Science-Based Targets Initiative) for accreditation in December 2022, choosing 2019 as its baseline year, and should receive accreditation during summer 2023.



MANAGING OUR WASTE

At MFEX, we strive to always take care of our waste in a proper way, providing the possibility to distribute waste in a correct manner and recycling all that can be recycled. In our Luxembourg office for instance, we received the quality label called “SuperDrecksKëscht” which means that we meet the requirements of ISO 14024 for waste prevention in resource management, appropriate treatment of waste and use of resource-saving material. We however are not able currently to collect waste data at all our locations, as many of our facilities are not equipped to separately calculate MFEX waste from other tenants.

When it comes to e-waste, we are cooperating with an external company who collects our electric and electrical devices from our offices in Sweden to refurbish, recycle and resell what is possible. Currently, there are no such solutions in other countries of operation, and we aim to find better solutions there in the coming years.

Waste generated, in metric tons

Total waste	6.42
Of which directed to landfill	3.82
Of which recycled	2.6

Note: This data was extrapolated based on the number of FTEs in each MFEX office, and the ratio going to landfill, and recycling was based country average.



COMMUNITY

One of the five pillars of our ESG strategy is “community”. The aim is to support our local and global communities and demonstrate impact, while engaging our employees in volunteering and fundraising.

In 2022, we have joined Euroclear’s four Community goals as defined in our group’s ESG Policy, focusing on the following themes:

- Tackling poverty
- Coaching and education
- Social and financial inclusion
- Protecting the environment

Achievements

- Engaged 10% of workforce in only 4 locations for World Cleanup Day
- Deployed Sustainable September activities throughout the company
- Launched several fundraising campaigns
- Started to measure impacts of our activities

Ambitions

- Increase common community activities within the Euroclear group
- Encourage higher employee volunteering: at least 20% staff participation in volunteering programs in 2023
- Improve impact measurement

Volunteering and donations

We are enthusiastic about our few community engagement initiatives. For the second year in a row, MFEX participated in the World Cleanup Day initiative, whose aim is to raise awareness of the global waste crisis by mobilizing millions of people. The event gathered participants from four locations, in Paris, Luxembourg, Stockholm and Umeå. This activity was launched as part of the Sustainable September group wide campaign to promote sustainable development through several actions: web seminar, donations, awareness campaign. 36 volunteers collected over 200 kg from the various sites.

The company also organised “Matching gift” schemes that allowed employees to have their personal donations to charities doubled by MFEX or Euroclear. In 2022, MFEX France for example, organised a bake sale for an association selected by vote by our employees. The winning NGO was Action Against Hunger (a global humanitarian organisation committed to ending world hunger) who received a cheque through the Matching gift scheme.

Whenever needed, MFEX launches ad hoc initiatives, mainly to support victims in times of crisis, for instance related to war or natural disasters. Our employees have participated in the Euroclear Matching gift for the earthquake in Turkey and Syria earlier this year.

We still have a lot to do to develop our community program but in 2023, employee volunteering should skyrocket, as each employee has been assigned with an individual objective to participate to, at least one, ESG initiative during the year, on their work time.

The process for project review and approval continues to be made by senior management to ensure supported projects follow the group guidelines and align with our community goals.



The Parisian Team at the cleaning event in kayak on the river Seine

	Page number	Disclosure	Comments
Social disclosures			
Employment			
GRI 3: Material Topics 2021 GRI 401: Employment 2016	SR p. 32-43 SR p. 36	3-3 Management of material topics 401-1 New employee hires and employee turnover	
Training and education			
GRI 3: Material Topics 2021 GRI 404: Training and Education 2016	SR p. 38 SR p. 38 SR p. 42 & 43	3-3 Management of material topics 404-1 Average hours of training per year per employee 404-3 Percentage of employees receiving regular performance and career development reviews	2 hours per year per employee 97%
Diversity and equal opportunity			
GRI 3: Material Topics 2021 GRI 405: Diversity and Equal Opportunity 2016	SR p. 40-41 SR p. 41	3-3 Management of material topics 405-1 Diversity of governance bodies and employees	
Non-discrimination			
GRI 3: Material Topics 2021 GRI 406: Non-discrimination 2016	SR p. 40-41 SR p. 40	3-3 Management of material topics 406-1 Incidents of discrimination and corrective actions taken	0 incidents
Supplier Social Assessment			
GRI 3: Material Topics 2021 GRI 414: Supplier Social Assessment 2016	SR p. 16 SR p. 16	3-3 Management of material topics 414-1 New suppliers that were screened using social criteria	Process to be implemented 2023 and quantitative figures to be included in 2023 report.
Customer Privacy			
GRI 3: Material Topics 2021 GRI 418: Customer Privacy 2016	SR p. 28 & 29 SR p. 28	3-3 Management of material topics 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	No substantiated complaints regarding breaches of customer privacy. No breaches nor losses of customer data.



MFEXby**Euroclear**

JULY 2023

MFEX MUTUAL FUNDS EXCHANGE SUSTAINABILITY REPORT | **2022**