



DEUTSCHE BÖRSE
GROUP

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ANNUAL REPORT 2019

Excerpt: Combined non-financial statement



Report on post-balance sheet date events

On 21 January 2020 Clearstream the post-trading service provider of Deutsche Börse Group and UBS agreed on a partnership in the fund services sector. The companies have entered into an agreement under which Clearstream will acquire 51 per cent of the Zurich-based fund distribution platform Fondcenter AG from UBS for a purchase price of CHF389 million. UBS will retain a minority stake of 49 per cent. The transaction is expected to be closed in the second half of 2020. Upon completion of the transaction Fondcenter will fully consolidate. The newly formed company will become the competence centre for fund distribution services within Deutsche Börse Group and the combination with the existing Clearstream Fund Desk (formerly Swisscanto Funds Centre) creates a leading provider of fund distribution services with high benefits for customers of UBS and Clearstream.

Combined non-financial statement

This combined non-financial statement for Deutsche Börse Group and the parent company Deutsche Börse AG is integrated into the combined management report; it fulfils the provisions of sections 289b–e and 315b–c of the Handelsgesetzbuch (HGB, German Commercial Code). It is also in accordance with the standards (“Core” option) of the Global Reporting Initiative (GRI). A detailed overview of all GRI indicators (GRI index) is available at www.deutsche-boerse.com > Sustainability > Reporting > GRI. More detailed information that is referenced in the non-financial statement does not form part of the statement itself. Provided no explicit statements are made for the parent company, qualitative information within the meaning of the combined management report applies to Deutsche Börse Group and the parent company Deutsche Börse AG. In some cases, quantitative details concerning the parent entity are disclosed separately.

Deutsche Börse Group uses not only the financial figures outlined in the [“Group management” section](#) for Group management, but also non-financial performance indicators – specifically, the availability of its trading systems for the cash and derivatives markets and the share of women in executive positions. For details regarding the targets pursued and the results achieved in the year under review, please refer to the [sections entitled “Social matters – systems availability”](#) and [“Combined corporate governance statement and corporate governance report – target figures for the proportion of female executives beneath Executive Board level”](#).

A materiality analysis comprising continuous analyses and assessments of relevant internal and external stakeholders’ expectations and requirements is a key element of Deutsche Börse Group’s sustainability strategy. This process is aimed at identifying the issues required to understand the Group’s business performance, operating results, the capital corporation situation and the impact of its activities on non-financial aspects. Thus, the Group is able to identify opportunities and risks in its core business activities at an early stage and define concrete areas of entrepreneurial activity on this basis.

The combined non-financial statement outlines the objectives, actions, due diligence processes applied, the involvement of the Group's management and other stakeholders, as well as the concept outcomes with respect to employee matters (see the [“Employees” section](#)), compliance (including combating corruption and bribery), social matters and product matters.

As a service provider with a focus on electronic market infrastructure services, Deutsche Börse Group engages in relatively little environmentally sensitive activity from a corporate ecology perspective; hence, in this combined non-financial statement, no detailed report is provided in this respect. Nonetheless, the Group is committed to protecting the environment and conserving natural resources. Deutsche Börse Group has outlined its environmental policies in its [code of business conduct](#). Indicators for its environmental sustainability performance are available on its website: www.deutsche-boerse.com > [Sustainability](#) > [Reporting](#) > [ESG Indicators](#). Moreover, environmental protection issues are becoming increasingly relevant for the design of individual products or services; related measures are described in detail in the [“Product matters” section](#). Deutsche Börse Group has also published a [climate strategy](#) aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in 2019.

The area of human and employee rights was identified as non-material for Deutsche Börse Group during the materiality analysis, and is thus not included in the non-financial statement. Nevertheless, active protection of human and employee rights is a key element of Deutsche Börse Group's corporate responsibility: the Group addresses this at various points along the value creation chain. In addition, complying with human and employee rights is a key pillar of the Group's human resources policy. Specific topics (e.g. diversity) are discussed in the [“Employees” section](#) and on the website www.deutsche-boerse.com > [Sustainability](#) > [Set an example](#) > [Employees](#) > [Guiding principles](#). Deutsche Börse Group furthermore reports on sustainability in procurement management on its website at www.deutsche-boerse.com > [Sustainability](#) > [Set an example](#) > [Procurement management](#) and is aware of its responsibility as a global company. It joined the UN Global Compact in 2009.

As an international capital markets organiser, Deutsche Börse Group aims to build and grow market participants' trust in its market structures. As a responsible member of society, it also endeavours to use the expertise it deploys to successfully manage its core business in such a way that enables contribution to resolving social challenges. In this context, Deutsche Börse Group wishes to set a good example. Please refer to the [“Fundamental information about the Group” section](#) for a detailed description of Deutsche Börse Group's business model. Deutsche Börse Group acts “with an eye to the future”. Its sustainability strategy of the same name defines the Group's understanding of entrepreneurial responsibility and guides its operations. Please see the [section entitled “Management approach for a Group-wide commitment to sustainability”](#).

As a member of the UN Global Compact (UNGC) and the Sustainable Stock Exchanges initiative (SSE), Deutsche Börse Group has committed itself to implementing the 17 Sustainable Development Goals (SDGs) of the “2030 Agenda for Sustainable Development” set by the UN. An overview of Deutsche Börse Group's contribution to the corresponding targets can be found in the following [“Overview: key sustainability aspects” table](#).

