



DEUTSCHE BÖRSE  
GROUP

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# Financial report 2017

Excerpt: combined non-financial statement



## Report on post-balance sheet date events

For details on the ongoing disputes between the Central Bank of Iran and Clearstream Banking S.A., Luxembourg, see the [“Legal disputes and business practice”](#) section in the risk report.

## 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 (Group) management report; it complies with the requirements of sections 289b-e and 315b-c of the Handelsgesetzbuch (HGB, German Commercial Code), and of the Deutscher Rechnungslegungs Änderungsstandard Nr. 8 (DRÄS 8, German Amendment Accounting Standard No. 8). It is also in accordance with the G4 Standard (“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](http://www.deutsche-boerse.com > Sustainability > Reporting > GRI). Information of this nature which is referenced in the non-financial statement does not form part of the statement itself. In line with the combined management report, qualitative statements apply equally to Deutsche Börse Group as well as to the parent entity Deutsche Börse AG, unless statements explicitly refer to the parent. In some cases, quantitative details concerning the parent entity are disclosed separately.

A process-based materiality analysis is a key element of Deutsche Börse Group’s sustainability strategy: in particular, this means considering the needs and expectations of relevant internal and external stakeholders, on an ongoing basis. This is the only way in which the Group is able to identify and analyse opportunities and risks in its core business activities at an early stage, and to define concrete areas of entrepreneurial activity on this basis. The purpose of this process is to determine topics which are of particular importance for the company’s business activities, and which have a significant impact upon non-financial matters.

The combined non-financial statement outlines the management approaches, objectives, measures and performance indicators that Deutsche Börse Group applies with respect to employee matters (see the [“Employees”](#) section), compliance including the combat against corruption and bribery, social matters, and product matters. Active protection of human rights is a key element of Deutsche Börse Group’s corporate responsibility. The Group addresses this at various points along the value creation chain. Relevant matters in this non-financial statement are reflected, in particular, in the [“Employees”](#) section, and in the [“Human rights in the supply chain”](#) section, which focuses on the Group’s procurement. It also provides information on the risks the company’s business model is exposed to in connection with these aspects.

As a provider of predominantly electronic services, Deutsche Börse Group engages in relatively little environmentally sensitive activity from a corporate ecology perspective; hence, no detailed report is provided in this respect. Nonetheless, the company is committed to protecting the environment, and to conserving natural resources. Deutsche Börse Group has outlined its ecological 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](http://www.deutsche-boerse.com > Sustainability > Reporting > ESG indicators). Moreover, environmental protection issues are relevant for the design of individual products or services; related measures are described in detail in the [“Product matters”](#) section.

As an international capital markets organiser, Deutsche Börse aims to build and grow trust in market structures. As a listed company included in DAX®, it wants to lead by example. And as a corporate citizen, it endeavours to use the expertise it deploys to successfully manage its core business in such

a way that enables contribution to resolving social challenges. 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 [“Management approach for a Group-wide commitment to sustainability”](#) section.

## 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

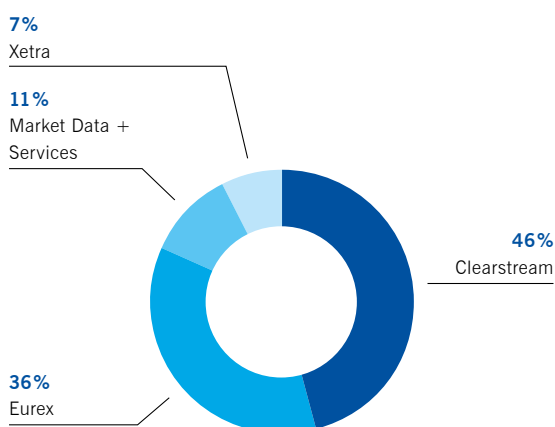
As at 31 December 2017, Deutsche Börse Group employed a total of 5,640 staff (31 December 2016: 5,176), having 85 nationalities at 39 locations worldwide. The average number of employees in the reporting period was 5,567 (2016: 5,095). Staffing numbers at Group level were up by approximately 9 per cent year-on-year, due in particular to the internalisation of external staff at the beginning of the year under review (+339 employees) and the consolidation of EEX subsidiary Nodal Exchange (+53 employees). Moreover, new jobs were created in the Investment Funds Services and Datafication areas (+30 employees). Including part-time employees, there was an average of 5,183 full-time equivalents during the year (2016: 4,732). As at 31 December 2017, the proportion of part-time employees was higher in the general workforce than in management, and it was higher amongst women than amongst men.

410 employees left the Group during the course of the year (excluding deconsolidation effects, and also excluding the number of employees who accepted one of the Group offers within the framework of efficiency programmes and left the company, or who entered partial retirement), whilst 898 staff joined the Group (excluding consolidation effects). The fluctuation rate was 7.4 per cent (unadjusted: 8.7 per cent) and thus, below the previous year (2016: 7.7 and 9.8 per cent). At the end of the year under review, the average length of service for the company was 9.4 years (2016: 8.9 years).

