DEUTSCHE BÖRSE GROUP

Annual report 2018

Excerpt: combined non-financial statement

www.deutsche-boerse.com

Report on post-balance sheet date events

There have been no material events after the balance sheet date.

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, which 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 the Executive Board".

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. Deutsche Börse Group voluntarily reports on human and employee rights, as the active protection of human rights is a key element of the Group's corporate responsibility. The Group addresses this at various points along the value chain. Relevant matters in this non-financial statement are specifically reflected in the "Employees" section, and in the "Human rights in the supply chain" section, which focuses on the Group's procurement management.

As a service provider with a focus on providing electronic market infrastructure services, Deutsche Börse Group engages in relatively little environmentally sensitive activity from a corporate environmental perspective; hence, no detailed report is provided in this combined non-financial statement 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 is also developing a climate strategy aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

As an international capital markets organiser, Deutsche Börse 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. Within this scope, the company strives to be a role model. 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 United Nations Global Compact (UNGC) and the Sustainable Stock Exchange 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. 28		
▪ Overview of Deutsche Börse Group ▪ Objectives and strategies ▪ Internal management ▪ Research and development activities	▪ Economic performance ▪ Stakeholder engagement ▪ Brand management	▪ 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		
Environmental matters		
▪ Ecological awareness: code of business conduct (principle no. 14) ▪ Environmental aspects of products or services: "Product matters" section	▪ Environmental management	
Employee matters p. 89		
▪ Staff development ▪ Human resources strategy ▪ Talent promotion ▪ Promoting diversity and gender equality ▪ Measures to promote women ▪ Target quotas for women ▪ Feedback for employees and managers ▪ Training and continuing professional development ▪ Work-life balance	▪ Human capital development ▪ Human and employee rights	▪ SDG 4 "Quality education" ▪ SDG 5 "Gender equality" ▪ SDG 8 "Decent work and economic growth" ▪ SDG 10 "Reduce inequalities"
Social matters p. 101		
▪ Sustainable financial market initiatives ▪ Stable, transparent and fair markets ▪ Systems availability ▪ Market transparency ▪ Stable financial markets	▪ Economic participation and education ▪ Transparent, stable and fair markets	▪ 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"
Respect for human rights p. 108		
▪ Code of conduct for suppliers ▪ Supplier survey ▪ Monitoring suppliers in relation to risk criteria	▪ Human and employee rights	▪ SDG 5 "Gender equality" ▪ SDG 8 "Decent work and economic growth" ▪ SDG 10 "Reduce inequalities"
Anti-corruption and bribery matters p. 97		
▪ 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	▪ Good governance	▪ SDG 8 "Decent work and economic growth" ▪ SDG 10 "Reduce inequalities" ▪ SDG 16 "Peace, justice and strong institutions"
Further relevant aspects		
Product matters p. 104		
▪ Customer satisfaction ▪ Sustainable index products ▪ Energy and energy-related markets	▪ Sustainable product and service portfolio	▪ 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 figures 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 2018, Deutsche Börse Group employed a total of 5,964 staff (31 December 2017: 5,640), having 96 nationalities at 37 locations worldwide. The average number of employees in the reporting period was 5,800 (2017: 5,567). On a Group level, this corresponds to an increase of around 4.2 per cent compared to the previous year's reporting date, which was primarily a result of the development of control functions and the consolidation of Clearstream Funds Centre Ltd. (formerly Swisscanto Funds Centre Ltd.) and the US foreign-exchange trading platform GTX. The Group had an average of 5,397 full-time equivalents during the year (2017: 5,183), including part-time employees. As at 31 December 2018, the proportion of part-time employees was higher in the general workforce than in management and higher amongst women than amongst men. For details regarding the exact proportion by location, please refer to the table entitled "Key data on Deutsche Börse Group's workforce as at 31 December 2018".

Employees by country/region

	31 Dec 2018		
	Total	Male	Female
Germany	2,689	1,661	1,028
Luxembourg	1,077	648	429
Czech Republic	890	563	327
Ireland	404	176	228
United Kingdom	208	134	74
Rest of Europe	312	194	118
America	184	135	49
Asia	201	98	103
Total	**5,964**	**3,609**	**2,355**

Employees by segment

	31 Dec 2018
Eurex (financial derivatives)	1,265
EEX (commodities)	725
360T (foreign exchange)	253
Xetra (cash equities)	488
Clearstream (post-trading)	1,767
IFS (investment fund services)	752
GSF (collateral management)	242
STOXX (index business)	197
Data	275
Total	**5,964**

797 staff joined the Group (excluding consolidation effects), while 507 employees left the Group during the course of the year (excluding deconsolidation effects and number of employees who accepted one of the Group offers within the framework of efficiency programmes and left the company or entered partial retirement). The fluctuation rate was 8.7 per cent (unadjusted: 9.3 per cent) and thus above the previous year (2017: 7.4 and 8.7 per cent respectively). At the end of the year under review, the average length of service for the company was 9.5 years (2017: 9.4 years).

