



DEUTSCHE BÖRSE  
GROUP

# Annual report 2018

Excerpt: combined corporate governance statement  
and corporate governance report

[www.deutsche-boerse.com](http://www.deutsche-boerse.com)



## Combined corporate governance statement and corporate governance report

Deutsche Börse Group assigns great importance to the principles of good corporate governance and control. In this statement, we report on corporate governance at Deutsche Börse AG in accordance with section 3.10 of the Deutscher Corporate Governance Kodex (the “Code”, German Corporate Governance Code). Moreover, this statement contains the corporate governance statement pursuant to sections 289f and 315d of the Handelsgesetzbuch (HGB, German Commercial Code).

### **Declaration of Compliance pursuant to section 161 of the Aktiengesetz (AktG, German Stock Corporation Act)**

On 6 December 2018, the Executive Board and Supervisory Board of Deutsche Börse AG issued the following Declaration of Compliance:

#### **“Declaration of Compliance by the Executive Board and the Supervisory Board of Deutsche Börse AG regarding the German Corporate Governance Code in accordance with section 161 of the German Stock Corporation Act**

The following Declaration of Compliance refers to the most recent version of the German Corporate Governance Code (the Code) as amended on 7 February 2017 and published in the German Federal Gazette on 24 April 2017.

The Executive Board and Supervisory Board of Deutsche Börse AG declare that the company has complied with the recommendations of the Code almost without exception and will continue to comply with them with only a few deviations, as set out in detail below:

#### **1. Agreement of severance payment caps when concluding Executive Board contracts (section 4.2.3 (4) of the Code)**

Severance payment caps have been agreed upon in all current contracts with the members of the Executive Board to ensure that the recommendation of section 4.2.3 (4) of the Code is complied with and will continue to be complied with. As in the past, however, the Supervisory Board reserves the right to deviate from section 4.2.3 (4) of the Code in the future under certain circumstances. The Supervisory Board is of the opinion that a deviation may become necessary in extraordinary cases.

#### **2. Caps on the total amount of remuneration (section 4.2.3 (2) (sentence 6) of the Code) and disclosure in the remuneration report (section 4.2.5 (3) of the Code)**

Section 4.2.3 (2) (sentence 6) of the Code recommends that the amount of management remuneration be capped, both as regards variable components and in the aggregate. Deutsche Börse AG has deviated and will continue to deviate from this recommendation.

The annual remuneration, comprising fixed and variable remuneration components and pension benefits, has been capped at €9.5 million (total cap) for each member of the Executive Board. Ancillary benefits are not included in this amount. Although these are subject to fluctuation, no extraordinary fluctuations are expected and therefore it is not necessary to include them in the total cap.

The long-term variable remuneration components under the remuneration system are share-based. Even though a cap is provided in relation to the number of shares granted, no dedicated cap is foreseen on the maximum achievable bonus amount, as there is no cap on share price performance. However, extraordinary developments are sufficiently reflected in the total cap.

Section 4.2.5 (3) (sub-section 1) of the Code recommends, inter alia, presenting the maximum achievable remuneration for variable remuneration components in the remuneration report. As there is no dedicated cap in relation to the share-based variable remuneration components, the maximum achievable remuneration cannot be presented as recommended in section 4.2.5 (3) (sub-section 1) of the Code.

### **3. Composition of the Nomination Committee (section 5.3.3 of the Code)**

Section 5.3.3 of the Code recommends that the Supervisory Board forms a Nomination Committee composed exclusively of shareholder representatives. Section 4b of the Börsengesetz (BörsG, German Exchange Act) provides that the duties of the Nomination Committee include assisting the Supervisory Board of Deutsche Börse AG in selecting candidates for the Executive Board. Since this task, in particular, is not meant to be performed by the shareholder representatives on the Supervisory Board only, as has been common practice, there are employee representatives on the Nomination Committee as well. However, it will be ensured that the Supervisory Board nominees proposed to the Annual General Meeting are determined solely by the shareholder representatives on the Committee.”

The annual Declaration of Compliance pursuant to section 161 of the AktG, as well as the Declarations of Compliance for the past five years, are available on our website [www.deutsche-boerse.com/declcompliance](http://www.deutsche-boerse.com/declcompliance).

### **Disclosures on suggestions of the Code**

Deutsche Börse AG also largely complies with the suggestions of the Code and deviates only regarding the following aspects:

In accordance with section 4.1.3 sentence 3 of the Code, employees shall be given the opportunity to report suspected breaches of the law within the company in a protected manner; third parties should also be given this opportunity. Deutsche Börse AG has implemented a whistleblowing system for its employees in accordance with the recommendation in section 4.1.3 sentence 3 of the Code. This whistleblowing system is also open to external service providers. However, Deutsche Börse deviates otherwise from the suggestion of also giving third parties the opportunity of reporting such suspicions mainly given the fact that, as far as Deutsche Börse is concerned, other such third parties are regular market participants who have other options at their disposal for reporting suspicions without being bound by fiduciary duties under employment law.

In accordance with section 4.2.3 (2) sentence 9 of the Code, early disbursements of multiple-year, variable remuneration components should not be permitted. While Deutsche Börse AG adheres to this suggestion in principle; it reserves the right to deviate in extraordinary circumstances, e.g. in the event of an Executive Board member’s inability to work, disease or death. The company also reserves the right to diverge from this procedure in other extraordinary cases such as change-of-control events.

## **Information on corporate governance practices**

### **Conduct policies**

Deutsche Börse Group’s global orientation means that binding policies and standards of conduct must apply at each of the Group’s locations around the world. Specifically, the main objectives of these principles for collaboration are to ensure responsibility, respect and mutual esteem. The Group also adheres to these principles when implementing its business model. Communications with clients, investors, employees and the general public are based on timely information and transparency. In addition to focusing on generating profits, Deutsche Börse Group’s business is managed in accordance with recognised standards of social responsibility.