### Employees by country/region

	31 Dec 2017	Male	Female
Germany	2,567	1,584	983
Luxembourg	1,068	650	418
Czech Republic	837	527	310
Ireland	347	140	207
United Kingdom	168	103	65
Rest of Europe	299	190	109
America	157	116	41
Asia	196	93	104
<b>Total</b>	<b>5,640</b>	<b>3,403</b>	<b>2,237</b>

### Employees by segment as at 31 December 2017



The number of Deutsche Börse AG's employees rose by 255 during the year under review, to 1,433 as at 31 December 2017 (31 December 2016: 1,178), comprising 518 women and 915 men. On average, 1,392 people worked for Deutsche Börse AG during the 2017 financial year (2016: 1,150). On 31 December 2017, Deutsche Börse AG had employees at seven locations around the world. During the 2017 financial year, 56 employees left Deutsche Börse AG; the adjusted fluctuation rate thus amounted to 4.0 per cent (unadjusted: 6.0 per cent).

### Human resources strategy

Committed, highly skilled employees are one of the cornerstones of 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, ideally, that they stay for the long term. The Group's workforce is diverse in many respects – including nationality, age, gender, religion, or 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 interest 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.

### Joiners and leavers by gender in 2017

	Joiners			Leavers		
	Male	Female	Total	Male	Female	Total
<b>Deutsche Börse AG</b>						
All locations	225	95	320	39	17	56
<b>Deutsche Börse Group</b>						
Germany	326	153	479	76	32	108
Luxembourg	52	27	79	32	29	61
Czech Republic	82	47	129	48	28	76
Ireland	40	13	53	9	13	22
Other locations	95	63	158	88	55	143
<b>All locations</b>	<b>595</b>	<b>303</b>	<b>898</b>	<b>253</b>	<b>157</b>	<b>410</b>

### Joiners and leavers by age in 2017

	Joiners				Leavers			
	Under 30 years	30–39	40–49	50 years and older	Under 30 years	30–39	40–49	50 years and older
<b>Deutsche Börse AG</b>								
All locations	85	133	56	46	16	25	10	5
<b>Deutsche Börse Group</b>								
Germany	151	203	76	49	35	47	21	5
Luxembourg	30	34	11	4	18	21	17	5
Czech Republic	58	61	9	1	35	38	3	0
Ireland	25	18	8	2	9	10	2	1
Other locations	63	54	33	8	36	56	31	20
<b>Total</b>	<b>327</b>	<b>370</b>	<b>137</b>	<b>64</b>	<b>133</b>	<b>172</b>	<b>74</b>	<b>31</b>

Within the scope of its growth strategy, the Group increased its emphasis upon a high-performance culture, with a more distinct focus on clients' needs and on innovation. This culture is supported by a remuneration system for executive staff which incorporates growth, performance and financial indicators to a higher extent than before.

### Work-life balance

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. Deutsche Börse Group offers a variety of sports and relaxation courses to its employees (also refer to the [“Training and continuing professional development”](#) section). 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, since 2016, the company has been assigning increased importance to the fact that employees take their annual vacation during the course of the year. The sickness ratio within Deutsche Börse Group stood at 3.0 per cent during the year under review (2016: 2.9 per cent), within the parent company Deutsche Börse AG at 3.9 per cent (2016: 3.8 per cent).

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 (home office)
- An “Elder and Family Care” programme to facilitate support for family members requiring care
- Option to take sabbaticals, e.g. in Germany, Luxembourg, Prague and Cork
- Depending on the specific environment and employee needs, Deutsche Börse Group has made various childcare offers available at different locations – such as emergency parent-child offices in Eschborn, Luxembourg and Prague, as well as a childcare subsidy in Germany (up to a maximum of €255.65 net per child, paid monthly until the child reaches the age of six years, or until enrolment at school).

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 returning from parental leave indicates a pleasant working atmosphere and good employment conditions within the company.

Deutsche Börse Group offers its employees a wide range of benefits, over and above statutory requirements (see the [“Total expenses for employee benefits”](#) table). Full-time and part-time staff receive the same benefits. At €118 thousand, 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 decreased year-on-year (2016: €121 thousand). 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 €149 thousand (2016: €163 thousand). In addition to the base salary they include, among others, social benefits, pension provisions and variable remuneration components. The Executive Board of Deutsche Börse AG resolved

### Key figures on parental leave

	Entered parental leave in 2017		Returned from parental leave in 2017		Multiple-year return ratio <sup>1)</sup>	
	Male	Female	Male	Female	Male %	Female %
Deutsche Börse AG	23	22	23	17	100	94
Deutsche Börse Group	80	98	73	68	100	97

1) Employees whose parental leave ended in 2017, and who remained with the company

a 2.5 per cent voluntary salary increase for tariff employees in Germany during financial year 2017. Salaries were also adjusted at the other locations.