The number of Deutsche Börse AG's employees rose by 69 during the year under review to 1,502 as at 31 December 2018 (comprising 555 women and 947 men; 31 December 2017: 1,433). On average, Deutsche Börse AG employed 1,465 people during the 2018 financial year (2017: 1,392). On 31 December 2018, Deutsche Börse AG had employees at six locations around the world. During the 2018 financial year, 69 employees left Deutsche Börse AG; the adjusted fluctuation rate thus amounted to 4.6 per cent (unadjusted: 5.4 per cent).

Joiners and leavers by gender in 2018

	Joiners			Leavers		
	Male	Female	Total	Male	Female	Total
Deutsche Börse AG						
All locations	66	54	**120**	47	22	**69**
Deutsche Börse Group						
Germany	156	90	**246**	81	46	**127**
Luxembourg	56	40	**96**	44	32	**76**
Czech Republic	110	67	**177**	72	45	**117**
Ireland	52	36	**88**	17	16	**33**
Other locations	120	70	**190**	95	59	**154**
All locations	**494**	**303**	**797**	**309**	**198**	**507**

Joiners and leavers by age in 2018

	Joiners				Leavers			
	Under 30 years	30–39	40–49	50 years and older	Under 30 years	30–39	40–49	50 years and older
Deutsche Börse AG								
All locations	55	46	15	4	9	23	23	14
Deutsche Börse Group								
Germany	104	102	29	11	27	59	28	13
Luxembourg	39	41	12	4	20	35	16	5
Czech Republic	86	71	19	1	44	62	10	1
Ireland	69	12	4	3	16	13	3	1
Other locations	74	59	32	25	50	49	35	21
Total	**372**	**285**	**96**	**44**	**157**	**218**	**91**	**41**

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 highly diverse in many respects – including nationality, age, gender, religion, cultural and social origin. The company consciously promotes this diversity and benefits from it, creating an environment conducive to integration – to the advantage of corporate culture. 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.

Deutsche Börse Group offers its employees a wide range of benefits over and above statutory requirements (see the "Total expenses for employee benefits" table). At €123,000, average staff costs for employees and executive staff (adjusted for the costs of efficiency programmes and staff costs for the members of the Executive Board) slightly increased year-on-year (2017: €118,000). Staff costs per employee at the parent entity Deutsche Börse AG, which accounts for the largest part of the Group's executive staff, amounted to €144,000 (2017: €149,000). In addition to the base salary, these costs include (among other things), social benefits, pension provisions and variable remuneration components. In the 2018 financial year, the Executive Board of Deutsche Börse AG approved a voluntary linear salary increase of 2.5 per cent for collectively paid employees in Germany. In addition, a central budget will be made available for individual discretionary salary increases. In the course of harmonising the Group's processes, all salary increases will take effect on 1 January 2019, instead of in July as in the previous year. Salary adjustments have also been made at the other locations.

Talent promotion

To gain, motivate and promote top talent is a key instrument for Deutsche Börse Group to remain sustainably successful in this digital age. With the introduction of a new recruiting tool, the applicant process has been simplified and the user experience enhanced for all parties involved. In the year under review, the Group implemented further innovative formats for attracting talent.

Also in place are the "Evolving Leaders" programme, which is designed to identify and promote future managers from within the Group and 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 management role.

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, irrespective of whether this concerns behaviour among employees 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 2018, no incidents of discrimination at the Frankfurt/Eschborn, Luxembourg, Prague and or Cork locations (which are covered by reporting) were reported; accordingly, no countermeasures were required.

To prevent systematic remuneration disadvantages for women or men, Deutsche Börse AG carries out analyses at regular intervals among employees in Germany to identify any remuneration differences between women and men.

Measures to promote women

As a general rule, the candidates' qualifications are decisive for any appointment to a position at Deutsche Börse Group. However, in order to raise the share of women in executive positions, the company explicitly ensures that women are also 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 involving internal and external mentors. Meetings and training courses designed specifically for women are held regularly within the scope of a women's network.

Target quotas for women

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".

Feedback for employees and managers

Deutsche Börse Group managers hold annual appraisal discussions with employees within their area of responsibility, jointly defining targets for the next year and document these discussions. 96 per cent of employees recorded in Deutsche Börse Group's internal staff performance appraisal system received an assessment last year. The remaining 4 per cent are subject to the following special provisions:

- Pursuant to an employer/works council agreement, German employees aged 59 or older may waive the annual appraisal and target-setting process.
- Newly hired employees are to receive an appraisal and agree upon targets following expiry of their probationary period.

The appraisal system is applied equally to female and male employees. A separate target-agreement system exists for managerial staff.