### Code of business conduct for employees

Acting responsibly means having values that are shared by all employees throughout the Group. In 2017, Deutsche Börse AG's Executive Board adopted an extended code of business conduct. This document, which is applicable throughout the Group, defines the foundations of key ethical and legal standards, including – but not limited to – the following topics:

- Confidentiality and the handling of sensitive information
- Conflicts of interest
- Personal account dealing, as well as the prevention of insider dealing and market manipulation
- Company resources and assets
- Combat of bribery and corruption
- Risk management
- Whistleblowers
- Environmental awareness
- Equal opportunities and protection against undesirable behaviour

The code of business conduct applies to members of the Executive Board, all other executives and all employees of Deutsche Börse Group. In addition to specifying concrete rules, the code of business conduct provides general guidance as to how employees can contribute to implementing the defined values in their everyday working life. The goal of the code of business conduct is to provide guidance on working together in the company on a day-to-day basis, to help resolve any conflicts and to resolve ethical and legal challenges. All newly hired employees receive the code of business conduct as part of their employment contract documentation. Staff who were already in the company prior to the introduction of the code of business conduct were familiarised with the guidelines in 2018 through an online training course, following which they had to confirm having received the document and having understood its content. The code of business conduct is an integral part of the relationship between employer and employees at Deutsche Börse Group. Breaches may lead to disciplinary action. The document is available on [www.deutsche-boerse.com](http://www.deutsche-boerse.com) > Sustainability > Set an example > Employees > Guiding principles.

### Code of conduct for suppliers and service providers

Deutsche Börse Group not only requires its management and staff to adhere to high standards – it demands the same from its suppliers and service providers. The code of conduct for suppliers and service providers requires them to respect human rights and employee rights and comply with minimum standards. Implementing a resolution of the Executive Board, the code of conduct for suppliers was amended in 2016 to include the requirements set out in the UK Modern Slavery Act, applicable to all corporations conducting business in the United Kingdom. Most suppliers have signed up to these conditions; all other key suppliers have made voluntary commitments, which correspond to, or in fact, exceed Deutsche Börse Group's standards. Service providers and suppliers must sign this code or enter into an equivalent voluntary commitment before they can do business with Deutsche Börse Group. The code of conduct for suppliers is reviewed regularly in the light of current developments and amended if necessary. It is available on Deutsche Börse Group's website [www.deutsche-boerse.com](http://www.deutsche-boerse.com) > Sustainability > Set an example > Procurement management.

### Values

Deutsche Börse Group's business activities are based on the legal frameworks and ethical standards of the different countries in which it operates. A key way in which the Group underscores the values it considers important is by joining initiatives and organisations that advocate generally accepted ethical standards. Relevant memberships are as follows:

**United Nations Global Compact** [www.unglobalcompact.org](http://www.unglobalcompact.org): this voluntary business initiative established by the United Nations aims to achieve a more sustainable and more equitable global economy. At the heart of the compact are ten principles covering the areas of human rights, labour, environment protection and anti-corruption. Deutsche Börse Group has submitted annual communications on progress (COPs) on its implementation of the UN Global Compact since 2009.

**Diversity Charter** [www.diversity-charter.com](http://www.diversity-charter.com): as a signatory to the Diversity Charter, the company has committed to acknowledging, respecting and promoting the diversity of its workforce, customers and business associates – irrespective of their age, gender, disability, race, religion, nationality, ethnic background, sexual orientation or identity.

**International Labour Organisation** [www.ilo.org](http://www.ilo.org): this UN agency is the international organisation responsible for drawing up and overseeing international labour standards; it brings together representatives of governments, employees and employers to jointly shape policies and programmes. Deutsche Börse Group has signed up to the ILO's labour standards and hence has agreed to abide by them.

**Frankfurt Declaration** [www.deutsche-boerse.com/frankfurt-declaration](http://www.deutsche-boerse.com/frankfurt-declaration): the Frankfurt Declaration demonstrates the signatories' intention to define the framework conditions for sustainable finance and to put concrete initiatives in place in the Frankfurt financial centre. These are directed towards the identification of innovative business areas and the responsible handling of risks, among other things. The potential of sustainable finance infrastructures must therefore be fully encouraged in order to support positive economic and social development founded on the unconditional protection of the natural basis of life.

### Sector-specific policies

Deutsche Börse Group's pivotal role in the financial sector requires that it handles information – and especially sensitive data and facts – responsibly. A number of rules are in force throughout the Group to ensure that employees comply with this. These cover both legal requirements and special policies applicable to the relevant industry segments, such as the whistleblowing system and risk and control management policies.

### Whistleblowing system

Deutsche Börse Group's whistleblowing system gives employees and external service providers an opportunity to report non-compliant behaviour. The Group has engaged the auditing and consulting company Deloitte to act as an external ombudsman and receive any such information submitted by phone or e-mail. Whistleblowers' identities are not revealed to Deutsche Börse Group.

### Risk and control management policies

Functioning control systems are an important part of stable business processes. Deutsche Börse Group's enterprise-wide control systems are embedded in an overarching framework. This comprises, among other things, the legal requirements, the recommendations of the German Corporate Governance Code, international regulations and recommendations and other company-specific policies. The executives responsible for the different elements of the control system are in close contact with each other and with the Executive Board and report regularly to the Supervisory Board or its committees. Equally, the Group has an enterprise-wide risk management system that covers and provides mandatory rules for functions, processes and responsibilities. Details of the internal control system and risk management at Deutsche Börse Group can be found in the ["Internal management"](#) and ["Risk report"](#) sections.

## Working practices of the Executive Board and the Supervisory Board

An important fundamental principle of the German Stock Corporation Act is the dual board system – which assigns separate, independent responsibilities to the Executive Board and the Supervisory Board. These responsibilities and their implementation at Deutsche Börse AG are set out in detail in the following paragraphs.