Overview: key sustainability aspects

Relevant contents of the non-financial statement according to section 289c HGB ¹⁾	Areas for action relevant to Deutsche Börse Group	UN Sustainable Development Goals (SDGs) covered by Deutsche Börse Group
Business model p. 18		
<ul style="list-style-type: none"> ▪ Overview of Deutsche Börse Group ▪ Objectives and strategies ▪ Internal management ▪ Research and development activities 	<ul style="list-style-type: none"> ▪ Economic performance ▪ Stakeholder engagement ▪ Brand management 	<ul style="list-style-type: none"> ▪ SDG 7 “Affordable and clean energy” ▪ SDG 8 “Decent work and economic growth” ▪ SDG 9 “Industry, innovation and infrastructure” ▪ SDG 12 “Responsible consumption and production” ▪ SDG 17 “Partnerships for the goals”
Mandatory aspects		
Employee matters p. 56		
<ul style="list-style-type: none"> ▪ Staff development ▪ Human resources strategy ▪ Promoting diversity and gender equality ▪ Employer attractiveness 	<ul style="list-style-type: none"> ▪ Human Capital Development ▪ Human and employee rights 	<ul style="list-style-type: none"> ▪ SDG 4 “Quality education” ▪ SDG 5 “Gender equality” ▪ SDG 8 “Decent work and economic growth” ▪ SDG 10 “Reduce inequalities”
Social matters p. 63		
<ul style="list-style-type: none"> ▪ Sustainable financial market initiatives ▪ Stable, transparent and fair markets <ul style="list-style-type: none"> • Systems availability • Market transparency • Stable financial markets 	<ul style="list-style-type: none"> ▪ Economic participation and education ▪ Transparent, stable and fair markets 	<ul style="list-style-type: none"> ▪ SDG 4 “Quality education” ▪ SDG 8 “Decent work and economic growth” ▪ SDG 9 “Industry, innovation and infrastructure” ▪ SDG 10 “Reduce inequalities” ▪ SDG 12 “Responsible consumption and production” ▪ SDG 16 “Peace, justice and strong institutions” ▪ SDG 17 “Partnerships for the goals”
Anti-corruption and bribery matters p. 59		
<ul style="list-style-type: none"> ▪ Compliance organisation ▪ Code of business conduct ▪ Compliance rules ▪ Compliance training ▪ Whistleblowing system ▪ Analysis of compliance risks ▪ Due diligence/customer review ▪ Data protection ▪ Inside information ▪ Internal/external audit 	<ul style="list-style-type: none"> ▪ Good governance 	<ul style="list-style-type: none"> ▪ SDG 8 “Decent work and economic growth” ▪ SDG 10 “Reduce inequalities” ▪ SDG 16 “Peace, justice and strong institutions”
Further relevant aspects		
Product matters p. 66		
<ul style="list-style-type: none"> ▪ Customer satisfaction ▪ Sustainable index products ▪ Eurex ESG derivatives offering ▪ Energy and energy-related markets 	<ul style="list-style-type: none"> ▪ Sustainable product and service portfolio 	<ul style="list-style-type: none"> ▪ SDG 7 “Affordable and clean energy” ▪ SDG 8 “Decent work and economic growth” ▪ SDG 9 “Industry, innovation and infrastructure” ▪ SDG 12 “Responsible consumption and production”

1) HGB = Handelsgesetzbuch (German Commercial Code)

Employees

This chapter provides an overview of key indicators reflecting staff developments at Deutsche Börse Group; at the same time, it satisfies the requirements for reporting on employee matters, as part of the non-financial statement.

Staff development

As at 31 December 2019, Deutsche Börse Group employed a total of 6,775 staff (31 December 2018: 5,964), drawn from 105 nationalities at 41 locations worldwide. The average number of employees in the reporting period was 6,286 (2018: 5,800). On Group level, this corresponds to an increase of around 8.4 percent compared to the previous year's reporting date.

The fluctuation rate was 8.7 per cent (unadjusted: 10.6 per cent; 31 December 2018: 8.7 and 9.3 per cent). At the end of the year under review, the average length of service for the company was 8.9 years (2018: 9.5 years).

The number of Deutsche Börse AG's employees rose by 54 during the year under review to 1,556.3 as at 31 December 2019 (comprising 563,5 women and 992,8 men; 31 December 2018: 1,502). The average number of employees at Deutsche Börse AG for the 2019 financial year was 1,505 (2018: 1,465). As at 31 December 2019, Deutsche Börse AG employed staff at six locations worldwide.

For more details, please refer to the [table](#) entitled "Key data on Deutsche Börse Group's workforce as at 31 December 2019".

Human resources strategy

Employee commitment and highly developed skills are among the cornerstones supporting Deutsche Börse Group's business success. Its corporate culture is characterised by a sense of responsibility, commitment, flexibility and teamwork. Deutsche Börse Group aims to make sure that staff with these qualities continue to join the company in the future and that they stay for the long term, if possible. Deutsche Börse Group's Executive Board is also engaged in employee matters through one of its Board members who is simultaneously Director of Labour Relations as well as through other regular reporting formats. The Group's workforce is diverse in many respects – including nationality, age, gender, religion, or cultural and social origin. The company promotes this diversity and benefits from it, creating an environment conducive to integration from which the corporate culture benefits. This is also in the interests of Deutsche Börse Group's business: its broad range of diverse products and services and the international composition of its client base pose specific requirements regarding the professional and cross-cultural expertise of employees.

Within the scope of its growth strategy, the Group promotes a high-performance culture with a distinct focus on clients' needs and innovation. In order to encourage this culture, Deutsche Börse Group has a remuneration system for executive staff in place that incorporates growth, performance and financial indicators to a greater extent than in previous years.

In July 2019, the Supervisory Board adopted the human resources strategy 2020 initiated by the Executive Board. This strategy is built on a detailed analysis of employee needs and the relevant human resources indicators (e.g. recruiting metrics, key figures on staff development) as well as on the results of an employee survey conducted in February 2019. It rests on the four pillars "attract", "develop", "retain" and "lead". According to these pillars, concepts for employer branding, recruiting, training & development, remuneration and flexible working time models have been drawn up. Quick wins that were realised immediately in 2019 included recruiting via LinkedIn, the Working from Home Policy, the provision of the "Job Bikes" initiative and a promotion committee which convenes on a quarterly basis.

In the course of implementing the strategy, Human Resources was split into an operative business partner team and a strategic concept team. Moreover, expansion of the Shared Service Center is planned over the medium term.