Subsidiaries EEX and 360T use their own appraisal systems. The data compiled by these subsidiaries is currently not maintained or made available centrally. The long-term objective is to harmonise appraisal and target-agreement processes across the entire Group, thus enhancing availability and transparency of the data collected.

Total expenses for employee benefits

	Lunch allowance € thous.	Childcare € thous.	Sports and leisure € thous.	Accident insurance € thous.	Savings plans € thous.	Travel expenses € thous.
Deutsche Börse AG						
All locations	2,317.9	574.7	47.2	147.3	534.2	641.6
Deutsche Börse Group						
Germany	3,915.4	895.8	75.9	270.9	847.9	1,042.0
Luxembourg	1,747.4	0	8.6	111.3	0	116.6
Czech Republic	728.2	26.9	220.0	28.7	1,159.6	202.7
Ireland	268.2	0	34.4	18.8	0	0

Training and continuing professional development

Deutsche Börse assigns high priority to training its staff and providing continuing professional development: employees continuously enhance and renew their financial markets knowledge. In addition, they have a large number of training courses at their disposal for polishing their communication and organisational skills. Deutsche Börse also supports its employees and managers in facing their individual challenges by offering a broad range of internal and external professional development measures.

In 2018, the Group invested an average of 2.9 days per employee for continuing professional development (2017: 3.3 days) and carried out, among other things, 1,175 internal training events (2017: 1,568 internal training events). Of these, 37 per cent were on business-related issues, 34 per cent covered specialist topics, 11 per cent dealt with the work-life balance and 18 per cent were on IT subjects or part of induction training.

Key figures on staff training in 2018

		Deutsche Börse AG			Deutsche Börse Group		
		Male	Female	Total	Male	Female	Total
Average number of training days per employee		3.2	3.1	3.2	2.9	2.8	2.9
Average number of training days per FTE[1)]		3.4	3.7	3.5	3.0	3.3	3.1
Number of hours		24,609	13,564	38,173	84,902	52,313	137,215
thereof managers	%	6.1	6.1	6.1	7.4	2.7	5.6
thereof employees	%	93.9	93.9	93.9	92.6	97.3	94.4

1) FTE = full-time equivalent

Work-life balance

It is Deutsche Börse Group's declared intention to achieve a reasonable work-life balance. The company offers a number of options designed to achieve a positive work-life balance as part of its "Job, Life & Family" initiative, e.g. the option to work from home (home office), take a sabbatical or have access to (or receive contributions for) child care facilities.

Deutsche Börse Group offers parental leave at all its locations in accordance with applicable national regulations (see the "Key figures on parental leave" table). The high ratio of employees who return from parental leave indicates a constructive working atmosphere and good employment conditions within the company.

At the same time, Deutsche Börse Group is well aware of its duty of care and attaches great importance to the health and well-being of employees. The company accordingly offers employees various sports and relaxation courses. One of the objectives pursued with these measures is to ensure that employees not only remain healthy despite a high workload but also to keep sickness levels within the company as low as possible. For example, the company assigns importance to the fact that employees take their full annual vacation during the course of the year. The sickness ratio within Deutsche Börse Group stood at 3.1 per cent during the year under review (2017: 3.0 per cent) and 4.0 per cent (2017: 3.9 per cent) at the parent company Deutsche Börse AG.

Key figures on parental leave

	Entered parental leave in 2018		Returned from parental leave in 2018		Multiple-year return ratio[1]	
	Male	Female	Male	Female	Male %	Female %
Deutsche Börse AG	31	20	32	22	100	100
Deutsche Börse Group	76	100	82	87	99	95

1) Employees whose parental leave ended in 2018, and who remained with the company

Key data on Deutsche Börse Group's workforce as at 31 December 2018 (part 1)

	Deutsche Börse AG		Deutsche Börse Group			
	All locations		Germany		Luxembourg	
	Male	Female	Male	Female	Male	Female
Employees	**947**	**555**	**1,661**	**1,028**	**648**	**429**
50 years and older	329	126	500	225	198	89
40–49 years	273	139	474	265	258	173
30–39 years	264	197	523	388	148	111
Under 30 years	81	93	164	150	45	56
Average age	44	40	43	40	44	41
Full-time equivalents	**917**	**408**	**1,603**	**720**	**623**	**278**
Senior and middle management	101	15	159	25	62	11
Junior management	80	22	114	36	56	17
Staff	736	371	1,330	659	505	250
Part-time employees	**30**	**147**	**58**	**307**	**25**	**151**
Senior and middle management	0	0	2	0	0	2
Junior management	1	4	1	4	0	9
Staff	29	143	55	303	25	140
Disabled employees	20	13	37	27	3	1
Proportion of graduates (%)[1]	65	35	65	35	61	39
Apprentices	8	7	8	7	0	0
Interns and students	84	78	126	116	12	12
Length of service						
Under 5 years (%)	45	47	44	44	26	31
5–15 years (%)	22	21	26	26	21	26
Over 15 years (%)	33	32	30	30	52	43
Staff turnover						
Joiners	66	54	156	90	56	40
Leavers	47	22	81	46	44	32
Training days per staff member	3.25	3.06	3.06	2.71	3.38	3.54
Promotions	52	30	77	49	40	31
Employees covered by collective bargaining agreements	821	511	1226	820	573	414

1) This figure is calculated on the basis of the number of employees holding a degree from a university, university of applied sciences or university of cooperative education; it also includes employees who have completed comparable studies outside Germany.