Both boards perform their duties in the interests of the company and with the aim of achieving a sustainable increase in value. Their actions are based on the principle of responsible corporate governance. Therefore, Deutsche Börse AG's Executive Board and Supervisory Board work closely together in a spirit of mutual trust, with the Executive Board providing the Supervisory Board with comprehensive information on the course of business in a regular and timely manner. In addition, the Executive Board regularly informs the Supervisory Board concerning all issues relating to corporate planning, the company's business performance, the risk situation, risk management, compliance and the company's control systems. The Chief Executive Officer reports to the Supervisory Board without undue delay, orally or in writing, on matters that are of special importance to the company. The strategic orientation of the company is examined in detail and agreed upon with the Supervisory Board. Implementation of the relevant measures is discussed at regular intervals. In particular, the chairmen of the two boards maintain regular contact and discuss the company's strategy, business performance and risk management. The Supervisory Board may also request reports from the Executive Board at any time, especially on matters and business transactions at Deutsche Börse AG and subsidiaries that could have a significant impact on Deutsche Börse AG's position.

### Deutsche Börse AG's Executive Board

The Executive Board manages Deutsche Börse AG and Deutsche Börse Group; it had five members at the beginning of the reporting period and six since 1 July 2018. The main duties of the Executive Board include defining the Group's corporate goals and strategic orientation, managing and monitoring the operating units, as well as establishing and monitoring an efficient risk management system. The Executive Board is responsible for preparing the consolidated and annual financial statements of Deutsche Börse AG, as well as for producing financial information during the course of the year. In addition, it must ensure the company's compliance with legal requirements and official regulations.

The members of the Executive Board are jointly responsible for all aspects of management. Irrespective of this collective responsibility, the individual members manage the company's business areas assigned to them in the Executive Board's schedule of responsibilities independently and are personally responsible for them. In addition to the business areas, the functional areas of responsibility are that of the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the Chief Information Officer/ Chief Operating Officer (CIO/COO). The business areas cover the operating business units, such as the company's cash market activities, the derivatives business, securities settlement and custody and the market data business. Details can be found in the [“Overview of Deutsche Börse Group – Organisational structure”](#) section.

Further details of the Executive Board's work are set out in the bylaws that the Supervisory Board has resolved for the Executive Board. Among other things, these list issues that are reserved for the entire Executive Board, special measures requiring the approval of the Supervisory Board, other procedural details and the arrangements for passing resolutions. The Executive Board holds regular meetings; these are convened by the CEO, who coordinates the Executive Board's work. Any Executive Board member can require a meeting to be convened. In accordance with its bylaws, the entire Executive Board normally takes decisions on the basis of resolutions passed by a simple majority of the members voting on them in each case. If a vote is tied, the CEO has the casting vote.

More information on the Executive Board, its composition, members' individual appointments and biographies can be found at [www.deutsche-boerse.com/execboard](http://www.deutsche-boerse.com/execboard).

### **Deutsche Börse AG's Supervisory Board**

The Supervisory Board supervises and advises the Executive Board in its management of the company. It supports the Executive Board in significant business decisions and provides assistance on strategically important issues. The Supervisory Board has specified measures requiring its approval in the bylaws for the Executive Board. In addition, the Supervisory Board is responsible for appointing the members of the Executive Board, deciding on their total remuneration, examining Deutsche Börse AG's consolidated and annual financial statements and the combined management report including the combined non-financial statement. Details of the Supervisory Board's work during the 2018 financial year can be found in the [report of the Supervisory Board](#).

At the beginning of the year under review, the Supervisory Board consisted of twelve members: two-thirds of its members were shareholder representatives and one-third were employee representatives. Since the 2018 Annual General Meeting, the Supervisory Board has parity co-determination, which means it consists of an equal number of shareholder representatives and employee representatives. This composition reflects the fact that the number of Deutsche Börse's employees in Germany has meanwhile exceeded the threshold of 2,000 employees, as referred to in section 1 (1) no. 2 of the Mitbestimmungsgesetz (MitbestG, German Co-determination Act). The Annual General Meeting passed a resolution to enlarge the Supervisory Board, resulting in amendments to the Articles of Association and the number of members on the Supervisory Board bringing it to a total of 16 members as at 24 May 2018.

The Supervisory Board holds at least six regular meetings every year. In addition, extraordinary meetings are held as required. The committees also hold regular meetings. Unless mandatory statutory provisions or the Articles of Associations call for a different procedure, the Supervisory Board passes its resolutions by a simple majority. If a vote is tied, the Chairman has the casting vote. In addition, the Supervisory Board regularly reviews the structure, size, composition, performance and the efficiency of the work of the Executive and Supervisory Boards, discusses potential areas for improvement and resolves suitable measures, where necessary.

### **Supervisory Board committees**

The Supervisory Board's goal in establishing committees is to improve the efficiency of its work by examining complex matters in smaller groups that prepare them for the plenary meeting of the Supervisory Board. Additionally, the Supervisory Board has delegated individual decision-making powers to the committees, to the extent that this is legally permissible. The Supervisory Board had six committees at the beginning of the reporting period. In accordance with section 4b (5) of the BörsG, the Supervisory Board resolved to merge the Nomination and the Personnel Committees into a joint committee, with effect from 3 January 2018. As provided for in the MitbestG, the Supervisory Board established a Mediation Committee on 16 May 2018, while also resolving to establish a Chairman's Committee for time-sensitive affairs. For details on the committees, please refer to the ["Supervisory Board committees during 2018: composition and responsibilities" tables](#). Their individual responsibilities are outlined in the Supervisory Board's bylaws. The committees' rules of procedure correspond to those for the plenary meeting of the Supervisory Board. Details of the current duties and members of the individual committees can be found online at [www.deutsche-boerse.com/supervboard](http://www.deutsche-boerse.com/supervboard) > Committees.

The chairmen of the individual committees report to the plenary meeting about the subjects addressed and resolutions passed in the committee meetings. Information on the Supervisory Board's concrete work and meetings during the reporting period can be found in the [report of the Supervisory Board](#).

