



United Nations Global Compact Communication on Progress 2018

Deutsche Börse Group endorses the UN's Universal Declaration of Human Rights. As a member of the UN Global Compact, Deutsche Börse Group is highly committed to implementing the UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption throughout the Group when designing our business processes and strategies. In 2018, Deutsche Börse Group developed a range of initiatives in conjunction with the Global Compact's ten principles:

Transparency – cooperation with international ESG organizations

As a central “interface” between capital market participants, Deutsche Börse Group regards it as part of its responsibility to create a platform, which explains various environmental, social, and governance (ESG) approaches. Deutsche Börse thus enables market participants and the public to gain an overview of different transparency initiatives and to exchange ideas with others:

As a member of the IIRC German Roundtables, Deutsche Börse actively contributes to shaping the framework of a new integrated reporting. The IIRC's aim is to develop an integrated reporting system with an international focus, which ensures that a company's key facts and figures are communicated clearly, concisely and transparently

As part of its partnership with the CDP, the information portal for sustainable securities has been providing climate data from roughly 1,800 companies around the world to interested market participants, free of charge, since April 2012. The data facilitates a direct comparison of companies' carbon emissions.

In line with our business – a management body for sustainability

Sustainable business provides a major contribution to a company's ongoing success. Sustainability is thus not just something that is “nice to have”, but a key part of the business. In order to maximise the potential of our own sustainability profile, we established a Group Sustainability Board in 2016 to develop the Group-wide sustainability strategy, and to advise the Executive Board on sustainability issues. The Board convenes twice a year; its members comprise three representatives of each board division, plus the Head of Group Sustainability. First successes are already evident: by incorporating performance indicators into the disclosure of its sustainability efforts, Deutsche Börse Group improved the presentation of its value creation chain, thus linking these indicators more clearly to its core business. These concepts are reviewed from all angles. This is also evident in the corporate report: we have been pursuing the concept of integrated reporting since 2012. ESG parameters are not shown in a separate annex – instead, they form an integral part within all sections of the report, demonstrating their visible interconnection to the classical financial reporting.

Joining the United Nations Sustainable Stock Exchanges initiative's ESG Model Guidance Campaign

To enhance transparency on ESG information across global markets, United Nations Sustainable Stock Exchanges (SSE) created a new resource for the stock exchanges, the "Model Guidance on Reporting ESG Information to Investors: A Voluntary Tool For Stock Exchanges to Guide Issuers in September 2015". At that time, Deutsche Börse was among less than one third of stock exchanges around the world that was providing guidance to issuers on reporting environmental, social and governance (ESG) information. Deutsche Börse successfully participated in the campaign and closed the guidance gap by sharing its ESG Best Practice Guide that other exchanges can use to develop their own, custom guidance. The campaign, backed by the Principles for Responsible Investment and United Nations Global Compact commended Deutsche Börse as it had already issued ESG reporting guidance. Deutsche Börse Group's ESG Best Practice Guide is particularly interesting for listed companies with a view to the national application of the EU guideline on corporate sustainability reporting which came into effect in 2017. As of 2018, Deutsche Börse is still an active member of the Sustainable Stock Exchanges initiative and further aims to discuss matters such as best practice approaches in sustainability within the SSE and to define the role of capital market infrastructure providers within the sustainability movement and to dovetail the SSE with parallel initiatives.

Supplier Code of Conduct and Supply Chain Assessment

Being aware of its corporate responsibility, Deutsche Börse Group has committed to adhere to principles of sustainability. Accordingly, the Group's suppliers and service providers are required to observe these principles. To this end, Deutsche Börse Group has introduced the code of conduct for suppliers which is based on the UN Global Compact. This policy document includes ecological, social and sustainability criteria as well as a prohibition of modern slavery and human trafficking.

At present, around 98.8 per cent (2017: 98.9 per cent) of the procurement volume is covered by agreements of the code of conduct for suppliers. As a rule, any new suppliers must either sign Deutsche Börse Group's code of conduct for suppliers. In exceptional cases, they may have a self-commitment in place that is at least equivalent.

Above and beyond this, Deutsche Börse Group analyses the extent to which its suppliers have their own guidelines – such as codes of conduct or supplier codes of conduct – or have signed up to recognised social standards. To this end, the Group analyses sustainability risks in her supply chain since 2016. The purpose of this survey is to identify risks in relation to environmental protection and social matters, with a particular focus on human rights. Within this survey, Deutsche Börse Group additionally analyses whether suppliers are active in countries which are critical with regard to breaches of human rights or obtain goods or services from this countries. Suppliers who responded to this survey in 2018 accounted for 52 per cent of Purchasing order volumes in 2018. These suppliers represent the sample on which the following analysis is based on.