Key data on Deutsche Börse Group's workforce as at 31 December 2018 (part 2)

	Deutsche Börse Group						
	Czech Republic		Ireland		Other locations		
	Male	Female	Male	Female	Male	Female	Total (part 1 and 2)
Employees	**563**	**327**	**176**	**228**	**560**	**344**	**5,964**
50 years and older	16	9	14	7	104	43	1,205
40–49 years	104	45	47	55	161	75	1,656
30–39 years	339	195	55	123	202	157	2,241
Under 30 years	104	78	60	43	93	69	862
Average age	35	34	35	36	40	37	40
Full-time equivalents	**561**	**307**	**175**	**210**	**546**	**316**	**5,340**
Senior and middle management	5	1	4	1	34	3	306
Junior management	44	14	15	5	18	16	335
Staff	512	292	156	204	494	297	4,699
Part-time employees	**2**	**20**	**1**	**18**	**14**	**28**	**624**
Senior and middle management	0	0	0	0	0	0	4
Junior management	0	0	0	0	0	0	14
Staff	2	20	1	18	14	28	606
Disabled employees	1	1	0	0	0	0	70
Proportion of graduates (%)[1]	62	38	50	50	63	37	73
Apprentices	0	0	0	0	0	0	15
Interns and students	7	17	0	0	0	0	290
Length of service							
Under 5 years (%)	62	60	58	33	60	57	46
5–15 years (%)	38	40	36	56	32	37	30
Over 15 years (%)	0	0	6	11	8	6	24
Staff turnover							
Joiners	110	67	52	36	120	70	797
Leavers	72	45	17	16	95	59	507
Training days per staff member	3.19	2.65	3.96	2.81	1.52	2.12	2.88
Promotions	56	35	15	16	9	12	340
Employees covered by collective bargaining agreements	0	0	0	0	0	0	**3,033**

1) This figure is calculated on the basis of the number of employees holding a degree from a university, university of applied sciences or university of cooperative education; it also includes employees who have completed comparable studies outside Germany.

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 direct 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 context of the compliance management system.

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 sanction any compliance risks – 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 has aligned 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. In 2018, a systematic gap analysis, which was conducted together with an external party, identified potential in the area of suitability; also in 2018, the Group started to realise this potential, and it will continue to do so in 2019.

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 bans 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 any similar 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 corresponding risks, communicating 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 guidelines 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. 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 guidelines 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 guidelines, with the objective of countering breaches of compliance throughout the Group in a preventive, investigative and sanctioning 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.

In addition, all external staff and service providers must sign a form through which they undertake to comply with Deutsche Börse Group's compliance regulations, including rules to combat corruption.

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 regulatory rules or 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, reports received are often passed on directly to the responsible line manager, or to Compliance. During 2018, five 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 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, market manipulation or insider trading. 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

		2018	2017
Corruption			
Punished cases of corruption		1	0
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]		1,562	4,487
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, amongst other things, 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 as regards data protection and data privacy. It also monitors adherence to legal requirements on data protection on a risk basis, in particular regarding the question of responsibility. 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 and data privacy. 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.

The implementing measures, started in 2017, were continued and concluded in 2018. In 2019, the data protection organisation will integrate 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 the measures taken.

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 2018. 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 of issuers and financial instruments affected by any particularly sensitive, 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. In doing so, it fosters stability in these markets, thereby promoting their economic success. Positioning itself in this manner, Deutsche Börse Group focuses on the needs of market participants. The management is involved through its participation on the Group Sustainability Board, which is also described in detail in the section entitled "Management approach for a Group-wide commitment to sustainability".

Sustainable financial market initiatives

In April 2018, Deutsche Börse Group's initiative "Accelerating Sustainable Finance" and the Hesse Ministry of Economics' "Green Finance Cluster" merged to form the "Green and Sustainable Finance Cluster Germany e. V." (GSFCG). The goal of this new Cluster is to enhance the expertise on sustainable finance in the market, put that expertise to efficient use, and identify (as well as take) specific action to make national and international financial markets structures fit for the future. 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. 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, whose implementation the Cluster supports.