Promoting diversity and gender equality

As a global enterprise, Deutsche Börse Group advocates openness and fairness at the workplace. This is why Deutsche Börse AG signed the [Diversity Charter](#) to support recognition, appreciation and integration of diversity in the working environment. For Deutsche Börse Group, diversity within the company is the basis for achieving a corporate culture characterised by open dialogue, trust and mutual acceptance.

Deutsche Börse Group does not tolerate any discrimination, whether on the grounds of gender, sexual orientation, race, nationality, ethnic origin, age, religion or disability, and irrespective of whether behaviour among employees is concerned or the placement of orders with third parties. Deutsche Börse Group's Equal Opportunities Officers safeguard the equal treatment of staff members. Moreover, Human Resources has implemented processes designed to ensure equal treatment in the selection of personnel and enable the Group to take prompt action whenever discrimination is suspected. In 2019, no incidents of discrimination were reported at the Frankfurt/Eschborn, Luxembourg, Prague and Cork locations (which are covered by reporting); accordingly, no countermeasures were required.

Employer attractiveness

To remain sustainably successful, the recruiting of top talents is of the essence. Thus the participation at university-based events and social network activities have been increased, and a globally uniform employee referral programme has been established.

Also in place are the "Evolving Leaders" programme, designed to identify and promote future executives from within the Group, as well as the "Show Your Talent" initiative, which is set to create visibility for and support employees' entrepreneurial and innovative potential. At the same time, the programmes are designed to strengthen staff commitment and their performance orientation.

From initial contact to the actual meeting, mentors and mentees can connect on the "Meet your Mentor" platform. Experienced colleagues assume sponsorship for other employees, making their work easier. As mentors, they assist new colleagues in networking beyond their own department, help them to get to know the company and offer a comprehensive, cross-divisional understanding. The "New Role" mentoring programme makes it easier for colleagues to take on a new executive role.

To increase the share of women in executive positions the company ensures that women are identified as candidates. In addition, Deutsche Börse Group offers numerous additional tools to promote female employees, such as targeted succession planning and a mentoring programme that involves internal and external mentors. Meetings and training courses designed specifically for women are held regularly within the scope of a women's network. For details regarding targets for female quotas, please refer to the [section entitled "Combined corporate governance statement and corporate governance report – target figures for the proportion of female executives beneath the Executive Board"](#) and the [section entitled "Comparison with the forecast for 2019"](#).

Deutsche Börse Group assigns high priority to training its staff and to providing continuing professional development: employees continuously enhance and renew their knowledge by attending exchange-specific training courses. These include, in particular, IT trainings, e.g. for cloud computing, and career path trainings, e.g. for project management and leadership. With regard to personal development, the Group also offers numerous online and live trainings that are tailored to the target group, e.g. for

communication, responsibility assumption or teamwork skills. Deutsche Börse also supports its employees and executives in facing their individual challenges by offering a broad range of internal and external professional development measures (see the [“Key data on Deutsche Börse Group’s workforce as at 31 December 2019”](#) table).

Key data on Deutsche Börse Group’s workforce as at 31 December 2019 (part 1)

	Deutsche Börse AG		Deutsche Börse Group			
	All locations		Germany		Luxembourg	
	Male	Female	Male	Female	Male	Female
Employees (HC)	993	564	1,772	1,088	655	431
50 years and older	342	130	520	240	206	102
40–49 years	270	134	489	263	255	161
30–39 years	278	216	576	430	146	115
Under 30 years	103	84	188	155	47	53
Average age	44	40	42	40	44	42
Full-time employees	966	439	1,714	793	628	295
Part-time employees	27	125	58	295	27	136
Length of service						
Under 5 years (%)	45	46	45	45	27	29
5–15 years (%)	23	25	27	27	23	30
Over 15 years (%)	32	29	28	28	50	41
Staff turnover						
Joiners	125	76	255	156	65	39
Leavers	54	39	107	70	36	24
Training days per staff member (FTE’s)	4.18	4.33	3.98	4.44	3.91	4.75

Key data on Deutsche Börse Group's workforce as at 31 December 2019 (part 2)

	Deutsche Börse Group						Total (part 1 and 2)
	Czech Republic		Ireland		Other locations		
	Male	Female	Male	Female	Male	Female	
Employees (HC)	637	372	219	255	888	459	6,775
50 years and older	21	8	13	8	168	51	1,337
40–49 years	137	55	50	59	250	101	1,819
30–39 years	357	225	66	118	293	199	2,525
Under 30 years	122	84	90	70	177	108	1,094
Average age	36	35	34	35	39	37	39.83
Full-time employees	633	350	218	232	873	423	6158
Part-time employees	4	22	1	23	15	36	617
Length of service							
Under 5 years (%)	65	60	64	42	66	62	49
5–15 years (%)	35	40	29	47	29	36	30
Over 15 years (%)	0	0	7	11	5	4	21
Staff turnover							
Joiners	144	75	73	55	156	88	1,106
Leavers	65	29	31	31	101	52	546
Training days per staff member (FTE's)	2.67	3.03	3.07	2.02	2.23	2.81	3.52

Compliance – including combat against corruption and bribery

Responsible entrepreneurial action implies adherence to laws and regulations; it is also based on the principle of integrity and ethically irreproachable conduct at all times. Deutsche Börse Group has implemented a compliance management system based on regulatory requirements, with the objectives of preventing misconduct and avoiding liability and reputational risks for the Group, its legal representatives, executives and staff. Beyond business-related compliance requirements, the focus is on strengthening a uniform compliance culture throughout the Group, especially with a view to enhancing compliance awareness. The compliance management system – under the responsibility of, and promoted by, the Executive Board of Deutsche Börse AG – therefore constitutes an indispensable element of good corporate governance with respect to compliance. Such a system provides the foundation for sustainable risk transparency; specifically, it facilitates mitigating risks in the areas of money laundering/terrorism financing, data protection, corruption, as well as market manipulation and insider trading; it also monitors requirements concerning financial sanctions and embargoes.