### Future Workplace

The digital “Future Workplace” environment supports collaboration throughout the Group; it brings colleagues around the world closer together and facilitates everyday work routines for all members of staff. Future Workplace comprises the Microsoft SharePoint collaboration platform, the Skype for Business messenger and video call service, as well as Good Work for mobile business communications. During the year under review, a pilot scheme for a ground-breaking model for staff collaboration at Deutsche Börse Group was launched at the Eschborn headquarters. The so-called CoWorking Space comprises different modules, facilitating the perfect combination of architecture, design and technology – thus creating an individual and flexible working environment for all.

### Feedback for employees and managers

Managers hold appraisal discussions with employees within their area of responsibility, jointly defining targets for the next year; these discussions are documented. 91 per cent of employees recorded in Deutsche Börse Group’s internal staff performance appraisal system receive an assessment. The remaining 9 per cent are attributable 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 will 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. Since 2016, Deutsche Börse Group has also conducted 360-degree feedback for executive staff, irrespective of whether they have staff responsibility. This system permits open and constructive feedback – from different parties – on one’s own behaviour: this is the only way to recognise any discrepancies between self-evaluation and the assessment of others, as a basis for further personal development. A response rate of more than 86 per cent shows that the programme was once again very well received in 2017. In addition, team leaders participated in this process for the first time in 2017, thus significantly increasing the number of feedback receivers.

### Total expenses for employee benefits

	Lunch allowance € thous.	Childcare € thous.	Sports and leisure € thous.	Accident insurance € thous.	Savings plans € thous.	Travel expenses € thous.
<b>Deutsche Börse AG</b>						
All locations	2,264.6	531.1	36.5	978.0	468.3	565.8
<b>Deutsche Börse Group</b>						
Germany	3,825.4	945.7	66.7	184.3	819.4	986.9
Luxembourg	1,548.9	0	7.6	115.6	0	113.9
Czech Republic	678.0	30.6	222.4	24.7	1,013.6	104.0
Ireland	238.7	0	26.4	17.0	0	0

360-degree feedback is analysed by an external service provider, whereby the various assessments from different appraisal groups are compared against each other, as well as against the feedback recipient's self-evaluation. The findings gained are incorporated in managers' development planning.

Subsidiaries EEX and 360T use their own appraisal systems; data collected is not recorded or provided centrally. The long-term objective is to harmonise appraisal and target-agreement processes across the entire Group, and to enhance availability and transparency of the data collected.

### **Promoting diversity and gender equality**

As a global enterprise, Deutsche Börse Group advocates openness and fairness in 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. This culture is based, for instance, on the "People Principles", which set out expectations for collegial and professional cooperation within the Group. Looking at the diversity of the workforce, the "Respect" principle is particularly relevant: we value the diversity of our global team and we consider the perspectives of others. We are professionals with a personal touch. We welcome colleagues in all locations, regardless of their position or business background. We are conscious of the impact of our behaviour on others.

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 behaviour among employees is concerned or the placement of orders with third parties. In 2017, there were no confirmed incidents of discrimination at the Frankfurt/Eschborn, Luxembourg, Prague and Cork locations (which are covered by reporting); accordingly, no counter-measures were required.

MarketPride – the network of lesbian, gay, bisexual, transgender, intersex and queer (LGBTIQ) colleagues, is a vivid example of diversity: MarketPride's goal is to promote respect and tolerance – very much in line with the People Principles and the Diversity Charter. Specifically, MarketPride seeks to be a point of contact on LGBTIQ-related issues; the network offers regular meetings and information events.

Deutsche Börse Group's Equal Opportunities Officer safeguards the equal treatment of staff members in a corporate culture shaped by diversity. Moreover, Human Resources has implemented processes designed to ensure appropriate personnel selection, and which allow the Group to take prompt action whenever discrimination is suspected.

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

### **Target quotas for women**

Deutsche Börse Group fulfils statutory requirements for the promotion of women in executive positions – in fact, the Group has set itself voluntary targets for higher quotas. The share of women in executive positions 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. In accordance 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 and Executive Board have defined target quotas for women on these boards, and for the two management levels directly beneath the Executive Board. These target quotas relate to Deutsche Börse AG in Germany (excluding subsidiaries) and were valid until 30 June 2017. Deutsche Börse AG exceeded these targets. Therefore, its Supervisory Board and Executive Board resolved to set further targets, to be achieved by 31 December 2021: by that point in time, the proportion of females 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 at 31 December 2017, the proportion of female employees of Deutsche Börse AG in Germany holding positions in the first and second management levels beneath the Executive Board stood at 10 per cent and 16 per cent, respectively.

In 2010, the Executive Board had already set a voluntary target for Deutsche Börse Group to increase its proportion of women in middle and senior management to 20 per cent, and in junior management to 30 per cent, by 2020. The Group has affirmed this ambition. These targets relate to Deutsche Börse Group worldwide, including subsidiaries. In contrast to statutory obligations, the voluntary commitment is based on a wider definition of management levels, including team leaders, for example. In Deutsche Börse Group's global operations, as at 31 December 2017, these quotas stood at 14 per cent for middle and senior management and 29 per cent for junior management levels. In the Group's German locations, they were 15 per cent and 26 per cent, respectively. For more 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"](#).