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 separate, secure data centres. Should a trading system fail, the other data centre would take over operations. 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 absence, 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 99.912 per cent availability of its cash market trading system and 99.963 per cent for its derivatives trading system. These levels corresponded to downtimes of around 178 minutes and 84 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. The 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, so that any (impending) failure to meet a deadline can easily be spotted. 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.com, 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. Thanks to the special requirement for submission via ERS, FWB is also able to monitor fulfilment of transparency requirements – seamlessly and without delay.

In the summer of 2017, the Zweites Finanzmarktnovellierungsgesetz (2nd FiMaNoG, Second German Financial Markets Amendment Act) was adopted. It provided for an increase in the maximum administrative fine pursuant to section 22 (2) of the BörsG from €250,000 to €1.0 million. This increase, implemented and practically applied for the first time in 2018, allows for an even more effective enforcement of post-admission duties, and FWB's management board has suggested higher administrative fines for sanctioning contraventions of post-admission duties in its notices handing over cases to the Sanctions Committee.

In 2018, six cases were submitted to the FWB Sanctions Committee for the delayed disclosure of information. Three of these proceedings had been completed with the expiry of the 23 January 2019 deadline. In two of the proceedings, fines were imposed in an amount totalling €46,600, and in one proceeding the issuer was given a reprimand.

The seamless and timely monitoring of post-admission financial reporting duties combined with even more effective sanctions for non-compliance with financial reporting duties as introduced in 2018 has provided even more incentive for Prime Standard issuers to adhere to their transparency obligations.

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 included about 150 bonds at its launch. 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 selection, management of proceeds, as well as reporting. In creating the new segment, Deutsche Börse is reacting to the demand for sustainable finance, which is rising globally. Investors who care not only about the economical, but also the ecological return of their investment can find the right strategy under 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.

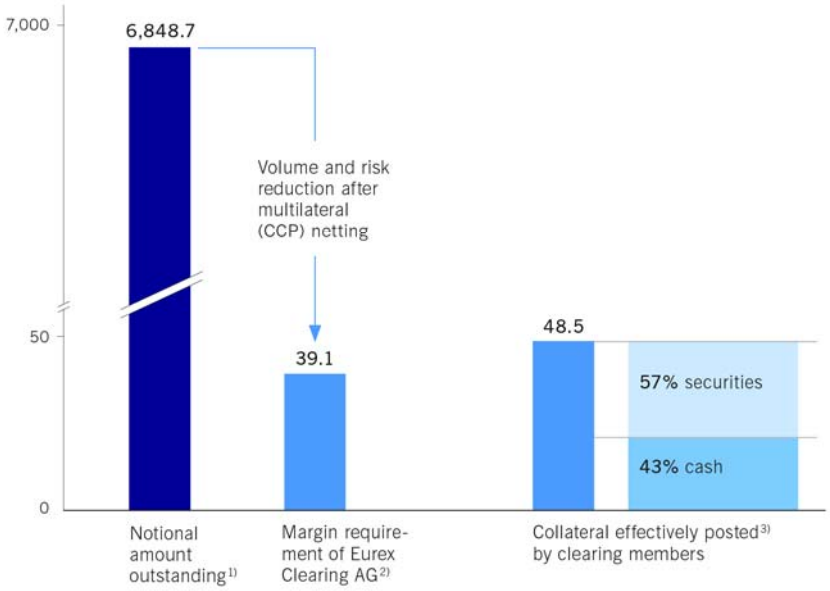
As central counterparty (CCP), Clearing AG fulfils its responsibility of promoting sustainable global economic growth and stable financial markets. As a clearing house, it is an independent risk manager and ensures that clearing members' risk positions are neutrally assessed. It also protects members 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 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. Based on outstanding volumes of some €292 trillion, this is the second largest market for financial derivatives after currency derivatives [source: BIS, Semiannual OTC Derivatives Statistics, June 2018; the indication provided by the Bank for International Settlements of approx. €413 trillion (www.bis.org > Statistics > Derivatives > OTC derivatives statistics) was adjusted by eliminating the dual counting of interdealer volumes (source: www.clarusft.com); USD/EUR exchange rate as at 30 June 2018: 1.1658 (Deutsche Bundesbank)]. The EU and the United Kingdom are currently negotiating the terms for Britain's exit from the EUeurex (. The issue of access to clearing houses outside the 27 remaining EU member states is subject to an ongoing and heated debate, which in turn has given rise to a feeling of considerable uncertainty among 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 Program. 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 2018



1) **Notional amount outstanding**
As at 31 December 2018, transactions cleared by Eurex Clearing amounted to €6,848.7 billion notional outstanding.

2) **Margin requirement**
Risks arising out of open positions are quantified. Eurex Clearing requires its clearing members to post collateral (margin) to cover these risks.

3) **Collateral**
Clearing members can provide securities and cash as collateral. They may post more collateral than required by Eurex Clearing.

