



DEUTSCHE BÖRSE  
GROUP

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# Financial report 2017

Excerpt: combined corporate governance statement  
and corporate governance report



## Combined corporate governance statement and corporate governance report

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

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

On 12 December 2017, the Executive Board and Supervisory Board of Deutsche Börse AG issued the following declaration of conformity:

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

For the period since the last regular declaration of conformity dated 8 December 2016 until 23 April 2017, the following declaration of conformity refers to the old version of the German Corporate Governance Code (the Code) of 5 May 2015. Since 24 April 2017 it refers to the new version of the Code as amended on 7 February 2017 and published in the Federal Gazette on 24 April 2017.

The Executive Board and the Supervisory Board of Deutsche Börse AG declare that the recommendations of the Code have been met almost completely and will be met with only few deviations. For details, please see below:

#### **1. Agreement of severance payment caps when concluding Executive Board contracts (no. 4.2.3 (4) of the Code)**

Severance payment caps agreed upon in all current contracts with the members of the Executive Board complied and will continue to comply with recommendation no. 4.2.3 (4) of the Code. As in the past, however, the Supervisory Board reserves the right to deviate from no. 4.2.3 (4) of the Code in the future under certain circumstances. The Supervisory Board is of the opinion that a deviation may become necessary in extraordinary cases.

#### **2. Caps on total amount of remuneration (no. 4.2.3 (2) (sentence 6) of the Code) and disclosure in the remuneration report (no. 4.2.5 (3) of the Code)**

No. 4.2.3 (2) (sentence 6) of the Code recommends that the amount of management be capped, both as regards variable components and in the aggregate. Deutsche Börse AG deviated and will deviate from this recommendation.

Effective as of 1 January 2017, the existing remuneration system for the Executive Board of Deutsche Börse AG was adjusted. The annual remuneration, comprising fixed and variable remuneration components and pension benefits, has now been capped at €9.5 million (total cap) for each member of the Executive Board. Ancillary benefits are not included in this amount. Although these are subject to fluctuation, no extraordinary fluctuations are expected and therefore it is not necessary to include them in the total cap.

The long-term variable remuneration components under the remuneration system are share-based. Even though a cap is provided in relation to the number of shares granted, no cap is foreseen on the maximum

achievable bonus amount as there is no cap on share price performance. In our opinion, setting another cap solely on the amount of the variable remuneration component would be inconsistent with the rationale of a share-based remuneration system which aims to achieve an adequate participation in the economic opportunities and risks of the company by the members of the Executive Board. Extraordinary developments are sufficiently reflected in the total cap.

No. 4.2.5 (3) (subitem 1) of the Code recommends, inter alia, presenting the maximum achievable remuneration for variable remuneration components in the remuneration report. As there will be no cap in relation to the share-based variable remuneration components, the maximum achievable remuneration cannot be presented as recommended in no. 4.2.5 (3) (subitem 1) of the Code. Therefore, the deviation from the Code results from the fact that there is no cap on the maximum achievable remuneration for the amount of the variable compensation component.

### **3. Composition of the Nomination Committee (no. 5.3.3 of the Code)**

No. 5.3.3 of the Code recommends that the Supervisory Board form a Nomination Committee composed exclusively of shareholder representatives. Section 4 b of the German Stock Exchange Act, in the version applicable from 3 January 2018, provides that the Nomination Committee shall also assist the Supervisory Board in selecting candidates for positions in the management at exchange operators. At Deutsche Börse AG, this task has previously been performed by the Personnel Committee, on which employee representatives also sit. In order to implement the new requirements of the German Stock Exchange Act while maintaining the practice of involving employee representatives in the process of selecting candidates for the Executive Board of Deutsche Börse AG, the Supervisory Board has resolved to combine the Nomination Committee and the Personnel Committee in the future into a joint committee on which employee representatives also sit. Therefore, the Nomination Committee will also be composed of employee representatives. However, it will be ensured that the nominees proposed to the Annual General Meeting are determined solely by the shareholder representatives on the Committee.”

