

Deutsche Börse Group (DBG) Emerging Risks – Top 2:

1. Tax Risks

Category	Tax & Accounting
Summary	<ul style="list-style-type: none"> • Additional payments for taxes (incl. interest) for tax risks (esp. Corporate income taxes and VAT) not covered by provisions • Double taxation for int. Matters • Implementation of global minimum taxes (GLoBe rules)
Description	<p>Operational Risk scenarios assume that an event in form of additional unexpected tax payments can be caused by a variety of Operational Risk root causes.</p> <p>On a quarterly basis tax risk items are evaluated by Group Tax. Each reported tax risk item classified based on the estimated probability of occurrence. This clustering is supported by external tax auditors/advisors. In addition, Group Tax may further specify the probability of occurrence within the limits of the respective cluster.</p> <p>If the estimated probability of occurrence higher than 50%, a provision will be booked, and the item will not be reflected in the risk scenario. For risk items with a probability of occurrence lower than 50%, the risk items are considered within the scenarios.</p>
Driven by	<ul style="list-style-type: none"> • Key cost drivers: Inadequate processes, data, resources and human error, change in jurisprudence • Likelihood drivers: Inadequate processes, data, resources and human error, change in jurisprudence • Change of administrative tax practices
Risk Type	Operational Risk and Business Risk
ESG flag	Governance
Impact	<ul style="list-style-type: none"> • Critical • Reputation / Penalties
Affected entities	All DBG legal entities
Mitigating Actions	Implementation of a Tax Compliance Management System as of 2019, designed to identify any emerging tax risks by implementing key controls for critical tax processes.

2. Sanctions Programs

Category	Operations, Regulatory & Compliance, Litigation
Summary	<ul style="list-style-type: none"> Sanctions compliance is one of the top priorities for DBG. A dedicated sanctions team is closely monitoring financial sanctions, is in consultation with relevant stakeholders and is prepared to react if and when restrictions would be imposed by the relevant authorities. The EU, US, UK, UN and other sanctions programs differ in scope and complexity and have different impact at DBG entities. There is also risk stemming from contradicting regimes and the EU blocking regulation or the Trade Ordinance (AWV).
Description	<p>DBG, including its legal entities, as a global financial service and infrastructure provider for the trading of securities and its role in facilitating global financial transactions may be at risk of violating various applicable financial and economic sanctions regimes.</p> <p>Additionally, financial sanctions have increased in scope and complexity in recent years:</p> <ul style="list-style-type: none"> US Primary and Secondary sanctions and Divestment Regimes - comprehensive sanctions regimes are considered to be the most critical type of sanctions. EU / US Sectoral sanctions (e.g. Russia and Belarus) are referring to smart sanctions e.g. aiming to limit the refinancing of specific companies. Extraterritorial sanctions of third countries (Singapore, UK, China etc.) are increasingly being issued which further complicate the topic of sanctions compliance for financial infrastructure providers Russia and Belarus sanctions have been significantly expanded in the Ukraine crisis in 2022
Driven by	<ul style="list-style-type: none"> Key cost drivers: Enhancement of the sanctions monitoring framework including systems as a regulatory requirement, legal costs associated with assessments and potential litigation cases. Likelihood drivers: Increased complexity of sanctions regulations.
Risk Type	Operational Risk
ESG flag	Governance
Impact	<ul style="list-style-type: none"> Critical Systems
Affected entities	All DBG legal entities
Mitigating Actions	<ul style="list-style-type: none"> Dedicated Group Sanctions Compliance Program, systems and experts. A centralised group wide sanctions monitoring program administrated by Group Sanctions, including detailed processes and procedures for high risk areas. Sanctions Policy.