Non-financial key indicators: social matters

		2018	2017
Transparency			
Proportion of companies reporting in accordance with maximum transparency standards[1)]	%	91	91
Security			
Availability of cash market trading system[2)]	%	99.912	99.968
Availability of derivatives market trading system[2)]	%	99.963	99.967
Average monthly cleared volumes across all products[3)]	€ trillion	23.5	20.6

1) Ratio of the market capitalisation of companies listed in the Prime Standard for shares to the market capitalisation of all companies listed on 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. For the year under review, a regional breakdown of costs cannot be provided for technical reasons. The company is reviewing the existing procedure for potential improvements.

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 2018, surveys across the Group were aligned; they include common questions and use a standardised "Net Promotor Score" methodology. In this context, businesses ask their clients about their readiness to recommend the service provider.

In the latter half of the reporting year, all of the pertinent product and service areas conducted their customer satisfaction reviews in parallel with the aim of notifying senior management and staff of the results shortly after the close of the survey. Each area notifies the senior management and the respective Board member with the survey results and analysis. Results are also consolidated at the level of Group Sustainability for inclusion in the annual report. The conclusions of the newly conceived surveys are intended to be communicated back to clients using the appropriate channels, while the results at a Group level will also be assessed.

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 Client 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 and information about the actions taken to address these with the respective product areas. In the course of the year, updates are provided in the different management forums.

Sustainable index products

STOXX Ltd., a Deutsche Börse Group company, calculates and distributes more than 11,000 indices, a growing number of which are designed after sustainability aspects. 900 indices are currently reviewed and may be reintroduced in 2019. 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.

The latest extension to STOXX suite of ESG-related indices is the launch of the STOXX® Europe 600 ESG-X index in November 2018. This index is based on the STOXX Europe 600 index, one of Europe's key benchmarks, with standardised ESG exclusion screens applied. The screens are based on the responsible policies of leading asset owners and aim to reduce reputational and idiosyncratic risks. STOXX specifically exclude companies that Sustainalytics considers to be non-compliant with the UN Global Compact Principles, are involved in controversial weapons, are tobacco producers and that either derive revenues from thermal coal extraction or exploration or have power generation capacity that utilises thermal coal. The STOXX Europe 600 ESG-X index is suitable for underlying mandates, passive funds, ETFs, structured products and listed derivatives with the ambition to increase liquidity and lower the cost of trading.

STOXX Sustainability indices

The STOXX Sustainability index families provide access to companies that are leaders in terms of ESG criteria. Indices are available for Europe (STOXX Europe Sustainability) and the eurozone (EURO STOXX Sustainability). Components are selected from the STOXX Europe 600 indices according to their respective sustainability rating.

The EURO STOXX Sustainability index offers a consistent, flexible and investable representation of the sustainability leaders in the eurozone in terms of long-term ESG criteria. With a variable number of components, the EURO STOXX Sustainability index covers stocks from eleven eurozone countries: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain.

STOXX Global ESG Leaders and ESG Specialized Leaders index family

The STOXX Global ESG Environmental Leaders, STOXX Global ESG Social Leaders and STOXX Global ESG Governance Leaders indices that together form the STOXX Global ESG Specialized Leaders indices, all consist of companies that are leading in one of the three sustainability dimensions and range above average in all other criteria. All components of the specialised indices together make up the STOXX Global ESG Leaders index. To keep up with the demands of responsible investors, STOXX excludes companies from the index universe that are involved in controversial weapons or violate one or several of the Global Compact Principles. The ESG blue-chip indices are derived from the STOXX Global ESG Leaders index and cover the largest capitalisations regionally. In all above-mentioned ESG indices, constituents are weighted proportionally to their ESG score – hence, a better score means a higher weight in the index. ESG data are provided by Sustainalytics.

STOXX Climate index family

The STOXX Global Climate Impact Ex Global Compact and Controversial Weapons and STOXX Global Climate Impact Ex Global Compact Controversial Weapons & Tobacco indices select those companies that are seen as leading in terms of climate change. These companies qualify based on particular actions that mark them as leaders or provide evidence that they understand their climate impact and take measures to manage it.

The STOXX Climate Awareness Ex Global Compact Controversial Weapons and STOXX Climate Awareness Ex Global Compact Controversial Weapons & Tobacco indices additionally include companies that have looked at implications of climate change for and on their business and display a high contextual knowledge of environmental issues. All emissions-related data are provided by CDP (formerly known as the “Carbon Disclosure Project”).

The STOXX Global Climate Change Leaders index includes companies that are seen as leading companies in terms of climate change. These companies qualify based on particular actions that mark them as leaders and have high scores across all other levels of the CDP Scoring matrix. Scoring requires detailed company-specific explanations. The components are selected from the CDP A-List.

STOXX Low Carbon index family

The STOXX Low Carbon indices focus on the selection of stocks with low carbon intensity scores using a weighting scheme that balances between the company’s size and its emissions amount.