More information on the Supervisory Board and its committees, the individual members and their appointments and biographies, can be found at: [www.deutsche-boerse.com/supervboard](http://www.deutsche-boerse.com/supervboard).

## Supervisory Board committees during 2018: composition and responsibilities

### Audit Committee

Members	Composition
<ul style="list-style-type: none"> <li>■ Erhard Schipporeit (Chairman) (until 16 May 2018)</li> <li>■ Barbara Lambert (Chairperson) (since 16 May 2018)</li> <li>■ Nadine Absenger<sup>1)</sup> (since 16 May 2018)</li> <li>■ Markus Beck<sup>1)</sup> (since 4 Sep 2018)</li> <li>■ Karl-Heinz Flöther</li> <li>■ Hans-Peter Gabe<sup>1)</sup> (16 May – 15 Aug 2018)</li> <li>■ Monica Mächler (until 16 May 2018)</li> <li>■ Joachim Nagel (since 24 May 2018)</li> <li>■ Jutta Stuhlfauth<sup>1)</sup> (since 4 Sep 2018)</li> <li>■ Johannes Witt<sup>1)</sup> (until 16 May 2018)</li> </ul>	<p>At least four members who are elected by the Supervisory Board</p> <ul style="list-style-type: none"> <li>■ Prerequisites for the chair of the committee: the person concerned must be independent and must have specialist knowledge and experience in applying accounting principles and internal control processes (financial expert)</li> <li>■ Persons who cannot chair the committee: the Chairman of the Supervisory Board; former members of the company's Executive Board whose appointment ended less than two years ago</li> </ul> <p><b>Responsibilities</b></p> <ul style="list-style-type: none"> <li>■ Deals with issues relating to the preparation of the annual budget and financial topics, particularly capital management</li> <li>■ Deals with issues relating to the adequacy and effectiveness of the company's control systems – in particular, to risk management, compliance and internal audit</li> <li>■ Audit reports</li> <li>■ Deals with accounting issues, including oversight of the accounting and reporting process</li> <li>■ Half-yearly financial reports, plus any quarterly financial reports, if applicable</li> <li>■ Examines the annual financial statements, the consolidated financial statements and the combined management report (including the combined non-financial statement), discusses the audit report with the external auditors and prepares the Supervisory Board's resolutions adopting the annual financial statements and approving the consolidated financial statements, as well as the resolution on the Executive Board's proposal on the appropriation of the unappropriated surplus</li> <li>■ Prepares the Supervisory Board's recommendation to the Annual General Meeting on the election of the external auditors of the annual financial statements, the consolidated financial statements and the half-yearly financial report (to the extent that the latter is audited or reviewed by external auditors) and makes corresponding recommendations to the Supervisory Board</li> <li>■ Deals with the required independence of the external auditor</li> <li>■ Deals with non-audit services rendered by the external auditor</li> <li>■ Issues the engagement letter to the external auditor of the annual financial statements and the consolidated financial statements – including, in particular, the review or audit of half-yearly financial reports, and determines focal areas of the audit and the audit fee</li> <li>■ Prepares the Supervisory Board's resolution approving the German Corporate Governance Code pursuant to section 161 of the AktG and the corporate governance statement in accordance with section 289f of the HGB</li> </ul>

1) Employee representative

## Nomination Committee<sup>1)</sup>

Members	Composition
<ul style="list-style-type: none"> <li>■ Joachim Faber (Chairman)</li> <li>■ Ann-Kristin Achleitner (until 16 May 2018)</li> <li>■ Markus Beck<sup>2)</sup> (since 4 Sep 2018)</li> <li>■ Richard Berliand (since 16 May 2018)</li> <li>■ Marion Fornoff<sup>2)</sup> (3 Jan – 15 Aug 2018)</li> <li>■ Martin Jetter (since 24 May 2018)</li> <li>■ Jutta Stuhlfauth<sup>2)</sup> (since 16 May 2018)</li> <li>■ Gerd Tausendfreund<sup>2)</sup> (since 16 May 2018)</li> <li>■ Amy Yip (until 16 May 2018)</li> </ul>	<ul style="list-style-type: none"> <li>■ Chaired by the Chairman of the Supervisory Board</li> <li>■ At least five other members who are elected by the Supervisory Board</li> </ul> <p><b>Responsibilities</b></p> <ul style="list-style-type: none"> <li>■ Proposes suitable candidates to the Supervisory Board for inclusion in the Supervisory Board's election proposal to the Annual General Meeting (the proposal is being submitted by shareholder representatives)</li> <li>■ Other tasks and duties set forth in section 4b (5) of the BörsG</li> <li>■ Deals with issues relating to the contracts of service for Executive Board members and, in particular, to the structure and amount of their remuneration</li> <li>■ Addresses succession planning for the Executive Board</li> <li>■ Approves appointments of members of Deutsche Börse AG's Executive Board to other executive boards, supervisory boards, advisory boards and similar boards, as well as honorary appointments and sideline activities</li> <li>■ Approves any exemptions from the requirement to obtain approval</li> <li>■ Approves the grant or revocation of general powers of attorney</li> <li>■ Approves cases in which the Executive Board grants employees retirement pensions or other individually negotiated retirement benefits, or proposes to enter into employer/works council agreements establishing pension plans</li> </ul>

1) The Nomination Committee and the Personnel Committee, which up until 3 January 2018 was an independent committee, were combined into one joint committee with effect from that date. The members of the Personnel Committee were Joachim Faber (Chairman), Ann-Kristin Achleitner, Marion Fornoff and Amy Yip. The Chairman of the Supervisory Board also chaired the Nomination Committee. The tasks and duties of the Personnel Committee were identical with those of the joined Nomination Committee, with the exception of the proposal of suitable candidates to the Supervisory Board for recommendation to the Annual General Meeting and various other tasks and duties established in section 4b (5) of the BörsG.