The compliance management system applies to Deutsche Börse AG as well as to domestic and international companies in which Deutsche Börse AG holds a majority interest (whether directly or indirectly). Thanks to its Group-wide compliance approach, Deutsche Börse Group safeguards the respective Group entities' adherence with applicable law and regulatory requirements. The compliance functions and the Chief Compliance Officers of the individual Group entities have a unified reporting line to the Group Chief Compliance Officer, who in turn reports directly to the Executive Board of Deutsche Börse AG. Compliance reporting includes all relevant compliance risk areas within the mandate of the compliance function.

Deutsche Börse Group is continually developing its compliance management system in order to deal with rising complexity and increasing regulatory requirements. Measures have been implemented to prevent, identify, and mitigate Compliance risks and where applicable, to ensure accountability for Compliance incidents, – especially with regard to the areas of money laundering/terrorism financing, financial sanctions and embargoes, as well as market manipulation, insider trading and data protection.

For this purpose, Deutsche Börse Group is aligning its system with the recommendations of an internationally recognised standard (ISO 19600 “Compliance Management Systems – Guidelines”). Based on this standard, the Group’s compliance functions identify fields of action and measures to ensure compliance management meets the requirements as they continue to change.

As a member of the UN Global Compact, Deutsche Börse AG has committed to observe the related principles, notably the principle to work against corruption in all its forms, which includes extortion and bribery. In line with its code of business conduct, Deutsche Börse Group prohibits its employees from involving themselves in corruption, or from taking part in any actions which may lead to the impression that the Group promises, arranges, provides, receives, or asks for inadmissible benefits. Bribery and facilitation payments are prohibited.

It is Deutsche Börse Group’s guiding principle that the actions and decisions of all employees are taken objectively and with integrity. Management plays a particularly important role in this context. Deutsche Börse Group is fully aware of the so-called “tone from the top” for achieving a high level of attention for avoiding compliance risks – both within the Group and amongst market participants. In order to sustainably enshrine this guiding principle, and to prevent Deutsche Börse Group and its staff from legal sanctions and reputational damage, Compliance has implemented a variety of preventative measures in a risk-oriented approach.

Compliance organisation

Compliance has overall responsibility for identifying and managing Group-wide compliance risks. Compliance devises risk-oriented measures in order to contain and manage identified risks; to communicate risks, incidents, and the effectiveness of the measures taken; it ensures continuous improvement of the compliance management system by way of regular adjustments to the relevant internal policies and processes.

Key compliance topics are discussed by Deutsche Börse’s Group Compliance Committee, which comprises senior management representatives from the business divisions and the relevant Group-wide control functions.

Code of business conduct

Deutsche Börse Group’s code of business conduct, which is communicated to all members of staff, summarises the most important aspects with regard to corporate ethics and compliance as well as appropriate conduct. The Code focuses on principles to guide decisions – not rules or lists of dos and don’ts. Moreover, Compliance provides employees with compliance-relevant information via the corresponding intranet pages, unless specific confidentiality aspects prevent such communication. For details, see the [§ section entitled “Combined corporate governance statement and corporate governance report”](#).

Compliance rules

Compliance has implemented Group-wide policies covering relevant local requirements. These rules are designed to ensure that the internal stakeholder groups acting on behalf of Deutsche Börse Group comply with the behavioural rules set out in such policies, with the objective of countering breaches of compliance throughout the Group in a preventive, investigative and consequential manner. Group-wide

communications via the intranet are geared towards providing employees (including members of the Executive Board and Managing Directors) with the necessary guidance in their daily work, and making sure they commit to such guidance.

Compliance training

Regular compliance training is essential for a culture of compliance throughout Deutsche Börse Group: employees worldwide are being trained with respect to relevant compliance issues – covering, in particular, the areas of money laundering/terrorism financing, data protection, corruption, market manipulation and insider trading. Managers who are exposed to increased compliance risks on account of their activities receive additional training in line with their needs. Participation in training measures covering the compliance topics mentioned above is mandatory for employees, as well as for management.

Whistleblowing system

Deutsche Börse Group has established a whistleblowing system, where employees can relay information about potential or actual breaches of prudential or regulatory rules and ethical standards, by phone or e-mail, whereby the anonymity of whistleblowers is a fundamental guarantee. Through its commitment to compliance awareness, Deutsche Börse Group cultivates an open approach to dealing with misconduct. For this reason, concerns are often passed on directly to the responsible line manager, or to Compliance. During 2019, six reports were submitted via the whistleblowing system, or directly via line managers or control functions (such as Compliance).

Analysis of compliance risks

In line with regulatory requirements, Deutsche Börse Group carries out detailed risk analyses and/or risk assessments, at least on an annual basis – specifically, it analyses the risk of being abused for the purposes of money laundering/financing of terrorism, corruption and securities law infringements. Such risk analyses and assessments comprise the Group's own business activities as well as business relationships, market participants, products and services. Risk-mitigating measures are derived from the compliance risks identified.

Due diligence review of clients, market participants, counterparties, and business partners, plus transaction monitoring

Deutsche Börse Group is constantly improving its processes for the onboarding of new clients and the review of existing clients ("Know Your Customer" processes). Depending on the assessment of client risk in each case, client relationships are subject to corresponding diligence duties concerning their establishment, update, and monitoring. Client relationships are not entered into where the risks involved are too high. Deutsche Börse Group analyses transaction data in order to identify activity which might indicate potential money laundering.

Deutsche Börse Group is exposed to the risk of sanctions being imposed upon business partners; moreover, there is a risk of bribery and corruption. In this connection, the Group examines its business partners, whereby their details are cross-checked against relevant data sources (such as embargo, sanctions, PEP, terrorist and other "black lists"). Appropriate measures are taken in the event of any match against such lists.

