

DEUTSCHE BÖRSE + ISS: STRATEGIC OBJECTIVES OF THE MERGER AND CONSEQUENCES FOR THE MARKET



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The perfect fit

As a market infrastructure provider, Deutsche Börse Group's strong suite is its integrated value chain spanning the entire life cycle of capital markets. Our business areas include the provision of indices and data, analytics and research solutions, trading and clearing services for investment instruments, securities settlement and custody, collateral and liquidity management, as well as investment fund services.

We at Deutsche Börse affirm our strong commitment to ESG, a field in which we already have had increased our activities over the past years, and which is now fundamentally transforming capital markets.



ESG is fundamentally transforming capital markets.



ISS' comprehensive data and research offerings are a perfect fit because they are highly complementary to our value chain. Also factoring into our decision is ISS' strong leadership team which has continuously for more than a decade presided over marked growth, including both organic and inorganic activities. ISS has been no small acquisition: More than 2,600 ISS employees, spread across 29 offices in 15 countries, are now part of Deutsche Börse Group. Its diverse base of more than 3,500 institutional clients includes many of the world's top asset managers with high buy-side exposure, but also provides globally a broad set of solutions to asset owners, banks and corporates.

The ISS setup

ISS has more than 35 years of experience working with institutional investors, companies, and other stakeholders, globally, providing corporate governance and responsible investment solutions that help investors manage ESG risks and seize investment

We live in a time of transformation, deeply impacting and changing our economy and society. Sustainability, in more detail all three ESG dimensions - environmental, social, governance - are becoming more and more important in all areas of business and society. Capital markets play a key role in driving and financing the sustainable transition, and this should also offer huge opportunities.

By Stephanie Eckermann

opportunities. Moreover, ISS' strong footprint in the US complements well with Deutsche Börse's leading position in Europe. ISS consists of four business units that integrate, to varying degrees, ESG and sustainability into their individual offerings:

- **ISS ESG** solutions enable investors to develop and integrate responsible investing policies and practices, engage on responsible investment issues, and monitor portfolio company practices through screening solutions. It also provides climate data, analytics, and advisory services.
- The **Governance Solutions** unit is the world's leading provider of corporate governance and voting solutions and services. It was the first to come out with a climate voting policy in 2019. Governance Solutions also monitors ESG-linked shareholder resolutions, globally, and annually informs its clients about outcomes and trends concerning environmental and social issues at shareholder meetings.
- **ISS Market Intelligence** offers a wide variety of solutions to fund managers and other financial market participants worldwide. This includes information on ESG, such as featuring ISS ESG fund ratings on its www.simfund.com platform and covering sustainability issues through publications associated with its Rainmaker arm in Australia.
- **ISS Corporate Solutions (ICS)** is the corporate-facing business of ISS. ICS offers corporations advice and benchmark data to address ESG issues. This includes online platforms for self-assessments within its Sustainability Suite solution, as well as its Second Party Opinions business for green bonds or loans.

New products and service offerings

Shortly after the acquisition of ISS, Deutsche Börse set up a series of Group-wide workstreams to explore new opportunities, products, and services. It is great to see how various work cultures are merging into something bigger!

- One result is a close collaboration of ICS and Deutsche Börse Cash Market. Through the Capital Market Partner network, stock exchange aspirants and listed companies can find the right advisors and services for their going and being public, and understand their status quo and weak spots, benchmark against peers and meet investor expectations.

- Just recently we launched the ESG Visibility Hub and the ESG KPI Report, developed together with ISS ESG, through which Deutsche Börse addresses the need for companies increasing their level of ESG information disclosure which is still an industry-wide shortcoming.
- Furthermore, we launched already and are working on a list of joint client opportunities through the cooperation of ISS and Qontigo, comprising index-based products, such as ETFs, segregated mandates or other products but also the integration of ISS ESG data into the Qontigo Analytics flagship product Axioma Portfolio Optimizer, which was recently announced.

Independence is of the essence

ISS remains autonomous within the Group because independence of ISS' research offerings and data is a critical success factor for its business. Independence is ensured by a comprehensive non-interference policy to which Deutsche Börse has committed.

Deutsche Börse has a strong track record for integrating acquired companies into the overall Group, while maintaining their autonomous standing – Qontigo, 360T and EEX provide a successful blueprint for this structure.



The integrated value chain is a strength of Deutsche Börse Group.



Ready for the future

The highly complementary nature of ISS's core business enables us to serve the ever-growing demand for in-depth extra-financial data, research, and analytics. Together with ISS, Deutsche Börse is supporting market participants in making well-informed investment decisions with a particular view on sustainability criteria. We thereby further commit to one of the key topics in the industry that will fundamentally change the investment business – and our entire economy over the coming years.