#### **Measures to promote women**

In order to raise the share of women in executive positions, the company explicitly ensures that women are also identified as candidates for executive positions. In principle, however, qualifications are decisive when filling such vacancies. In addition, Deutsche Börse Group offers numerous additional tools to promote female employees, such as targeted succession planning, a mentoring programme involving internal and external mentors, a women's network, as well as training courses designed specifically for women.

#### **Talent promotion**

To motivate and promote top talent is a key instrument for Deutsche Börse Group to remain sustainably successful in this digital age. Two programmes were launched to this end: 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 to support – employees' entrepreneurial and innovative potential. At the same time, the programmes are designed to strengthen staff commitment and their performance orientation.



Talents can apply for one of the programmes. Representatives and managers of various divisions take part in the selection process and evaluate participants based upon defined criteria.

During the year under review, nine employees (four women and five men) were admitted to the “Evolving Leaders” programme, and six employees (two women and four men) to the “Show Your Talent” initiative. Four Evolving Leaders and one Show Your Talent member work at the parent entity Deutsche Börse AG.

### Training and continuing professional development

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.

For instance, experienced colleagues act as mentors for new joiners, helping them to become familiar with Deutsche Börse Group. They assist new colleagues in networking beyond their own department, and offer a comprehensive cross-divisional understanding of the company. The “New Role” mentoring programme makes it easier for colleagues to take on a new management role.

In the area of continuing professional development, the Group invested an average total of 3.3 days per employee in 2017 (2016: 3.8 days) and, among other things, conducted 1,568 internal training events (2016: 1,524 internal training events). Of these, 33 per cent were on business-related issues, 33 per cent covered specialist topics, 10 per cent dealt with the work-life balance, 24 per cent were on IT subjects or part of induction training.

### Key figures on staff training in 2017

	Deutsche Börse AG			Deutsche Börse Group		
	Male	Female	Total	Male	Female	Total
Average number of training days per employee	3.3	2.8	3.1	3.4	3.1	3.3
Average number of training days per FTE <sup>1)</sup>	3.4	3.3	3.4	3.5	3.6	3.5
Number of hours	24,395	11,455	35,850	92,448	55,518	147,966
thereof managers	% 6	3	5	6	2	4
thereof employees	% 94	97	95	94	98	96

1) FTE = full-time equivalent

## Key data on Deutsche Börse Group's workforce as at 31 December 2017

	Deutsche Börse AG		Deutsche Börse Group			
	All locations		Germany		Luxembourg	
	Male	Female	Male	Female	Male	Female
<b>Employees</b>	<b>915</b>	<b>518</b>	<b>1,584</b>	<b>983</b>	<b>650</b>	<b>418</b>
50 years and older	306	113	447	198	179	78
40–49 years	282	142	486	269	272	178
30–39 years	245	175	495	358	151	115
Under 30 years	82	88	156	159	49	47
Average age	43.5	40.0	42.4	39.8	43.5	41.3
<b>Full-time equivalents</b>	<b>875</b>	<b>370</b>	<b>1,525</b>	<b>693</b>	<b>622</b>	<b>271</b>
Senior and middle management	103	14	148	26	66	11
Junior management	76	20	107	35	53	18
Staff	697	337	1,270	632	503	242
<b>Part-time employees</b>	<b>40</b>	<b>148</b>	<b>59</b>	<b>290</b>	<b>28</b>	<b>147</b>
Senior and middle management	3	1	3	1	1	2
Junior management	1	2	1	3	0	6
Staff	36	145	55	286	27	139
Disabled employees	18	12	33	26	3	0
Proportion of graduates (%) <sup>1)</sup>	79	70	77	68	58	56
Apprentices	11	8	11	8	0	0
Interns and students	79	78	129	116	11	15
<b>Length of service</b>						
Under 5 years (%)	46	46	44	44	26	29
5–15 years (%)	21	21	26	25	21	26
Over 15 years (%)	33	33	30	31	53	45
<b>Staff turnover</b>						
Joiners	225	95	326	153	52	27
Leavers	39	17	76	32	32	29
Training days per staff member	3.3	2.8	2.9	2.7	4.3	3.8
Promotions	23	17	33	23	11	8
Employees covered by collective bargaining agreements	789	485	1,194	792	570	403

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.