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

### **Disclosures on suggestions by the Code**

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

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

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

## Information on corporate governance practices

### Conduct policies

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

### Code of conduct for employees

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

- Confidentiality and handling of sensitive information
- Conflicts of interest
- Personal account dealing, as well as prevention of insider dealing and market manipulation
- Corporate funds and assets
- Anti-bribery and corruption
- Risk management
- Whistleblowing
- Ecological awareness
- Equal opportunities and protection from unsolicited behaviour

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

### Code of conduct for suppliers and service providers

Deutsche Börse Group not only requires its management and staff to adhere to high standards – it demands the same from its suppliers. The code of conduct for suppliers and service providers requires them to respect human rights and employee rights, and to comply with minimum standards. Implementing a resolution of the Executive Board, the code of conduct was amended in 2016 to include the requirements set out in the UK Modern Slavery Act, applicable to all corporations conducting business in the United Kingdom. Most suppliers have signed up to these conditions; all other key suppliers have made voluntary commitments which correspond to, or in fact exceed Deutsche Börse Group's standards.

Service providers and suppliers must sign up to the code or enter into an equivalent voluntary commitment before they can do business with Deutsche Börse Group. The code is reviewed regularly, in the light of current developments, and amended if necessary. The code of conduct for suppliers and service providers is available on Deutsche Börse Group's website [www.deutsche-boerse.com](http://www.deutsche-boerse.com) > Sustainability > Set an example > Procurement management.

### Values

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

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

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

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

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

### Sector-specific policies

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

### **Whistleblowing system**

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

### **Risk and control management policies**

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

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

The German Stock Corporation Act enshrines the dual board system – which assigns separate, independent responsibilities to the Executive Board and the Supervisory Board – as a fundamental principle. These responsibilities are set out in detail in the following paragraphs.

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

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

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

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

Further details of the Executive Board's work are set out in the bylaws that the Supervisory Board has resolved for the Executive Board. Amongst other things, these list issues that are reserved for the entire Executive Board, special measures requiring the approval of the Supervisory Board, and other procedural details and the arrangements for passing resolutions. The Executive Board holds regular meetings; these are convened by the CEO, who coordinates the Executive Board's work. Any Executive Board member can require a meeting to be convened. In accordance with its bylaws, the entire Executive Board normally takes decisions on the basis of resolutions passed by a simple majority of the members voting on them in each case. If a vote is tied, the CEO has the casting vote. The CEO also has a right of veto, although he or she cannot enforce a resolution against a majority vote.

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

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

The Supervisory Board supervises and advises the Executive Board in its management of the company. It supports the Executive Board in significant business decisions and provides assistance on strategically important issues. The Supervisory Board has specified measures requiring its approval in the bylaws for the Executive Board. In addition, the Supervisory Board is responsible for appointing the members of the Executive Board, for deciding on their total remuneration, and for examining Deutsche Börse AG's consolidated and annual financial statements, as well as the combined management report including the combined non-financial statement. Details of the Supervisory Board's work during the 2017 financial year can be found in the [report of the Supervisory Board](#).

To date, the Supervisory Board has consisted of twelve members: two-thirds of its members are shareholder representatives, and one-third are employee representatives. The term of office of current members will end at the close of the Annual General Meeting held on 16 May 2018. Following the end of proceedings for change of status (Statusverfahren) under section 98 of the AktG on 22 December 2017, the Supervisory Board of Deutsche Börse AG is to be composed in accordance with the provisions of the Mitbestimmungsgesetz (MitbestG, German Co-determination Act). This reflects the fact that the number of Deutsche Börse's employees in Germany has exceeded the threshold of 2,000 employees, as referred to in section 1 (1) no. 2 of the MitbestG. Accordingly, with effect from the 2018 Annual General Meeting, the company's Supervisory Board must consist of an equal number of shareholder representatives and employee representatives.

Considering the future equal representation on the Supervisory Board of Deutsche Börse AG, in accordance with the provisions of the MitbestG, a proposal will be made to the 2018 Annual General Meeting to resolve that the number of Supervisory Board members be increased from currently 12 to 16 members. This increase is also supposed to account for the increased demands placed upon Supervisory Board members, in connection with the growth of the company and the Group, in particularly with regard to diversity and internationalisation.