The analysis revealed that 67 per cent of participating suppliers have their own code of conduct and/or code of conduct for suppliers, or have signed up to at least one set of social standards (International Labour Organization, UK Modern Slavery Act, United Nations Global Compact, UN Declaration of Human Rights). Furthermore, the survey revealed that 76 per cent of the participating category "A" suppliers have their own code of conduct and/or code of conduct for suppliers, or have signed up to at least one set of the above-mentioned social standards. The comparable figure for category "B" suppliers is 78 per cent, while that for category "C" suppliers is 58 per cent. Those companies that are active in high risk countries and / or have suppliers in these countries and have not implemented measures in relation to environmental and social standards have signed the Code of Conduct for Suppliers of Deutsche Börse Group.

Sustainable index products

Deutsche Börse Group develops sustainable indices in order to offer responsible investment options to investors, according to environmental, social and economic (ESG) criteria. Deutsche Börse Group's subsidiary STOXX Ltd 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 ESG-, climate change- and carbon emissions-related products. Indices are built based on internal research and the evaluation of market demand.

The latest extension to STOXX suite of ESG related indices is the launch of the STOXX ESG-X index in November 2018. The STOXX® Europe 600 ESG-X 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.

New Green Bond platform on the Frankfurt Stock Exchange

Deutsche Börse has launched a platform for green bonds on the Frankfurt Stock Exchange. It currently includes about 150 bonds that comply with the Green Bond Principles of the International Capital Markets Association.

With its offering, Deutsche Börse is responding to the globally increasing demand for sustainable financing. Investors valuing both economic and ecological aspects can now easily find bonds with corresponding strategies via the new "Green Bonds" category on the website boerse-frankfurt.de. The bonds are listed on various European stock exchanges and are included in trading on the Frankfurt Stock Exchange.

The Green Bond Principles of the International Capital Markets Association take into account, among others, the use of the issue proceeds, the project selection process, management and ongoing reporting on the use of the proceeds.

Target female quotas adopted

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.

Improving our ecological footprint

For Deutsche Börse Group, environmental protection is an unconditional commitment to preserving the natural environment and resources. Deutsche Börse Group has made environmental issues an integral part of its sustainability activities. Within our Group-wide initiatives, we focus on reducing greenhouse gas emissions, water and paper consumption as well as waste to minimise our ecological footprint. In 2018,

- We used shuttle buses between the Eschborn and Luxembourg sites to cut down on individual trips.
- We offered job tickets for local public transport to staff in Frankfurt/Eschborn.
- We used video conferences more frequently instead of business travel in order to reduce emissions.
- We used “double-sided printing” as the default printer setting.
- We reduced the number of printed publications.
- We sent letters and parcels at the Frankfurt/Eschborn site and parcels at the Luxembourg site via the “Go Green” initiative of Deutsche Post and DHL.
- We buy exclusively environmentally compatible products. These include FSC paper with high thickness at low grammage, recycled toners, and other office consumables as well as small appliances that have been awarded “Blue Angel” or “Energy Star” environmental certification.
- We purchased sustainably generated hydroelectricity to run Group-wide servers at the EQUINIX data centre in Frankfurt/Bergen-Enkheim.

Employment Rights

- As stated in the Code of business conduct, Deutsche Börse Group advocates openness and fairness in the workplace. It promotes a culture of open dialogue, trust and mutual acceptance, bringing to life the internal principles which describe the expectations for a cooperative and professional working environment at the Group (People Principles): respect, teamwork, recognition, result orientation and customer focus. All employees are encouraged to express their views openly and in a constructive way, whether they are positive or negative.
- Deutsche Börse Group does not tolerate discrimination of any kind. Discrimination on the grounds of gender, sexual orientation, race, nationality, ethnic origin, age, religion or disability is not tolerated, neither in the company’s practices nor in employee behaviour, such as harassment, among employees. Harassment does not refer to consensual behaviour; it refers to behaviour that is unsolicited, that is personally offensive and that fails to respect the rights of others or fails to recognise the impact that such behaviour may have on others.

Deutsche Börse assigns high priority to training its staff and to providing continuing professional development: employees continuously refresh and expand their knowledge of financial markets; they can also receive regular tutoring on their communications and organisational skills. Through a broad range of internal and external training measures, Deutsche Börse supports managers and staff in mastering their individual challenges.