Deutsche Börse Group

Czech Republic		Ireland		Other locations		Total
Male	Female	Male	Female	Male	Female	
527	310	140	207	501	319	5,640
12	9	6	6	80	32	1,047
86	30	45	43	149	73	1,630
325	185	55	133	182	148	2,147
104	86	34	25	90	66	816
34.7	33.6	36.1	36.3	39.4	36.8	39.8
523	296	139	189	489	293	5,041
8	1	4	0	49	4	317
40	12	9	5	21	14	314
475	283	126	184	422	275	4,410
4	14	1	18	12	26	599
0	0	0	0	2	0	9
0	0	0	0	0	0	10
4	14	1	18	10	26	580
0	2	0	0	0	0	64
75	76	74	59	89	84	72
0	0	0	0	0	0	19
3	12	0	0	2	2	290
62	59	50	30	60	59	45
37	41	41	61	34	34	30
1	0	9	9	6	7	25
82	47	40	13	95	63	898
48	28	9	13	88	55	410
5.5	5.1	3.7	2.7	1.4	1.9	3.3
11	3	0	0	4	6	99
0	0	0	0	0	0	2,959

## Compliance – including combat against corruption and bribery

Responsible entrepreneurial action implies adherence to laws and regulations; it is also based on the principle of consistently acting with integrity, and in an ethically irreproachable manner. 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 within Deutsche Börse Group. The compliance management system implemented by Deutsche Börse Group – 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, and monitoring 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 of 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.

Deutsche Börse Group continually develops its compliance management system in order to deal with rising complexity and increasing regulatory requirements. Deutsche Börse Group has implemented measures designed to prevent, identify, and sanction compliance risks – especially with regard to the areas of money laundering/terrorism financing, financial sanctions and embargoes, as well as market manipulation and insider trading. For this purpose, Deutsche Börse Group has aligned its system with the recommendations of an internationally recognised standard (ISO 19600 “Compliance management systems – Guidelines”).

As a member of the UN Global Compact, Deutsche Börse AG has committed to observe the related principles, including principle no. 10 (“Businesses should work against corruption in all its forms, including extortion and bribery.”). Deutsche Börse Group does not involve itself in corruption in any way, nor does it take part in any actions which may lead to the impression that the Group promises, arranges, provides, receives, or asks for inadmissible benefits. Bribery and similar payments are prohibited.

It is Deutsche Börse Group's guiding principle that actions and decisions of all employees are taken objectively and with integrity. Management has a particular importance in this context. Deutsche Börse Group is fully aware of the importance of so-called “tone from the top” in 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 risk-oriented prevention measures.

### **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 from 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 Deutsche Börse Group staff, summarises the most important aspects with regard to corporate ethics and compliance as well as appropriate conduct. Moreover, Compliance provides Deutsche Börse Group employees with compliance-relevant information via the corresponding Intranet pages, unless specific confidentiality aspects prevent such communication. For details, see the [☒ "Combined corporate governance statement and corporate governance report" section](#).

### **Compliance rules**

Compliance has implemented Group-wide guidelines covering relevant local requirements. These rules are designed to ensure that the respective 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 through preventive, identifying and sanctioning measures. 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: 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 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 2017, 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 constantly improves 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. The Group does not enter into client relationships where the risks involved are too high. Deutsche Börse Group analyses transaction data in order to identify transactions which might provide an indication of 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.

### 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 the right of informational self-determination very seriously, and has taken measures to ensure compliance with data protection law, as well as the sensible collection, processing, and use of personal data. For this purpose, the Executive Board has appointed a Data Protection Officer, whose duties include working towards compliance with the provisions, in line with set guidelines, as well as monitoring the legally permissible use of data processing tools used for handling personal data, and who is available as a responsible contact for issues related to data protection – both within the Group (acting as a contact for all employees), as well as in dialogue with the supervisory authorities for data protection. The Data Protection Officer informs senior management on an annual basis about protective measures taken. Furthermore, the Group’s data protection organisation focused on preparation for implementing the requirements of the EU General Data Protection Regulation, which will come into force on 25 May 2018.

#### Non-financial key performance figures: corruption/data protection

		2017	2016
<b>Corruption</b>			
Punished cases of corruption		0	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) <sup>1)</sup>		4,487	47
<b>Data protection</b>			
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 due to the training frequency set out for the ABC training module.

### **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 insider information. For this reason, the Group has implemented Group-wide guidelines for employees' personal account transactions. These guidelines are designed to mitigate the risks of market manipulation and insider trading, 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 compliance-relevant information. Compliance may impose a general prohibition on trading in such issuers or financial instruments, or may prohibit certain types of transactions. A confidential watchlist 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 restriction areas.

### **Internal/external audit**

At least once a year, Internal Audit checks measures and concepts of the compliance management system for compliance with 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.

In May 2017, Deutsche Börse Group joined other key Frankfurt financial players to launch "Accelerating Sustainable Finance", a sustainability initiative. In this context, participants signed the "Frankfurt Declaration", a joint declaration of intent for the creation of sustainable infrastructure in the financial services industry. The Accelerating Sustainable Finance initiative is built on the conviction that current global challenges, such as climate change or progressing digitisation, call for innovative, solution-oriented approaches. The transformation towards a more sustainable global financial system is of great significance in this context. Participants in this initiative have set themselves the goal of actively contributing to the implementation of sustainable milestones, based on their own core business activities – such as the United Nations' Sustainable Development Goals, the realisation of the Global Climate Agreement, or the development of the Green Finance focus set by the German G20 presidency. In this way, the initiative is designed as a platform for dialogue concerning all issues related to safeguarding the future of the financial system, and for launching further specific initiatives and projects, involving all stakeholder groups.