Non-financial key performance figures: corruption/data protection

		2019	2018
Corruption			
Punished cases of corruption		0	1
Percentage of business units for which measures have been taken to address corruption risks	%	100	100
Number of employees who were trained in ABC measures (anti-bribery/corruption) ¹⁾		6,142	1,562
Data protection			
Number of justified customer complaints relating to data protection		0	0

1) The web-based ABC training is mandatory for employees of Deutsche Börse Group. The number of employees who attended anti-bribery/corruption trainings varies with respect to the year under review due to the training frequencies that extend over a period of several years

Data protection/protection of personal data

Deutsche Börse Group has exposure to a plethora of data during the course of its business activities. The Group takes data protection very seriously and has taken measures to ensure compliance with data protection law, in particular the appropriate and transparent processing of personal data. The Executive Board has appointed a Data Protection Officer and established a data protection organisation to ensure, that the data privacy framework and the principles of the EU General Data Protection Regulation, which came into force in 2018, are adhered to. To this end, the data protection organisation informs and advises the individual legal entities with respect to data protection. The data protection organisation also serves as a contact for data protection authorities, and supports the business units in assessing risks related to the issue of data protection risks. It supports a stronger culture of data protection at Deutsche Börse Group by raising awareness and providing training on data protection in the context of the Group's business activities.

In 2019, the data protection organisation has integrated its monitoring framework into the structure of compliance safeguards and controls, as a second line of defence on data protection. The Data Protection Officer informs senior management on an annual basis about its activities to enhance the Data Protection framework.

Inside information

In its capacity as an issuer of securities, Deutsche Börse Group has access to information which, in accordance with legal requirements, may be classified as inside information. To raise awareness amongst the employees affected, further measures were introduced on a Group-wide basis in 2019. These measures are designed to mitigate the risks of market manipulation and insider trading for employees' personal account transactions and are geared towards ensuring that maximum sensitivity is applied to dealing with such information.

Compliance maintains a Group-wide restricted list in which issuers or financial instruments are included if particularly sensitive, compliance-relevant information. Compliance may impose a general prohibition of trading for such issuers or financial instruments or may prohibit certain types of transactions. A confidential watch list is used to summarise compliance-relevant information about other issuers and/or financial instruments. In particular, Compliance uses these lists to monitor personal transactions of employees as well as information barriers.

Internal/external audit

At least once a year, Internal Audit checks whether the measures and concepts of the compliance management system comply with the regulatory requirements, in a risk-based manner. Moreover, regulated entities are subject to statutory external audits.

Social matters

As a market infrastructure provider, Deutsche Börse Group considers ensuring transparency on the capital markets as its direct responsibility. By ensuring such transparency, it fosters stability in these markets, promoting their economic success. The management is involved through its participation on the Group Sustainability Board; its approach on social and sustainability matters is described in detail in the section [☒ “Management approach for a Group-wide commitment to sustainability”](#).

Sustainable financial market initiatives

The Green and Sustainable Finance Cluster Germany e.V. is an initiative committed to enhancing the expertise on sustainable finance in the market, putting that expertise to efficient use, and identifying (as well as taking) specific action to make national and international financial markets structures fit for the future. Kristina Jeromin, Head of Group Sustainability, is one of the two Managing Directors co-heading the Cluster. The Cluster has defined four fields of action: sustainable finance – status quo and innovation; data and digitalisation; metrics and standards; dialogue and knowledge development. It coordinates the activities of the participating institutions within these fields of action and brings them together with policymakers, regulators, civil society and academia. Within Germany, the Cluster collaborates closely with relevant political players in Berlin. At a European level, the Cluster is a member of the technical expert group on sustainable finance and thus actively involved in the European Commission’s Action Plan on sustainable finance; the Cluster supports the Action Plan’s implementation and is involved in the corresponding consultation process leading to future regulation. Since June 2019, Deutsche Börse Group and the Cluster have been members of the Sustainable Finance Committee to advise the German government and foster dialogue between the financial industry, real economy, civil society and academia.

Stable, transparent and fair markets

Systems availability

Deutsche Börse AG operates its trading systems for the cash and derivatives markets as redundant server installations, distributed across two geographically separated, secure data centres. Should a trading system fail, it would be operated from the second data centre. Together with clients, Deutsche Börse successfully simulated this scenario – as well as the impact of local disruptions – within the scope of the FIA Test (the annual disaster recovery exercise conducted by the Futures Industry Association). Other disruptions, such as workstation malfunctions or personnel failures, were also tested. Thanks to manifold tests and the verified roll-out of software, as well as the continuous monitoring of the network, servers and applications, Deutsche Börse Group achieved a 100 per cent availability of its cash market trading system and 99.996 per cent for its derivatives trading system. These levels corresponded to downtimes of around 0 minutes and 12 minutes, respectively, during the entire year.

Market transparency

Section 42 (1) of the Börsengesetz (BörsG, German Exchange Act) authorises exchanges to impose additional admission requirements and further notification duties upon equity issuers, for parts of the regulated market. Frankfurter Wertpapierbörse (FWB®, the Frankfurt Stock Exchange) used this authorisation in its [☒ Exchange Rules \(section IV, sub-section 2\)](#) to create the “Prime Standard” in 2003. The Prime Standard segment is characterised, on the one hand, by special post-admission obligations, which are monitored by the FWB with any breaches sanctioned by the exchange’s Sanctions

Committee; on the other hand, admission to the Prime Standard is a mandatory requirement for inclusion into one of Deutsche Börse AG's selection indices.

Over and above statutory requirements under the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act), Prime Standard issuers must submit their financial reports (annual and half-yearly reports), as well as their quarterly statements for the first and third quarter, to FWB, in German and/or English and within set deadlines. Moreover, Prime Standard issuers must submit their calendars of material corporate events to FWB, hold an analysts' conference at least once a year and publish any inside information in English as well as German. All submissions to FWB must be carried out via the Exchange Reporting System (ERS®). This electronic interface allows for efficient sorting and display of data, helping to spot any impending failure to meet a deadline. This allows FWB to support issuers concerning their transparency duties in the best possible manner by sending out e-mail reminders prior to each deadline. All reports and data submitted to FWB are subsequently available on www.boerse-frankfurt.de/en, the exchange's website, under the respective issuer's name. Information is thus accessible to interested investors in a compact, easy-to-find manner, creating a particular level of market transparency within the Prime Standard segment. Submission via ERS allows for monitoring fulfilment of transparency requirements – seamlessly and without delay.