2) Employee representative

## Risk Committee

Members	Composition
<ul style="list-style-type: none"> <li>■ Richard Berliand (Chairman) (until 24 May 2018)</li> <li>■ Joachim Nagel (Chairman) (since 24 May 2018)</li> <li>■ Nadine Absenger<sup>1)</sup> (16 May – 15 Aug 2018)</li> <li>■ Hans-Peter Gabe<sup>1)</sup> (16 May – 15 Aug 2018)</li> <li>■ Susann Just-Marx<sup>1)</sup> (since 4 Sep 2018)</li> <li>■ Cornelis Kruijssen<sup>1)</sup> (since 4 Sep 2018)</li> <li>■ Barbara Lambert (since 16 May 2018)</li> <li>■ Monica Mächler (until 16 May 2018)</li> <li>■ Erhard Schipporeit (until 16 May 2018)</li> <li>■ Jutta Stuhlfauth<sup>1)</sup> (until 16 May 2018)</li> </ul>	<ul style="list-style-type: none"> <li>■ At least four members who are elected by the Supervisory Board</li> </ul> <p><b>Responsibilities</b></p> <ul style="list-style-type: none"> <li>■ Reviews the risk management framework, including the overall risk strategy, risk appetite and the risk roadmap</li> <li>■ Takes note of and reviews the periodic risk management and compliance reports</li> <li>■ Oversees monitoring of the Group's operational, financial and business risks</li> <li>■ Discusses the annual reports on significant risks and the risk management systems at regulated Group entities, to the extent legally permissible</li> </ul>

1) Employee representative

## Strategy Committee

Members	Composition
<ul style="list-style-type: none"> <li>■ Joachim Faber (Chairman)</li> <li>■ Ann-Kristin Achleitner</li> <li>■ Richard Berliand (until 16 May 2018)</li> <li>■ Marion Fornoff<sup>1)</sup> (16 May – 15 Aug 2018)</li> <li>■ Hans-Peter Gabe<sup>1)</sup> (until 16 May 2018)</li> <li>■ Susann Just-Marx<sup>1)</sup> (since 4 Sep 2018)</li> <li>■ Achim Karle<sup>1)</sup> (since 4 Sep 2018)</li> <li>■ Florian Rodeit<sup>1)</sup> (16 May – 15 Aug 2018)</li> <li>■ Carsten Schäfer<sup>1)</sup> (since 4 Sep 2018)</li> <li>■ Jutta Stuhlfauth<sup>1)</sup> (until 15 Aug 2018)</li> <li>■ Amy Yip</li> </ul>	<ul style="list-style-type: none"> <li>■ Chaired by the Chairman of the Supervisory Board</li> <li>■ At least five other members who are elected by the Supervisory Board</li> </ul> <p><b>Responsibilities</b></p> <ul style="list-style-type: none"> <li>■ Advises the Executive Board on matters of strategic importance to the company and its affiliates</li> <li>■ Addresses fundamental strategic and business issues, as well as important projects for Deutsche Börse Group</li> </ul>

1) Employee representative

## Technology Committee

Members	Composition
<ul style="list-style-type: none"> <li>■ Richard Berliand (Chairman)</li> <li>■ Marion Fornoff<sup>1)</sup> (16 May – 15 Aug 2018)</li> <li>■ Karl-Heinz Flöther</li> <li>■ Hans-Peter Gabe<sup>1)</sup> (16 May – 15 Aug 2018)</li> <li>■ Craig Heimark (until 16 May 2018)</li> <li>■ Martin Jetter (since 24 May 2018)</li> <li>■ Achim Karle<sup>1)</sup> (since 4 Sep 2018)</li> <li>■ Cornelis Kruijssen<sup>1)</sup> (since 4 Sep 2018)</li> <li>■ Florian Rodeit<sup>1)</sup> (16 May – 15 Aug 2018)</li> <li>■ Carsten Schäfer<sup>1)</sup> (since 4 Sep 2018)</li> <li>■ Johannes Witt<sup>1)</sup> (until 16 May 2018)</li> </ul>	<ul style="list-style-type: none"> <li>■ At least four members who are elected by the Supervisory Board</li> </ul> <p><b>Responsibilities</b></p> <ul style="list-style-type: none"> <li>■ Supports the Supervisory Board in meeting its supervisory duties with respect to the information technology used to execute the Group's business strategy and with respect to information security</li> <li>■ Advises on IT strategy and architecture</li> <li>■ Oversees monitoring of technological innovations, the provision of IT services, the technical performance and stability of the IT systems, operational IT risks, and information security services and risks</li> </ul>

1) Employee representative

## Chairman's Committee (since 16 May 2018)

Members	Composition
<ul style="list-style-type: none"> <li>■ Joachim Faber (Chairman)</li> <li>■ Nadine Absenger<sup>1)</sup></li> <li>■ Richard Berliand</li> <li>■ Jutta Stuhlfauth<sup>1)</sup></li> </ul>	<ul style="list-style-type: none"> <li>■ Chaired by the Chairman of the Supervisory Board</li> <li>■ Deputy Chairperson of the Supervisory Board as well as one shareholder representative and one employee representative each who are elected by the Supervisory Board</li> </ul> <p><b>Responsibilities</b></p> <ul style="list-style-type: none"> <li>■ Time-sensitive affairs</li> </ul>

1) Employee representative

## Mediation Committee (since 16 May 2018)

Members	Composition
<ul style="list-style-type: none"> <li>■ Joachim Faber (Chairman)</li> <li>■ Marion Fornoff<sup>1)</sup> (16 May – 15 Aug 2018)</li> <li>■ Martin Jetter (since 24 May 2018)</li> <li>■ Susann Just-Marx<sup>1)</sup> (since 4 Sep 2018)</li> <li>■ Jutta Stuhlfauth<sup>1)</sup></li> </ul>	<ul style="list-style-type: none"> <li>■ Chaired by the Chairman of the Supervisory Board</li> <li>■ Deputy Chairperson of the Supervisory Board as well as one shareholder representative and one employee representative each</li> </ul>
	Responsibilities
	<ul style="list-style-type: none"> <li>■ Tasks and duties pursuant to section 27 (3) of the MitbestG</li> </ul>

1) Employee representative

## Targets for composition and qualification requirements of the Supervisory Board

In accordance with section 5.4.1 of the Code, the Supervisory Board has adopted a catalogue of specific targets concerning its composition that, above all, should serve as a basis for the future nomination of its members. This catalogue comprises qualification requirements as well as diversity targets. Furthermore, members shall have sufficient time, as well as the personal integrity and suitability of character, to exercise their office. In addition, half of the shareholder representatives on the Supervisory Board shall be independent.