ESG Impact index family

A further family of indices, the ESG Impact indices, aims to select companies committed to specific, significant corporate governance criteria, such as carbon emission reduction targets, percentage of independent board members, percentage of women in the board, policies against child labour and limitations of “golden parachute” agreements.

In addition to the above-mentioned STOXX indices, Deutsche Börse’s ÖkoDAX® index focuses on German companies active in the renewable energy business.

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. STOXX offers include the iSTOXX North America ESG Select 30, iSTOXX Global Women Leadership Select 30 and iSTOXX Global Industry Neutral ESG 600 indices.

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.

There is an increasing demand for considering sustainability indicators in the investment process. Having launched several index families focused on different aspects of sustainability and by continuing researching applications of sustainable portfolio allocations, STOXX aims to provide their clients with state-of-the-art solutions in that space. 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. From this point of view, sustainable investment currently represents only a minority and is still mostly perceived as an investment add-on, rather than an essential building block. 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.

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. 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 and adapting existing products. One example of the latter is the introduction of shorter lead times for power trading, thereby supporting the integration of renewable energy. Through extending its membership base, EEX is actively supporting new players in the power market, which is a core requirement for an efficient transition of the energy system.

This offering also stretches globally. On 16 November 2018, EEX subsidiary Nodal Exchange and IncubEx announced the successful launch of their first tranche of North American environmental contracts. The new contracts are listed on the T7® system and mark the expansion of Nodal Exchange's products into the environmental markets sector. The new contracts include futures and options on California Carbon Allowances, Regional Greenhouse Gas Initiative Allowances (RGGI), New Jersey Solar Renewable Energy Certificates, PJM Tri-Qualified Renewable Energy Certificates and eleven other emissions and renewable contracts.

Deutsche Börse Group's indirect economic impact, and particularly its trading activity and traded contracts, benchmarked against other exchange operators, can be found in the report on economic position in this combined management report (see tables entitled "Development of trading activity on selected European cash markets" and "Development of contracts traded on selected European derivatives markets").

Non-financial key indicators: sustainable index products

		31 Dec 2018	31 Dec 2017
ESG criteria			
Assets under management in ETFs based on ESG indices from STOXX[1)]	€m	91.9	55.1
Total assets under management in ETFs based on ESG indices from STOXX	€bn	68.2	83.4
Transparency			
Number of sustainable index concepts		131	117
Number of calculated indices		11,547	12,422

1) Based on the ETFs issued in 2016: FlexShares STOXX® Global ESG Impact index and FlexShares STOXX® US ESG Impact index

Respect for human rights in the supply chain

Being aware of its corporate responsibility, Deutsche Börse Group has committed to adhere to principles of sustainability. As a public listed company, it strives to lead by example by accepting its corporate responsibility holistically and disclosing how it does so. For this reason, the management approach for a Group-wide commitment to sustainability includes respect for human rights not only in the supply chain but also within the company. In addition to the Group's employees, suppliers and service providers are also expected to abide by these principles. To this end, Deutsche Börse Group has introduced the code of conduct for suppliers, which comprises ESG criteria.

The product groups that are material for Deutsche Börse Group's supply chain are energy, information and communications technology, IT services and office equipment. The Group also turns to external suppliers and service providers for marketing services and advertising materials. The Group's goal is to implement as reliable a supplier strategy as possible and a stable procurement organisation; it aims to ensure that all suppliers and manufacturers deliver the price and performance of the products and services agreed. When choosing suppliers and service providers, the Group focuses on European vendors and takes care to ensure that their conduct is ethical.

Corporate Purchasing continuously improves the Group's procurement process according to the agreements stipulated in the code of conduct for suppliers. It does this by regularly analysing the suppliers managed by Corporate Purchasing and classifying them using an ABC analysis. This breaks them down into three categories accounting for 70 per cent, 20 per cent and 10 per cent of expenditure volumes, respectively. The Group's objective is to ensure that at least 90 per cent of its global procurement volume stems from suppliers that fulfil the agreements set forth in the code (i.e. all category A and category B suppliers must sign such agreements). Major category C suppliers are naturally also requested to sign.

At present, around 98.8 per cent of the procurement volume is covered by agreements defined by Deutsche Börse Group's code of conduct for suppliers. As a rule, new suppliers must sign this agreement, which has resulted in a continual, steady rise in the number of suppliers committed to the code of conduct for suppliers. In exceptional cases, suppliers must, at a minimum, have a voluntary commitment in place that is equivalent.

The commitment of suppliers and service providers to adhere to the code is only one element in the Group's endeavours to select responsible business partners. In a Group-wide evaluation process, category A suppliers are continuously appraised according to criteria covering, amongst other things, their economic, environmental, social and ethical sustainability.