In 2019, ten cases were submitted to the FWB Sanctions Committee for the delayed disclosure of information. Proceedings had been completed with the expiry of the 23 January 2020 deadline: Fines were imposed in an amount totalling €207,075.

Deutsche Börse Group launched a new segment for green bonds – bonds issued to raise capital for projects with climate and environmental benefits – on the Frankfurt Stock Exchange in November 2018. This “shop window” for green investors includes 235 bonds. All bonds in this segment comply with the [Green Bond Principles](#) of the International Capital Markets Association, which offer guidelines on key components of issuance: use of proceeds, process for project evaluation and selection, management of proceeds, as well as reporting. The new segment caters to the demand for sustainable financing, which is rising all over the world. Investors who care not only about the economic, but also the ecological return of their investment can find the right strategy at www.boerse-frankfurt.de [www.boerse-frankfurt.de > Bonds > Green Bonds](#). The bonds included in Deutsche Börse's segment are admitted for trading at various European stock exchanges, including the Frankfurt Stock Exchange.

Stable financial markets

The core economic function of an exchange is to preserve economic prosperity and create the right framework conditions for growth. As a global market infrastructure provider, Deutsche Börse Group operates markets that help enterprises of all sizes to raise equity and debt – which in turn enables them to grow, create and protect jobs and contribute to a higher level of value creation.

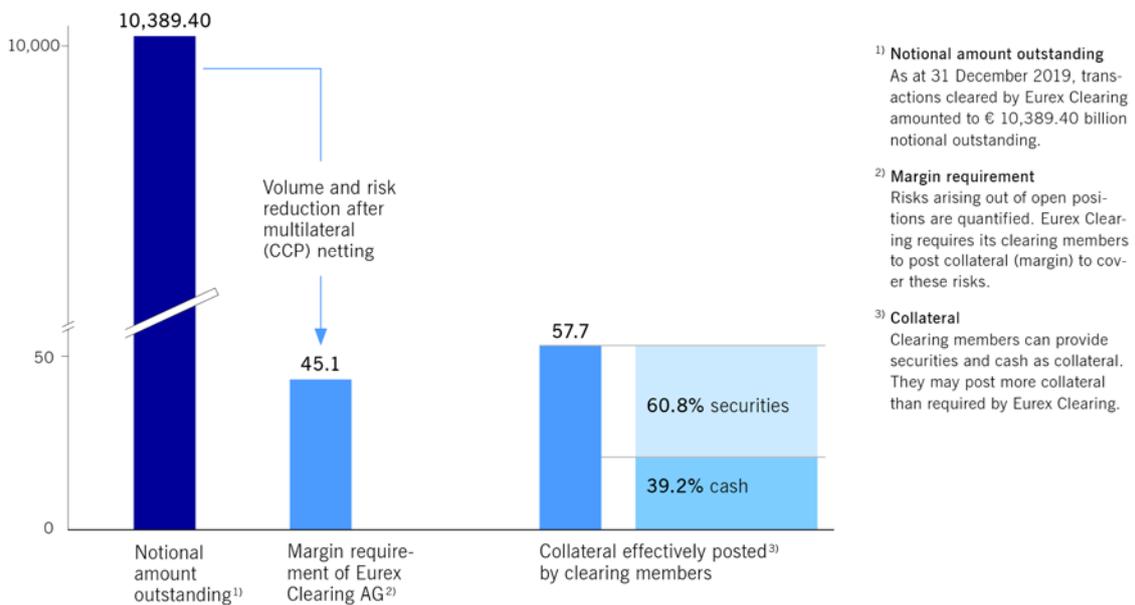
As central counterparty (CCP), Eurex Clearing AG fulfils its responsibility of promoting sustainable global economic growth and stable financial markets. Furthermore, as a clearing house it is an independent risk manager and ensures a neutral valuation of its member's risk positions. It also protects members in the event of a market participant defaulting, thus minimising risks and enhancing both the efficiency of trading and the stability of the financial markets. The bundling of default risk also permits high netting effects, which in turn facilitate sustainable cost savings for the entire market.

The outcome of the UK's Brexit referendum on 23 June 2016 has caused significant uncertainty for the entire European financial services sector. A key issue in this context is the clearing of over-the-counter (OTC) interest rate derivatives. With some €312 trillion (82 per cent), they account for the largest share of outstanding OTC volumes, while being the main driver behind the strong increase registered since 2016 [source: BIS, Semiannual OTC Derivatives Statistics, June 2019; the indication provided by the

Bank for International Settlements of approx. €461 trillion (www.bis.org > Statistics > Derivatives > OTC derivatives statistics) was adjusted by eliminating the dual counting of interdealer volumes (source: www.clarusft.com); €/US\$ exchange rate as at 30 June 2019: 1.1380, Deutsche Bundesbank]. The EU and the United Kingdom are currently negotiating the terms for Britain's exit from the EU. A controversial discussion is ongoing concerning future additions to clearing houses outside the EU-27, creating significant uncertainty amongst market participants. Eurex Clearing AG has come up with a solution designed to make the (potentially required) shift of euro clearing into the EU-27 as straightforward as possible for all market participants: the Eurex Clearing Partnership Programme. Through this initiative, Eurex Clearing AG is not only offering the market an attractive alternative for clearing interest rate derivatives outside of London and within the EU-27 but also anticipating potential market turbulence and taking early action to counteract it.