### Qualification requirements

Given their knowledge, skills and professional experience, members of the Supervisory Board shall have the ability to perform the duties of a supervisory board member in a company with international business activities. The Supervisory Board has determined individual (basic) as well as general qualification requirements. Basic requirements are derived from the business model, the concrete targets, as well as from specific regulations applicable to Deutsche Börse Group.

### Individual (basic) qualification requirements

Ideally, each Supervisory Board member holds the following basic qualifications:

- Understanding of commercial issues
- Analytical and strategic skills
- Understanding of the corporate governance system
- Knowledge of the financial services sector
- Understanding of Deutsche Börse AG's activities
- Understanding of Deutsche Börse Group's structure
- Understanding of the member's own position and responsibilities

### General qualification requirements

The general qualifications refer to the Supervisory Board in its entirety. At least two of its members should have profound knowledge, especially concerning the following topics:

- Business models of exchanges and the capital markets
- Accounting, finance, audit
- Risk management and compliance
- Information technology and security, digitalisation
- Clearing, settlement and custody business
- Regulatory requirements

The current composition of the Supervisory Board fulfils these criteria concerning the qualification of its members.

#### Supervisory Board members' general qualification requirements

	Business models of exchanges and the capital markets	Accounting, finance, audit	Risk management and compliance	Information technology and security, digitalisation	Clearing, settlement and custody business	Regulatory requirements
Joachim Faber (Chairman)	+	+	+			+
Ann-Kristin Achleitner	+	+				+
Richard Berliand	+	+	+	+	+	
Karl-Heinz Flöther		+		+		
Martin Jetter			+	+		+
Barbara Lambert		+	+	+		+
Joachim Nagel	+		+		+	+
Amy Yip	+	+			+	

#### Independence

In accordance with section 5.4.2 of the Code, the Supervisory Board shall be comprised of what it considers to be an appropriate number of independent members. Supervisory Board members are no longer to be considered independent in the meaning of section 5.4.2 of the Code, particularly if they have a personal or business relationship with the company, its governing bodies, a controlling shareholder or an entity affiliated with the controlling shareholder that may cause a substantial (and not merely temporary) conflict of interest. The Supervisory Board has resolved that at least half of its members who are shareholder representatives are to be independent in this sense. The Supervisory Board generally regards all of its shareholder representatives as being independent. The Supervisory Board notes, however, that the independence of a Supervisory Board member is sometimes called into question if the term of office exceeds twelve years. Mr Berliand, who will leave the Supervisory Board at the end of the Annual General Meeting on 8 May 2019, has been a member of the Supervisory Board since 2005. However, the Supervisory Board has no doubts as to Mr Berliand's impartiality and professional performance of his Supervisory Board mandate, so that the Supervisory Board also regards him as independent for the purposes of section 5.4.2 of the Code. Furthermore, Mr Berliand does not currently hold any position within the Supervisory Board of Deutsche Börse AG that requires the independence of the Supervisory Board member.

## Diversity concept for the Executive Board and the Supervisory Board

The diversity concept for the Executive Board and the Supervisory Board, as adopted by the Supervisory Board in accordance with section 289f (2) no. 6 of the HGB, has the objective of ensuring a wide range of perspectives and experience through the composition of both bodies. The concept is implemented within the scope of appointing new Executive Board members or regarding nominations for election of new Supervisory Board members.

### Flexible age limit and term of office

The Supervisory Board considers the flexible age limit stipulated in the bylaws (generally 70 years) when nominating candidates for election by the Annual General Meeting. Furthermore, the Supervisory Board's bylaws provide for a general limitation to members' maximum term of office to twelve years, which the Supervisory Board shall also consider in its nominations of candidates to the Annual General Meeting.

As a result, Craig Heimark and Erhard Schipporeit, who have been members of the Supervisory Board since 2005, resigned from the Supervisory Board as of the 2018 Annual General Meeting. At the same time, however, to ensure the balance between personnel changes and continuity in the work of the Supervisory Board and preserve its knowledge and experience, the Supervisory Board proposed the re-election of Richard Berliand, – a member of the Supervisory Board since October 2005 – to the 2018 Annual General Meeting. The proposal to extend Mr Berliand's term of office beyond the general limitation to members' maximum term of office was based, in particular, on his profound experience with exchange enterprises and their processes gained over many years and his extensive knowledge of financial markets infrastructure providers. The Annual General Meeting welcomed the proposal, re-electing Mr Berliand to the Supervisory Board. He is now set to resign at the end of the 2019 Annual General Meeting.

The flexible age limit for members of the Executive Board provides for the term of office to expire at the end of the month during which a member reaches the age of 60 years. From the month during which an Executive Board member has reached the age of 60, reappointment is permitted for a period of one year in each case, provided that the last term of office shall expire at the end of the month during which the Executive Board member reaches the age of 65. When appointing members of the Executive Board, the Supervisory Board pursues the objective of achieving an optimal composition of the Executive Board from the company's perspective. In this context, experience and industry knowledge, as well as professional and personal qualifications, play a major role. Depending on the Executive Board position to be filled, it is not just the scope and depth of skills that is decisive, but also whether the specific skills are up to date. The flexible age limit has been deliberately worded to preserve the Supervisory Board's flexibility in taking decisions on appointments.