Category A and B suppliers are monitored and reviewed according to various risk criteria in cooperation with an external service provider. This "risk radar" monitors risks along the entire supply chain from (sub-)suppliers to logistics nodes, right through to the end customer. This process covers all types of risks: supplier risks (e.g. compliance, financial stability and quality), location risks (e.g. related to industrial action or natural disasters), country risks (e.g. political risk or sanctions) and risks related to certain groups of goods (e.g. import restrictions). In the event of any risk materialising, the early warning system will issue alerts by e-mail (611 in 2018), which will then be evaluated manually. Depending on the level of impact, the Group will engage in an active dialogue with the contracting parties. Moreover, analyses facilitate the evaluation of latent risk exposures or negative trends (where no damage has occurred) in order to enact targeted measures designed to prevent such risks.

Moreover, Deutsche Börse Group analyses the extent to which its suppliers have their own guidelines – such as codes of conduct for employees or suppliers and service providers – or have committed to recognised social responsibility standards. In 2018, the Group conducted a survey of suppliers managed by General Purchasing to identify environmental and social risks, especially with regard to human rights, and to close potential gaps. In addition, it was analysed whether suppliers have operations in countries with a poor record as regards human rights abuses, or whether they purchase services or goods from these countries. Those who responded to this survey accounted for 52 per cent of purchasing order volumes in 2018. These suppliers represent the sample on which the following analysis is based.

The analysis revealed that 67 per cent of participating suppliers have their own code of conduct for employees and/or code of conduct for suppliers and service providers, or have committed to at least one set of social responsibility standards (International Labour Organisation, UK Modern Slavery Act, UN Global Compact, UN Declaration of Human Rights). For participating category A suppliers, this figure was 76 per cent, 78 per cent for category B suppliers and 58 per cent for category C suppliers.

Additionally, the supplier survey revealed that 20 per cent of participating suppliers have operations in countries regarded by the United Nations Environment Programme Finance Initiative as involving human rights risks. Of these suppliers, 86 per cent have a code of conduct or supplier code of conduct or have committed to at least one set of the above-mentioned social responsibility standards.

The companies which operate in high-risk countries and/or have suppliers in these countries and have not yet taken the necessary actions to comply with environmental and social standards, have signed Deutsche Börse Group's code of conduct for suppliers.

Non-financial key indicator: respect for human rights

	2018	2017
	%	%
Share of turnover with suppliers or service providers which have signed the code of conduct, and/or have self-commitments exceeding the standards set by the code	98.8	98.9

Comparison with the forecast for 2018

With regard to the development expected of its non-financial performance indicators for 2018, the Group only partially succeeded in maintaining the previous year's level of systems availability: in the cash market, trading system availability was at 99.912 per cent (2017: 99.968 per cent). The availability of the T7 system for the derivatives market was at 99.963 per cent (2017: 99.967 per cent).

In its endeavours to increase 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 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 the 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 2018, Deutsche Börse Group achieved a quota of 14 per cent for the upper and middle management levels (2017: 14 per cent) and 29 per cent for lower management positions (2017: 29 per cent). For Germany, the quotas were 14 per cent (2017: 15 per cent) and 26 per cent (2017: 26 per cent), respectively.

Acknowledgement

Published by
Deutsche Börse AG
60485 Frankfurt/Main
Germany
www.deutsche-boerse.com

Concept and layout
Deutsche Börse AG, Frankfurt/Main
HGB Hamburger Geschäftsberichte GmbH & Co, Hamburg

Photographs
Thorsten Jansen (Portraits Joachim Faber
and Theodor Weimer, group picture Executive Board)
Jörg Baumann (Title)

Financial reporting system
Combined management report, consolidated financial statements and notes produced in-house using firesys and SmartNotes.

Publication date
15 March 2019

The German version of this report is legally binding.
The company cannot be held responsible for any misunderstanding or misinterpretation arising from this translation.

Reproduction – in total or in part – only with the written permission of the publisher

We would like to thank all colleagues and service providers who participated in the compilation of this report for their friendly support.

Publications service
The annual report 2018 is both available in German and English.

Order numbers
1000–4833 (German annual report)
1010–4834 (English annual report)

The annual report 2018 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

Group Communications & Marketing
E-mail corporate.report@deutsche-boerse.com
Phone +49-(0) 69–2 11–1 49 84
Fax +49-(0) 69–2 11–61 49 84

Registered trademarks

C7®, DAX®, Deutsche Börse Venture Network®, ERS®, Eurex®, Eurex Bonds®, Eurex Clearing Prisma®, Eurex Repo®, F7®, FWB®, GC Pooling®, M7®, MDAX®, ÖkoDAX®, SDAX®, T7®, TecDAX®, VDAX®, Vestima®, Xetra® and Xetra-Gold® are registered trademarks of Deutsche Börse AG. 360T® is a registered trademark of 360 Treasury Systems AG. EURO STOXX®, EURO STOXX 50®, iSTOXX® and STOXX® Europe 600 Financials are registered trademarks of STOXX Ltd. TRADEGATE® is a registered trademark of Tradegate AG Wertpapierhandelsbank.