### **Strengthening the non-profit sector**

As Deutsche Börse Group is committed to strengthening the non-profit sector, it founded Phineo gAG together with the Bertelsmann Foundation in 2009. Phineo is a charitable public limited company that provides advisory and analysis services to foundations, non-profit organisations and companies.

Deutsche Börse decided to continue this cooperation with the goal of interlocking its core competences more closely with those provided by Phineo, to jointly develop solutions for social challenges. During the year under review, both houses were among those successfully applying to participate in the EU project “Establishing a new early-stage impact fund for social-tech ventures”, thereby establishing a thematic focus for their joint work in 2017.

## **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 monitored roll-out of the software deployed, as well as the continuous monitoring of servers, network and applications, Deutsche Börse Group achieved a 99.968 per cent availability of its cash market trading system, and 99.967 per cent for its derivatives trading system. Over the course of the year, this corresponded to downtime of 64 minutes and 75 minutes, respectively.

### **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<sup>®</sup>, 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<sup>®</sup>). This electronic interface allows for efficient sorting and display of data, helping to spot any (impending) failure to meet a deadline. 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](http://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. Twelve proceedings concerning the failure to publish information in good time had to be forwarded to the Sanctions Committee of the Frankfurt Stock Exchange during the course of 2017. Eleven proceedings were already concluded as at 21 January 2018, one of which was suspended, and administrative fines totalling approximately



€128,000 were imposed in nine proceedings. The seamless and timely monitoring of post-admission duties concerning financial reports, with sanctions imposed for non-compliance, provides a forceful incentive for Prime Standard issuers to adhere to their transparency obligations and to enforce these.

Following the increase in the maximum administrative fine pursuant to section 22 (2) of the BörsG (from €250,000 to €1 million) by way of the Zweite Finanzmarktnovellierungsgesetz (2nd FiMaNoG, Second German Financial Markets Amendment Act), adopted in the summer of 2017, the management board of the FWB plans to implement this increase in its notices handing over cases to the Sanctions Committee. This will enable the exchange to take even more effective measures to enhance market transparency – if required – in the future.

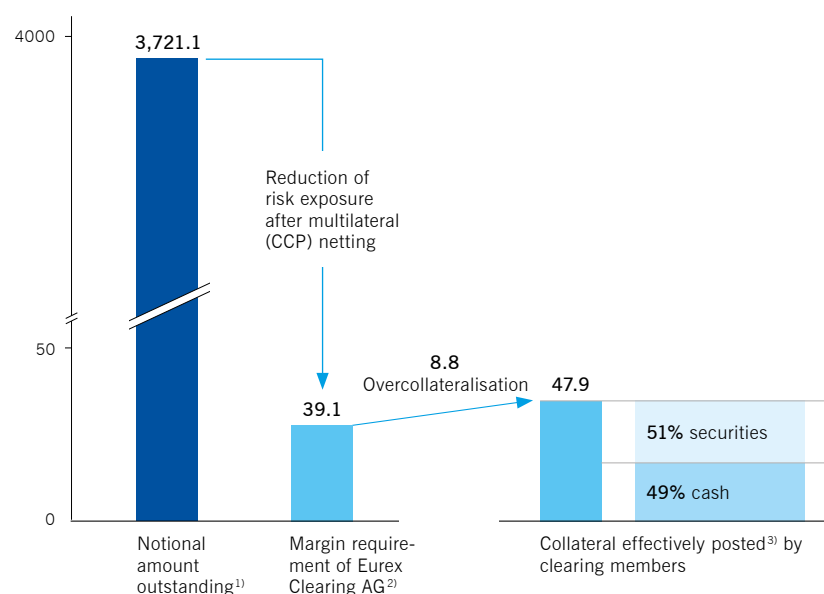
Today, environment, social and governance (ESG) factors account for a considerable share of enterprise value, which is why institutional investors place more and more importance on this information in their decision-making processes. To support these processes, Deutsche Börse Group has conducted surveys amongst companies listed in the DAX, MDAX®, SDAX® and TecDAX® indices on their sustainability reporting every year since 2014. The results are openly accessible on [en.boerse-frankfurt.de/sustainable-securities](https://en.boerse-frankfurt.de/sustainable-securities) and provide an overview of the reporting formats the companies choose (annual report, separate sustainability report or combined/integrated report), the standards they apply as well as the contact details for sustainability-related questions for each company.

### Stable financial markets

As part of market infrastructure provider Deutsche Börse Group, Eurex Clearing AG acts as a central counterparty, fulfilling its responsibility of promoting sustainable global economic growth and financial stability.