At present, no Executive Board member has passed the age limit of 65 years. CEO Theodor Weimer, who was appointed with effect from 1 January 2018, will be 61 years old at the end of his current term of office.

### Share of women holding management positions

In line with the Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst (FührposGleichberG, German Act on the Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors), Deutsche Börse AG's Supervisory Board has defined target quotas for women on the Supervisory Board and the Executive Board in accordance with section 111 (5) of the AktG. The first minimum targets that were set – 33.33 per cent of the Supervisory Board members and 20 per cent of the Executive Board members were to be women – were complied with by the end of the implementation period on 30 June 2017. The quota of women on the Executive Board was 20 per cent at such point in time. The quota of women on the Supervisory Board was 41.67 per cent and thus above the self-set target.

With regard to the Supervisory Board, the legally prescribed gender quota of 30 per cent in accordance with section 96 (2) of the AktG applies instead of the self-set minimum quota in accordance with section 111 (5) of the AktG; this has been in effect since the application of the MitbestG to Deutsche Börse AG as of the Annual General Meeting in 2018. In order to prevent the possible discrimination of either shareholder representatives or employee representatives, and in order to increase the planning security in the relevant election procedures, the shareholder representatives on the Supervisory Board have opposed the overall compliance of the quota in accordance with section 96 (2) of the German Stock Corporation Act. Thus, the minimum proportion of 30 per cent is to be complied with for each gender with regard to the shareholder representatives and the employee representatives. This means that at least to women and two men from each the shareholder representatives and from the employee representatives must be on the Supervisory Board. Currently, there are three women each from the shareholder representatives and from the employee representatives. The legally prescribed gender quota is thus complied with.

Effective 1 July 2017, the Supervisory Board decided to extend the 20 per cent target quota of women on the Executive Board until 31 December 2021. The target quota was initially at 20 per cent in the reporting year for the Executive Board. This quota, however, declined due to the increase on the Executive Board to six members as of 1 July 2018, despite the fact that the actual number of women on the Executive Board did not change. The quota of women on the Executive Board is currently 16.7 per cent.

The Supervisory Board intends to comply with the 20 per cent target quota for women on the Executive Board and also intends to further increase the quota for women on the Supervisory Board. This will be taken into account in future personnel decisions.

### International profile

The composition of the Executive Board and the Supervisory Board shall reflect the company's international activities. Since the 2018 Annual General Meeting, there have been three members on the Supervisory Board holding non-German citizenship: Richard Berliand, Barbara Lambert and Amy Yip. Martin Jetter is a German citizen, but is resident in the USA. Cornelis Kruijssen, employee representative on the Supervisory Board, has the Dutch nationality. The same applies to Carla Streit and Charles Stonehill, who were proposed by the Supervisory Board to the Annual General Meeting for election as new Supervisory Board members. Ms Streit is a German and a US citizen, Mr Stonehill is a US and a British citizen. In addition, many of the current and designated members of the Supervisory Board have long-term professional experience in the international field or are even working abroad on a permanent basis. The Supervisory Board will therefore continue to meet the objectives concerning its international composition.

The same applies to the Executive Board, where Stephan Leithner holds non-German citizenship, and whose members have gained long-standing international working experience as well.

### **Educational and professional background**

The Supervisory Board has set itself the objective of considering an appropriate range of educational and professional backgrounds regarding its own composition, as well as regarding the composition of the Executive Board. The composition of both the Supervisory Board and the Executive Board reflect these objectives. In addition to possessing professional experience in the financial services industry, members of the Executive Board and the Supervisory Board also have a professional background in consultancy, the IT sector, administration and regulation, academia and auditing. In terms of academic education, economic and legal degrees prevail, in addition to backgrounds in IT and engineering. Education and professional experience thus also contribute to fulfilling the previously mentioned qualification requirements for Supervisory Board members.

The composition of both Deutsche Börse AG's Supervisory Board and Executive Board is in line with the objectives stated above. Please refer to [www.deutsche-boerse.com/supervboard](http://www.deutsche-boerse.com/supervboard) for further information concerning the members of the Supervisory Board and its committees. For further information concerning the members of the Executive Board, please see [www.deutsche-boerse.com/execboard](http://www.deutsche-boerse.com/execboard).

### **Preparations for the election of shareholder representatives to the Supervisory Board**

The Supervisory Board's Nomination Committee – whose task it is to propose suitable candidates to the Supervisory Board for recommendation to the Annual General Meeting – has concerned itself, in great detail, with the successors to Ann-Kristin Achleitner and Richard Berliand, who will both leave the Supervisory Board as of May 2019.

When selecting appropriate candidates, the committee has taken into account the above criteria. Following a preliminary selection and several personal interviews with the candidates, the Nomination Committee has decided to propose to the Supervisory Board Clara Streit and Charles Stonehill as candidates for election by the Annual General Meeting.

Clara Streit was active for many years as a management consultant and senior partner at McKinsey & Company. She also has many years of experience as an independent member of supervisory boards and boards of directors of national and international listed companies, in particular in the financial sector. Currently she is exercising a mandate on the board of directors of Vontobel Holding AG, on the supervisory board of Vonovia SE and on the supervisory board of NN Group NV.

Charles Stonehill has many years of experience in the financial services industry. He acquired his encompassing expertise regarding capital market topics – among others – in leading positions at JP Morgan, Morgan Stanley, CS First Boston and Lazard Frères Inc. He is a member of a several boards of directors. Among others, Mr. Stonehill is the deputy chairman of the board of directors of Julius Baer Group Ltd. and of Bank Julius Baer & Co. Ltd. and a member of the board of directors of AXA Equitable Life Insurance Company and AXA Equitable Holdings Inc.