Risk mitigation via netting and collateralisation

€ billion, as at 31 December 2019



Non-financial key indicators: social matters

		2019	2018
Transparency			
Proportion of companies reporting in accordance with maximum transparency standards ¹⁾	%	92	91
Security			
Availability of cash market trading system ²⁾	%	100	99.912
Availability of derivatives market trading system ²⁾	%	99.996	99.963
Average monthly cleared volumes across all products ³⁾	€ trillion	24.0	23.5

1) Ratio of the market capitalisation of companies listed in the Prime Standard for shares to the market capitalisation of all companies listed on the Frankfurter Wertpapierbörse (FWB®, the Frankfurt Stock Exchange)

2) System availability ranks amongst the most important non-financial performance indicators (as defined in DRS 20 and section 289 (3) in conjunction with section 289 (1) sentence 3 of the HGB) for which a forecast is made

3) Average monthly clearing volume, including exchange-traded and OTC derivatives, as well as securities and repo transactions. Clearing volumes are subject to double counting

Deutsche Börse Group pays wages, salaries and taxes. Its commercial activity therefore contributes to private and public income – this contribution is made transparent in the value-added statement. For details, please refer to the [“Value added: breakdown of corporate performance”](#) section.

Product matters

Customer satisfaction

Deutsche Börse Group is executing a Group-wide growth strategy with which it aims to strengthen its agility, ambition, effectiveness and clear customer focus. In improving its organisation, the Group aims to better address changing client needs and gradually tap unutilised potential by means of a Group-wide approach to marketing, sales, innovation and product development.

In 2019, surveys across the EEX, Eurex, 360T and Clearstream began to be standardized; they include common questions and use a standardised “Net Promoter Score” methodology. In this context, businesses ask their clients about their readiness to recommend the service provider with the aim of notifying senior management and staff of the results shortly after the close of the survey. For 2020 there is also the ambition to report the results from as many areas as possible that have carried out a unified survey.

One example of Deutsche Börse Group’s customer focus is Clearstream’s annual client services survey. This survey aims to identify customer needs and prioritise and address enhancement requests to further improve products and services. The results of this survey are taken up by the Clearstream Management Committee, which includes senior management, where concrete actions are taken to address customer needs. The Clearstream senior management is provided with an overview of the items (customers’ needs/complaints) raised in the survey.

Sustainable index products

There is an increasing demand for considering sustainability indicators in the investment process. Qontigo’s index provider STOXX is part of Deutsche Börse Group, and calculates and distributes more than 12,000 indices, a growing number of which are designed after sustainability aspects. STOXX’s offering of sustainability indices is diversified and includes environmental, social and governance- (ESG), climate change- and carbon emissions-related products. Indices are built based on internal research and the evaluation of market demand.

For all indices, the ultimate goal is to provide solutions to investors who consider sustainability a key element of their investment strategy. STOXX® and iSTOXX® indices focus on indicators that can be assessed quantitatively and are compiled by research providers specialised in the field. Within this approach, STOXX aims to select companies that are ranked better than their peers according to selected indicators and tilt the allocation towards those companies.

All data and service providers appointed by STOXX are subject to regular monitoring as required by the regulations of the International Organization of Securities Commissions (IOSCO) and the European Securities and Markets Authority (ESMA). STOXX indices are entirely rule-based. Consequently, there is neither a committee involved nor are customers consulted in the process of reviewing the index composition.

Having launched several index families focused on different aspects of sustainability and by continuing researching applications of sustainable portfolio allocations, STOXX aims to provide its clients with transparent, objective and rules-based solutions. The current index offering ensures that STOXX's products are securely established in the market and that STOXX can offer a timely response to the next developments in sustainability.

STOXX, as an index provider, also has the duty to represent the economic reality of the environment in which financial actors operate. In order to prepare for and help facilitate a shift in investment culture, STOXX develops and maintains a broad range of sustainability indices in response to investors' current as well as anticipated demand. The broad range of solutions may also aim at mitigating business risk should investors decide to reallocate more significant parts of their investments to sustainability-oriented solutions, which may be driven, in part, by investor-specific or external regulations.

As asset owners are steadily stepping up their fiduciary role and are implementing environmental, social and governance (ESG) investment strategies, STOXX is addressing this development by offering two approaches for ESG-compliant versions of STOXX flagship benchmarks:

- STOXX ESG-X indices are ESG-screened versions of flagship STOXX global, regional, country, size and blue-chip benchmarks. They incorporate standard norm- and product-based exclusions that aim to limit market and reputational risks while keeping a low tracking error and a similar risk-return profile to the respective benchmark. STOXX specifically excludes companies that Sustainalytics considers to be non-compliant with the UN Global Compact Principles, are involved in controversial weapons, are tobacco producers (0 per cent revenue threshold) and that either derive revenues from thermal coal extraction or exploration or have power generation capacity that utilises thermal coal (>25 per cent revenue threshold).
- The EURO STOXX 50® ESG index is the ESG-integrated version of the key eurozone benchmark that combines exclusionary screens (as described above) and ESG integration criteria.

The EURO STOXX 50® ESG index and STOXX's suite of ESG-X indices are suitable for underlying mandates, passive funds, ETFs, structured products and listed derivatives with the ambition to increase liquidity and lower the cost of trading.

Overview of STOXX ESG, Climate Change and Carbon-Emission Index Offerings:

- STOXX ESG Benchmark indices
- STOXX ESG-X Benchmark indices
- STOXX Sustainability indices
- STOXX Global ESG Leaders and ESG Specialized Leaders indices
- STOXX Climate indices
- STOXX Low Carbon indices
- ESG Impact indices

In addition to the above-mentioned STOXX indices, the ÖkoDAX® index focuses on German companies active in the renewable energy business and DAXglobal Alternative Energy expands the DAXglobal index family by adding a growth indicator for the alternative energies sector.

iSTOXX ESG offering

Under the umbrella of the iSTOXX brand, STOXX also offers a broad range of customised ESG-related indices that cater to specific client requirements. These indices offer specific strategies within the broader STOXX universe of responsible investing indices that track companies that are pioneering or making the most headway in the transition to a low-carbon economy and a fairer and better world from the perspective of ESG principles.

Visit the STOXX website www.stoxx.com for a complete overview of all STOXX and iSTOXX indices.