Trainings to prevent bribery, corruption and money laundering

Regular compliance training is essential for a culture of compliance throughout Deutsche Börse Group: the Group's employees worldwide are being trained with respect to relevant areas in the compliance context – also covering the areas of money laundering/terrorism financing, data protection, corruption, market manipulation and insider trading in particular. Managers who are exposed to increased compliance risks on account of their activities receive additional training in line with their needs. Participation training measures covering the compliance topics mentioned above is mandatory for employees, as well as for management. In 2018, 5,214 employees were trained in ABC measures.

Life & Family initiative

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:

- Option to work from home (teleworking)
- An "Elder and Family Care" programme to facilitate support for family members requiring care
- The option to take sabbaticals, for example, in Germany, Luxembourg, Prague and Cork
- The Child Care programme supports employees in taking care of their children
- Within the Health Care programme employees can benefit from different offers in the area of health promotion

Deutsche Börse Group offers parental leave at all its locations, in accordance with applicable national regulations. The high ratio of employees returning from parental leave indicates a pleasant working atmosphere and good employment conditions within the company.

Information on COP reporting

Deutsche Börse Group taking part in the UNGC

Since July 2009, Deutsche Börse Group has participated in the United Nations Global Compact. As a participant, the company publicly pledges to adhere to the Compact's ten principles in the areas of human rights, labour, environmental protection, and anti-corruption.

Unlike other financial services providers, such as banks or insurance companies, Deutsche Börse Group holds a unique position in the financial markets segment: its business model as well as the products and services it offers set it apart considerably from other financial services providers. As one of the world's largest stock exchange operators, Deutsche Börse Group organises markets characterised by the integrity, transparency, and security they offer investors, thereby providing the infrastructure which many service providers of the industry use for their products.

Decision in favour of Active Level reporting

Due to the characteristics of Deutsche Börse Group's business model, it is not possible to report in accordance with the "Advanced Level" requirements of the UN Global Compact Communication on Progress (COP). This is due to the fact that the majority of the required information does not apply to the company:

Deutsche Börse Group provides services in the field of financial transactions and the information technology (IT) required for these transactions; it does not manufacture physical products.

Deutsche Börse Group's servers run on green energy, thereby reducing the company's ecological footprint as much as possible. As a matter of principle, suppliers are asked to sign the company's Code of Conduct. However, weighting possibilities across the first links of the primary value chain are very restricted on an overall basis.

As an IT company, Deutsche Börse's ability to influence climate change is very limited. However, the reduction of greenhouse gas emissions and the responsible use of natural resources are an integral part of its sustainability strategy.

Deutsche Börse Group is a listed company and operates internationally. However, the average total number of employees falls short of 5,800. The majority of employees work at its European locations.

According to Global Compact criteria, Deutsche Börse Group fulfils those Advanced Level requirements which are applicable. In addition, the Chief Executive Officer, Theodor Weimer, has taken a stand on the company's participation in the UN Global Compact in the corporate report.

Our commitment to the financial markets

The Green and Sustainable Finance Cluster Germany e.V. (GSFCG) issued its baseline report presenting an inventory of sustainability activities at the financial centre of Frankfurt/Main. The report is the first publication from the GSFCG, created in spring 2018 in a merger between the Green Finance Cluster Frankfurt (established in November 2017) of the Hessian Ministry of Economics and the Accelerating Sustainable Finance Initiative (established in May 2017) of Deutsche Börse. The cluster's objective is to further mobilise the finance sector for climate protection and sustainable investment. The cluster as an association is based on the broad support of the financial community.

The report analyses the current state of sustainable activities in Frankfurt and other European financial centres. The baseline report draws from extensive field research. The results show that 86 per cent of respondents discuss sustainability topics at management board level. 100 per cent of participating companies report on their sustainability activities.

Analysis of the baseline report finds that sustainable finance should become a much more prominent topic in the finance sector, not only for reputation, but also for its strategic business potential. It is becoming increasingly vital to identify risks to investments and financing arising from factors such as climate change. On the other hand, this also offers a variety of new business opportunities, stemming directly from the financing of sustainable infrastructure needs. In light of the high financing volume required for the transformation to a more sustainable economic system, financial institutions are more and more compelled to take a forward-looking tack and develop corresponding strategies.

The cluster wants to take on challenges in four defined areas of action:

- Sustainable finance – status quo and innovation:
e.g. status report on the financial sector, identifying potential for development
- Metrics and standards:
e.g. implementation of TCFD recommendations, support of EU taxonomy process
- Data and digitalisation:
e.g. evaluation of a data lake solution, development of alternative investment strategies
- Dialogue and capacity building:
e.g. green finance policy paper, formats for trainings on TCFD recommendations