## **Training and professional development measures for members of the Supervisory Board**

As a matter of principle, Supervisory Board members are responsible for their continuing professional development. Deutsche Börse AG complies with the recommendation of section 5.4.5 (2) of the Code as well as the guidelines of the European Securities and Markets Authority (ESMA) on the management bodies of market operators and data provision services, and supports Supervisory Board members in this endeavour – for example, by organising targeted introductory events for new Supervisory Board members or workshops on selected strategy issues as well as on professional topics (if required). Thus, in addition to a strategy workshop, two technology workshops, workshops on Deutsche Börse Group's regulatory strategy and the post-trading business, as well as workshops on the tasks and duties of the Supervisory Board, were held during the year under review.

## **Examination of the efficiency of Supervisory Board work**

Deutsche Börse AG regards regular reviews of the efficiency of Supervisory Board work – in accordance with section 5.6 of the Code – as a key component of good corporate governance. The 2018 efficiency audit was dedicated to the following areas: tasks of the Supervisory Board and performance of its duties, cooperation within the Supervisory Board and between the Executive Board and the Supervisory Board, as well as Supervisory Board organisations and meetings. The review yielded overall positive results. Where it identified room for improvement, optimising proposals were discussed by the Supervisory Board and measures for their execution implemented.

## **Target figures for the proportion of female executives beneath the Executive Board**

In accordance with the FührungsGleichberG, Deutsche Börse AG's Executive Board has defined target quotas for women on the two management levels beneath the Executive Board, in accordance with section 76 (4) of the AktG, in each case referring to Deutsche Börse AG. By 31 December 2021, the proportion of women holding positions in the first and second management levels beneath the Executive Board is planned to amount to 15 per cent and 20 per cent, respectively. As per 31 December 2018, the share of women holding positions on the first and second management levels beneath the Executive Board at Deutsche Börse AG in Germany was 14 per cent and 16 per cent, respectively.

Moreover, 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 the legal requirements. Firstly, the target figures determined in this context relate to Deutsche Börse Group (including subsidiaries) 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, these quotas stood at 14 per cent for upper and middle management levels and 29 per cent for lower management positions. For Germany, the quotas were 14 per cent and 26 per cent, respectively.

## Shareholder representation, transparent reporting and communication

Shareholders exercise their rights at the Annual General Meeting (AGM). In the spirit of good corporate governance, Deutsche Börse AG aims to make it as easy as possible for shareholders to exercise their shareholder rights. For instance, Deutsche Börse AG shareholders may follow the AGM over the internet and can be represented at the AGM by proxies nominated by Deutsche Börse AG. These proxies exercise voting rights solely in accordance with shareholders' instructions. Additionally, shareholders may exercise their voting rights by post or online. Among other things, the AGM elects the shareholder representatives to the Supervisory Board and resolves on the formal approval of the actions of the Executive Board and the Supervisory Board. It also passes resolutions on the appropriation of the unappropriated surplus, resolves on capitalisation measures and approves intercompany agreements and amendments to Deutsche Börse AG's Articles of Association. Ordinary AGMs – at which the Executive Board and the Supervisory Board give an account of the past financial year – take place once a year.

To maximise transparency and ensure equal access to information, Deutsche Börse AG's corporate communications generally follow the rule that all target groups should receive all relevant information simultaneously. Deutsche Börse AG's financial calendar informs shareholders, analysts, shareholders' associations, the media and interested members of the public of key events such as the date of the AGM, or publication dates for financial performance indicators.

Ad hoc disclosures, information on directors' dealings and voting rights notifications, corporate reports and interim reports, and company news can all be found on Deutsche Börse's website: [www.deutsche-boerse.com](http://www.deutsche-boerse.com). Deutsche Börse AG provides information about its consolidated and annual financial statements at an annual press briefing. It also offers conference calls for analysts and investors following the publication of the interim reports. Furthermore, when outlining its strategy and providing information to everyone who is interested, it abides by the principle that all target groups worldwide must be informed at the same time.

Additionally, Deutsche Börse AG submitted a COP for 2018 to the UN Global Compact. Responsible corporate governance is one of Deutsche Börse Group's core concerns, which is why it has complied with the Global Compact's principles for many years. Public records of this have been available since the company officially joined the initiative in 2009: [www.deutsche-boerse.com](http://www.deutsche-boerse.com) > Sustainability > Our responsibility > UN Global Compact.

## **Accounting and auditing**

Deutsche Börse AG's annual report provides shareholders and interested members of the public with detailed information on Deutsche Börse Group's business performance during the reporting period. Additional information is published in its half-yearly financial report and two quarterly statements. The annual financial statement documents and the annual report are published within 90 days of the end of the financial year (31 December); intra-year financial information (half-yearly financial report and quarterly statements) is made available within 45 days of the end of the relevant quarter or six-month period. Following preparations by the Audit Committee, the consolidated and annual financial statements are discussed by the entire Supervisory Board and with the external auditors, examined, and then approved. The Executive Board discusses the half-yearly report and the quarterly statements for the first and third quarters with the Supervisory Board's Audit Committee prior to their publication. The half-yearly financial report is reviewed by the external auditors. In line with the proposal by the Supervisory Board, the 2018 AGM elected KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, (KPMG) to audit its 2018 annual and consolidated financial statements and to review its half-yearly financial report in the year under review. KPMG was also instructed to perform a review of the contents of the combined non-financial statement during the 2018 financial year. The lead auditor, Sven-Olaf Leitz, and the deputy lead auditor, Klaus-Ulrich Pfeiffer, have been responsible for the audit since 2018. The Supervisory Board's proposal was based on the recommendation by the Audit Committee. The Audit Committee obtained the necessary statement of independence from KPMG before the election. This states that there are no personal, business, financial or other relationships between the auditor, its governing bodies and audit managers on the one hand, and the company and the members of its Executive and Supervisory Boards on the other, that could give cause to doubt the auditor's independence. The Audit Committee checked that this continued to be the case during the reporting period. It also oversaw the financial reporting process in 2018. The Supervisory Board was informed in a timely manner of the Committee's work and the insights gained; there were no material findings. Information on audit services and fees is provided in [note 6 to the consolidated financial statements](#).

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