Non-financial key indicators: sustainable index products

		31 Dec 2019	31 Dec 2018
ESG criteria			
Assets under management in ETFs based on ESG indices from STOXX ¹⁾	€m	274.3	91.9
Total assets under management in ETFs based on indices from STOXX	€bn	76.3	68.2
Transparency			
Number of sustainable index concepts		224	131
Number of calculated indices		12,554	11,547

1) Based on the ETFs issued in 2016: FlexShares STOXX® Global ESG Impact index and FlexShares STOXX® US ESG Impact index and based on ETFs issued in 2019: EURO iSTOXX ESG-X & Ex Nuclear Power Multi Factor, EURO STOXX ESG-X & Ex Nuclear Power Minimum Variance Unconstrained, EURO STOXX 50 ESG und STOXX Europe 600 ESG-X

Eurex ESG derivatives offering

Eurex took over a pioneering role by introducing an ESG product suite based on European benchmarks in February 2019. The three futures on the highly liquid European STOXX benchmarks covering ESG Exclusions, Low Carbon and Climate Impact support market participants to manage sustainability-driven challenges. In October the first exchange-traded ESG options on a European benchmark was added to the product range. At the same time the offering was further complemented by STOXX Select products with futures and options that capture the performance of European companies with high dividend payments and low volatility which are selected from the STOXX ESG Global Leaders index.

Products available for trading on Eurex:

- EURO STOXX 50® Low Carbon Index Futures
- STOXX® Europe 600 ESG-X Index Futures and Options
- STOXX® Europe Climate Impact Ex Global Compact Controversial Weapons & Tobacco Index Futures
- STOXX® Europe ESG Leaders Select 30 Index Futures and Options

Ten months after their launch in February 2019, STOXX Europe 600 ESG-X Index Futures, which are by far the most popular contracts, have reached over half a million traded contracts with ca. 50 per cent of the flow coming from end clients and asset owners. ESG is one of the major trends and the product interest is in line with Eurex expectations.

Further information is available on www.eurexchange.com -> products -> ESG derivatives

Energy and energy-related markets

Deutsche Börse Group holds a majority shareholding in European Energy Exchange AG (EEX), Leipzig, Germany. The product and service offerings of EEX and its subsidiaries focus on energy and energy-related markets (e.g. power, gas, emission allowances). By providing liquid, secure and transparent markets, EEX group plays an important role in improving the efficient functioning of these markets that are directly linked to questions of climate change. This includes the continuous development of new products and services, providing market solutions to support the long-term transition of Germany's and Europe's energy system towards a higher share of carbon-free, renewable energy sources.

EEX is constantly developing new support within the framework of the German "Energiewende" and wider EU climate and energy policy, which includes the long-term 2030 and 2050 climate and energy policy targets. In addition to power markets, EEX operates a regulated market for emissions allowances. EEX also hosts the central auction platform for the EU Emissions Trading System, organising regular auctions on behalf of 27 EU member states, including 25 countries that form an EU-wide auction platform to be coordinated by the European Commission, Germany and Poland. This system could be expanded to include the heating and transportation sectors.

Furthermore, EEX is developing new hedging instruments to address the effects of increasing power generation from renewables. In the ongoing transition to an energy system with a higher share of renewables, EEX is taking an active role by introducing new products to support this process. An example for the latter has been the extension of maturities in the electricity derivatives market, which allows for electricity production and procurement to be hedged for up to ten years: companies developing renewable energy, and their business partners, can hedge against price volatility and counterparty credit risks over the long term. The extension of maturities is a way of financing the expansion of renewable energy without providing explicit sponsorship. Such long-term maturities and hedging opportunities provided by EEX are already extensively used in Spain.

EEX Group further promotes the integration and marketing of renewables through its role as a provider of registries for so-called guarantees of origin, which are used by electricity distributors to prove the origin of the energy they supply. These guarantees of origin are rising in importance on the market for so-called green gases, too. In February 2019, EEX Group further expanded this business by acquiring Grexel, the leading European provider of guarantees of origin registries. Powernext SE, part of EEX Group, has operated a register for French guarantees of origin since 2013 and has been commissioned by the French government with the organisation of auctions.

Comparison with the forecast for 2019

With regard to the development expected of its non-financial performance indicators for 2019, the Group succeeded in increasing the level of systems availability compared to the previous year: in the cash market, trading system availability was at 100 per cent (2018: 99.912 per cent). The availability of the T7 system for the derivatives market reached 99.996 per cent (2018: 99.963 per cent). Against this backdrop, the company expects to maintain the availability of the different trading systems for the cash and derivatives market at the very high level seen in previous years throughout the forecast period.

In its endeavours to raise the share of women holding executive positions, as early as in 2010, the Executive Board had adopted a voluntary commitment to increase the share of women holding middle and upper management positions to 20 per cent by 2020, and of women holding lower management positions to 30 per cent during the same period. The Group maintains this ambition, and has extended the scope of its voluntary commitment, over and above legal requirements. Firstly, the target figures determined in this context relate to Deutsche Börse Group worldwide. Secondly, the definition of management levels/positions was extended to also include heads of teams, for example. On a global level, as at 31 December 2019, Deutsche Börse Group achieved a quota of 15 per cent for the upper and middle management levels (2018: 14 per cent) and 27 per cent for lower management positions (2018: 29 per cent). For Germany, the quotas were 16 per cent (2018: 14 per cent) and 22 per cent (2018: 26 per cent), respectively.

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The annual report 2019 of Deutsche Börse Group is available as pdf on the internet:

www.deutsche-boerse.com/annual_report

Contact

Investor Relations

E-Mail ir@deutsche-boerse.com
Phone +49-(0) 69-2 11-1 16 70
Fax +49-(0) 69-2 11-1 46 08
www.deutsche-boerse.com/ir_e

Group Sustainability

E-Mail group-sustainability@deutsche-boerse.com
Phone +49-(0) 69-2 11-1 42 26
Fax +49-(0) 69-2 11-61 42 26
www.deutsche-boerse.com/sustainability

Financial Accounting & Controlling

E-Mail corporate.report@deutsche-boerse.com
Phone +49-(0) 69-2 11-1 79 80
Fax +49-(0) 69-2 11-61 79 80

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