



ALERT SERVICE

15 APRIL 2024

EURONEXT N.V.

Agenda AGM, 15 May 2024

1.	Opening	
2.	Presentation of the Chief Executive Officer	
3a.	Updated Dutch Corporate Governance Code	
3b.	Explanation of the policy on additions to reserves and dividends	
3c.	Proposal to adopt the 2023 remuneration report	Advisory vote
3d.	Proposal to adopt the 2023 financial statements	Resolution
3e.	Proposal to adopt a dividend of €2.48 per ordinary share	Resolution
3f.	Proposal to discharge the members of the Managing Board in respect of their duties performed during the year 2023	Resolution
3g.	Proposal to discharge the members of the Supervisory Board in respect of their duties performed during the year 2023	Resolution
4a.	Re-appointment of Dick Sluimers as a member of the Supervisory Board	Resolution
4b.	Appointment of Fedra Ribeiro as a member of the Supervisory Board	Resolution
4c.	Appointment of Muriel De Lathouwer as a member of the Supervisory Board	Resolution
4d.	Appointment of Koen Van Loo as a member of the Supervisory Board	Resolution
5a.	Re-appointment of Øivind Amundsen as a member of the Managing Board	Resolution
5b.	Re-appointment of Simone Huis in 't Veld as a member of the Managing Board	Resolution
5c.	Appointment of Simon Gallagher as a member of the Managing Board	Resolution
6.	Proposal to appoint the external auditor	Resolution
7.	Proposal regarding cancellation of the company's own shares purchased by the company under the share repurchase program	Resolution
8a.	Proposal to designate the Managing Board as the competent body to issue ordinary shares	Resolution
8b.	Proposal to designate the Managing Board as the competent body to restrict or exclude the pre-emptive rights of shareholders	Resolution
9.	Proposal to authorise the Managing Board to acquire ordinary shares in the share capital of the company on behalf of the company	Resolution
10.	Any other business	
11.	Close	

CONTACT DETAILS FOR TEXT OF THIS ALERT

E-mail rients.abma@eumedion.nl
 Telephone +31 70 2040 303

EXPLANATION

3c. Proposal to adopt the 2023 remuneration report

In accordance with article 2:135b paragraph 2 of the Dutch Civil Code, the remuneration report as outlined in the 2023 financial statements is submitted to the meeting for an advisory vote. The Euronext Supervisory Board writes in the remuneration report that it has decided to grant a special one-off Integration LTI for the CEO and the COO, “in order to recognize specific integration milestones, to reinforce retention, and to support the next phase of growth of Euronext”. The CEO and COO were granted the equivalent of 100% of their annual fixed salary in February 2024. This special one-off integration LTI grant will be subject to the same rules as the regular 2024 LTI, in particular in terms of vesting, multiplier criteria, and other conditions. The Supervisory Board remarks that in exceptional circumstances, within the current remuneration policy, the Supervisory Board may grant specific remunerations when necessary to serve the long-term interest and sustainability of the company.

The Supervisory Board further writes that 0 performance shares will vest under the 2021-2023 LTIP linked to the TSR criteria. The Supervisory Board mentions that the Euronext TSR index has underperformed the STOXX 600 Financial Services Gross Return Index by -31.0% resulting in a lapse of 100% of the number of shares linked to the TSR criteria (i.e. from 50% to 0%) in line with the current remuneration policy. The average EURO STOXX 600 Financial Services TSR Index increased by 23.3% between Q4 2020 and Q4 2023. The average Euronext TSR index decreased by -7.7% during the same period, leading to an underperformance of -31.0%.

Reasons for alert

- *Granting a retention or any other extraordinary bonus is not in line with the Eumedion principles for a sound remuneration policy for members of the management board of Dutch listed companies ('Eumedion remuneration principles'). These stipulate that Managing Board members should not be eligible for granting a retention, transaction or any other extraordinary bonus. The ordinary long-term incentive plan is already focused on the retention of Managing Board members.*
- *It is not the first time that the Euronext Supervisory Board invokes the derogation clause included in the remuneration policy. In 2021 the CEO was granted an additional LTI “in recognition of the contribution of the CEO in acquiring the Borsa Italiana Group” (with a value of 50% of the CEO’s annual fixed salary at that time). This was probably one of the reasons why at the 2021 AGM a relatively large number of votes were cast against the remuneration report (36.8%). Moreover, as part of his re-appointment for a new term of four years at the 2023 AGM, the CEO’s fixed annual salary was increased by 21% as of 1 March 2023 considering that the CEO “has successfully led Euronext’s expansion and diversification strategy via optimal capital allocation and cost discipline, while strengthening Euronext’s core businesses, the need to build a retention strategy for the Group Chief Executive Officer”. Also the COO’s annual fixed salary was increased when he/this function was promoted to the Managing Board in 2023.*
- *According to the remuneration report, the Supervisory Board has used its power to deviate from the remuneration policy in case of exceptional circumstances. However, according to Dutch legislation (Art. 2:135a section 5 Dutch Civil Code) “exceptional circumstances” can only cover situations where the derogation from the remuneration policy is necessary “to serve the long-term interests and sustainability of the company as a whole or assure its viability”. We doubt whether the extraordinary LTI grant to the CEO and the COO is “necessary to serve the long-term interests and sustainability of the company as a whole or assure its viability” as they signed a (new) employment contract only in 2023. Therefore, we opine that the extraordinary LTI grant needs explicit approval from the Euronext shareholders meeting.*
- *Moreover, it is questionable whether a one-off integration LTI is warranted at all, as “specific integration milestones” of Borsa Italiana integration and/or “the next phase of growth of Euronext” were already performance measures in the STIs 2021, 2022 and 2023 (at least for the CEO). In that sense, the CEO is rewarded twice for the same achievement.*

Contacts with the company

Eumedion shared its concerns on the one-off integration LTI grant on April 2, 2024. A constructive dialogue with the Chair of the Remuneration Committee of Euronext’s Supervisory Board took place

on April 8, 2024. The Remuneration Committee Chair provided additional information on the timing and considerations of the decision to grant the special LTI to the CEO and COO.

Euronext's response to a draft of this alert was:

"The Remuneration Policy was approved with 97.55% favourable votes in May 2021, including several improvements such as a strict TSR threshold, and an additional 2 year lock-up period for the CEO LTI following the 3 year vesting period.

As a reminder, the increase of the annual fixed salary in 2023 represented a CAGR increase of 4.5% since the CEO's hiring in 2015.

The special one-off integration LTI was approved by the Supervisory Board as a retention measure, and as a recognition of specific integration milestones, as audited by statutory auditors and reviewed by the Remuneration Committee. It was granted in February 2024, and will vest in 2027 under strict performance conditions, with an additional lock-up period for the shares until 2029".

DISCLAIMER

This is an alert for the participants of Eumedion with regard to a specific agenda point of a general meeting of shareholders. It is not a voting advice.