### Risk mitigation via netting and overcollateralisation

€ billion, as at 29 December 2017



**1) Notional amount outstanding**

As at 29 December 2017, transactions cleared by Eurex Clearing amounted to €3,721.1 billion notional outstanding.

**2) Margin requirement**

Risks arising out of open (not cleared) positions are quantified. Eurex Clearing then requires its clearing members to post collateral (margin) to cover these risks.

**3) Collateral**

Clearing members can provide securities and cash as collateral. Clearing members voluntarily post more collateral than required by Eurex Clearing (overcollateralisation).

The core economic function of an exchange is to preserve and create economic prosperity and growth: as a global market infrastructure provider, the Group operates markets which help enterprises of all sizes to raise equity and debt – which in turn enables them to grow, to create and protect jobs, and to contribute to the value chains in their respective fields.

Eurex Clearing AG contributes to Deutsche Börse's corporate success in the area of risk management – a commitment to reduce risks and enhance trading efficiency. Its services fulfil the highest quality standards; combined with market-oriented innovation, they serve the objective of improving risk management and thus to boost financial stability (such as direct clearing membership of buy-side companies, and cross-margining). 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 massive 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 – with outstanding volumes of some €250 trillion it is the second-largest market for financial derivatives, after currency derivatives. [Source: BIS, Semiannual OTC Derivatives Statistics, June 2017; the indication provided by the Bank for International Settlements of approx. €415 trillion ([www.bis.org](http://www.bis.org) > Statistics > Derivatives > Semiannual OTC derivatives statistics) was adjusted by eliminating the dual counting of interdealer volumes (source: [www.clarusft.com](http://www.clarusft.com) > Blog > Monthly archive > September 2016 > "Moving euro clearing out of the UK"); EUR/USD exchange rate as at 30 June 2017: 1.1412 (Deutsche Bundesbank)]. The EU and the UK are currently negotiating the terms for UK's exit from the EU, which is scheduled to take place at the end of March 2019. A controversial discussion is ongoing concerning future access to clearing houses outside the EU-27, creating significant market uncertainty. Eurex Clearing AG has come up with a market-oriented solution designed to make the (potentially required) shift of euroclearing into the EU-27 as straightforward as possible for all market participants: the Eurex Clearing partnership programme. Through this initiative, Eurex Clearing AG is not only offering the market an attractive opportunity alternative for clearing interest rate derivatives outside of London and within the EU-27 member states – Eurex Clearing also fulfils its responsibility within Deutsche Börse Group as a market infrastructure provider by anticipating potential market turbulence and taking early action to actively counteract it.

#### Non-financial key indicators: social matters

		2017	2016
<b>Transparency</b>			
Proportion of companies reporting in accordance with maximum transparency standards <sup>1)</sup>	%	91	91
<b>Security</b>			
Availability of cash market trading system <sup>2)</sup>	%	99.968	99.999
Availability of derivatives market trading system <sup>2)</sup>	%	99.967	99.962
Average monthly cleared volumes across all products <sup>3)</sup>	€ trillion	20.6	19.6

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<sup>®</sup>, 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.

Eurex Frankfurt AG already generates a significant portion of its revenues with clients outside the EU-27. It is therefore in the interest of its own sustainability to provide its clients with a solution to the circumstances brought about by Brexit, in order to safeguard the stability and growth potential of its own income.

Deutsche Börse Group's commercial activity 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](#). At present, 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.

One example of Deutsche Börse Group's customer focus is Clearstream's annual client services survey. This survey aims to identify customer needs in the areas of products and services and to 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.

Traditionally, the assessment of customer satisfaction within the Group has been conducted on an individual subsidiary level. In 2017, however, an analysis was conducted to ascertain ways to improve the process that relevant business areas use when conducting customer satisfaction surveys. The result of this investigation was the determination that future customer satisfaction surveys, starting in 2018, will be aligned to include common questions and a standardised Net Promotor Score methodology across the Group. In this context, businesses ask their clients about their readiness to recommend the service provider.

Beginning in 2018, all of the pertinent product and service areas will conduct their customer satisfaction reviews in parallel, in the latter half of the year, with the aim of notifying senior management and staff of the results shortly after the close of the survey. The conclusion of the newly conceived surveys are intended to be communicated back to clients using appropriate channels, while results at a Group level will also be assessed.

Deutsche Börse Group's indirect economic impact, namely trading activity and traded contracts, benchmarked against other exchange operators can be found in the report on economic position of 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”](#)).

### Sustainable index products

STOXX Ltd., a Deutsche Börse Group company, calculates and distributes more than 12,000 indices, a growing number of which designed after sustainability aspects. 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. In this context, STOXX developed and launched the STOXX® Regional Industry Neutral ESG indices in 2017 which are used as benchmarks by a European pension fund.

#### STOXX Global 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 are the STOXX Global ESG Specialized Leaders indices, all consist of companies that are leading in one of the three 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 which 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 Low Carbon index family

The STOXX Low Carbon indices focus on the selection of stocks with low carbon intensity scores with a weighting scheme that balances between the company's size and its emissions amount. 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 are disclosing particular actions which 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 the Carbon Disclosure Project (CDP).

#### ESG Impact index family

A third 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.

#### Non-financial key indicators: sustainable index products

		2017	2016
<b>ESG criteria</b>			
Managed assets in ETFs which track ESG indices <sup>1)</sup>	€m	55.1	12.4
Total assets under management in ETFs	€bn	83.4	64.6
<b>Transparency</b>			
Number of sustainable index concepts		117	100
Number of calculated indices		12,422	11,975

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

For all these indices, the ultimate goal is to provide solutions to investors who consider sustainability a key element of their investment strategy. STOXX 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.

All data and service providers appointed by STOXX are subject to regular monitoring as required by regulations of the International Organization of Securities Commissions (IOSCO) and the European Securities and Markets Authority (ESMA). STOXX indices are entirely rule-based, hence neither is a committee involved nor are customers consulted in the process of reviewing an index composition.

There is an increasing demand for considering sustainability indicators in the investment process. Having launched several index families with different aspects of sustainability in focus 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 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 only represents a minority and is still mostly perceived as an investment add-on, rather than as 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. This is 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.

### **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. 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 comprises ESG criteria. In 2016, the human rights aspects within this code were enhanced to include the topics of modern slavery and human trafficking.

The key inputs for Deutsche Börse Group's supply chain are energy, information and communications technology, IT services and office equipment. In addition, the Group purchases marketing services and advertising materials. The Group's goal is a sound supplier strategy and a stable procurement organisation, and it aims to ensure that all suppliers and manufacturers adhere to the desired prices and deliver the desired product and service quality with minimised risk. In geographical terms, the Group focuses on European vendors and takes care to ensure that suppliers and manufacturers behave ethically.

Corporate Purchasing continuously improves the Group's procurement within the scope of the code of conduct for suppliers agreements. 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 the global procurement volume is covered by the agreements of 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 them.

At present, around 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 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. For this reason, the number of suppliers having signed the code of conduct for suppliers keeps rising steadily.

The commitment by suppliers and service providers to adhere to the code is only one element in our endeavours to select responsible business partners. The Group continuously evaluates its category A suppliers within the framework of a cross-divisional, Group-wide evaluation process, including criteria covering suppliers' economic, ecological, social and ethical sustainability.

Moreover, Deutsche Börse Group analyses the extent to which its suppliers have their own guidelines – such as codes of conduct for employees or suppliers – or have committed to recognised social standards. To this end, the Group surveyed sustainability aspects at the suppliers managed by Corporate Purchasing for the first time in 2016. The purpose of this survey was 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. Suppliers who responded to this survey accounted for 63 per cent of purchasing order volumes in 2017. These suppliers represent the sample on which the following analysis is based.

The analysis revealed that 66 per cent of participating suppliers have their own code of conduct and/or code of conduct for employees or suppliers, or have committed 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 90 per cent of the participating category A suppliers have their own code of conduct and/or code of conduct for suppliers, or have committed to at least one set of the above-mentioned social standards. The comparable figure for category B suppliers is 70 per cent, while that for category C suppliers is 55 per cent.

Additionally, the supplier survey revealed that 29 per cent of participating suppliers have operations in countries that are regarded by the United Nations Environment Programme Finance Initiative as involving human rights risks. Of these suppliers, 79 per cent have a code of conduct or a supplier code of conduct or have committed to at least one set of the above-mentioned social standards.

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#### Non-financial key indicator: respect for human rights

		2017	2016
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.	%	98.9	97.5

Deutsche Börse Group contacted all companies during 2017 which participated in the survey in 2016 and (i) are active in countries and/or procure goods or services from countries classified as risky in terms of human rights by the United Nations Environment Programme Finance Initiative; and (ii) which have not established their own code of conduct for employees or suppliers, and have not committed to any recognised social standard. 18 enterprises were identified during the course of this process; Deutsche Börse Group initiated a dialogue with these enterprises to highlight the importance of these topics for the Group and to minimise existing risks in cooperation with the suppliers concerned.

Category A 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 or mobile app. 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. Depending on the level of impact, risk radar alerts are assessed together with the contracting parties.

### **Comparison with the forecast for 2017**

With regard to the development expected of its non-financial performance indicators for 2017, the Group only partially succeeded in maintaining the previous year’s level of systems availability: in the cash market, trading system availability declined from 99.999 per cent to 99.968 per cent. At the same time, availability of the T7<sup>®</sup> system for the derivatives market improved slightly, from 99.962 per cent to 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 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 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 2017, Deutsche Börse Group achieved a quota of 14 per cent for the upper and middle management levels (2016: 15 per cent), and 29 per cent for lower management positions (2016: 28 per cent). For Germany, the quotas were 15 per cent and 26 per cent, respectively (2016: 16 per cent and 22 per cent).

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