The Supervisory Board holds at least six regular meetings every year. In addition, extraordinary meetings are held as required. The committees also hold regular meetings. The Supervisory Board passes its resolutions by a simple majority. If a vote is tied, the Chairman has the casting vote. In addition, the Supervisory Board regularly reviews the efficiency of its work, discusses potential areas for improvement, and resolves suitable measures where necessary.

### **Supervisory Board committees**

The Supervisory Board's goal in establishing committees is to improve the efficiency of its work by examining complex matters in smaller groups that prepare them for the plenary meeting of the Supervisory Board. Additionally, the Supervisory Board has delegated individual decision-making powers to the committees, to the extent that this is legally permissible. The Supervisory Board had six committees during the reporting period (for details, please refer to the [☞ "The Supervisory Board committees during 2017: composition and responsibilities" tables](#)). Their individual responsibilities are outlined in the Supervisory Board's bylaws. The committees' rules of procedure correspond to those for the plenary meeting of the Supervisory Board. In accordance with section 4b (5) of the BörsG, the Supervisory Board resolved to merge the Nomination and the Personnel Committee to a joint committee, with effect from 3 January 2018. Details of the duties and members of the individual committees can be found online, at [☞ www.deutsche-boerse.com/supervboard](http://www.deutsche-boerse.com/supervboard) > Committees.

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

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



## Supervisory Board committees during 2017: composition and responsibilities

### Audit Committee

Members	Composition
<ul style="list-style-type: none"> <li>▪ Erhard Schipporeit (Chairman)</li> <li>▪ Karl-Heinz Flöther</li> <li>▪ Monica Mächler</li> <li>▪ Johannes Witt</li> </ul>	<ul style="list-style-type: none"> <li>▪ At least four members, who are elected by the Supervisory Board</li> <li>▪ Prerequisites for the chair of the committee: the person concerned must be independent, and must have specialist knowledge and experience of applying accounting principles and internal control processes (financial expert)</li> <li>▪ Persons who cannot chair the committee: the Chairman of the Supervisory Board; former members of the company's Executive Board whose appointment ended less than two years ago</li> </ul>
	<p data-bbox="606 683 742 705"><b>Responsibilities</b></p> <ul style="list-style-type: none"> <li>▪ Deals with issues relating to the preparation of the annual budget and financial topics, particularly capital management</li> <li>▪ Deals with issues relating to the adequacy and effectiveness of the company's control systems – in particular to risk management, compliance and internal auditing</li> <li>▪ Audit reports</li> <li>▪ Deals with accounting issues, including oversight of the accounting and reporting process</li> <li>▪ Half-yearly financial reports, plus any quarterly financial reports, if applicable</li> <li>▪ Examines the annual financial statements, the consolidated financial statements and the combined management report (including the combined non-financial statement), discusses the audit report with the external auditors and prepares the Supervisory Board's resolutions adopting the annual financial statements and approving the consolidated financial statements, as well as the resolution on the Executive Board's proposal on the appropriation of the unappropriated surplus</li> <li>▪ Prepares the Supervisory Board's recommendation to the Annual General Meeting on the election of the external auditors of the annual financial statements, the consolidated financial statements and the half-yearly financial report (to the extent that the latter is audited or reviewed by external auditors), and makes corresponding recommendations to the Supervisory Board</li> <li>▪ Deals with the required independence of external auditors</li> <li>▪ Deals with non-audit services rendered by the external auditors</li> <li>▪ Issues the engagement letter to the auditor – including, in particular, the review or audit of half-yearly financial reports, and determines focal areas of the audit and the audit fee</li> <li>▪ Prepares the Supervisory Board's resolution approving the Statement of Compliance pursuant to section 161 of the AktG, and the corporate governance statement in accordance with section 289f of the HGB</li> </ul>

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

Members	Composition
<ul style="list-style-type: none"> <li>▪ Joachim Faber (Chairman)</li> <li>▪ Ann-Kristin Achleitner</li> <li>▪ Amy Yip</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Chairman of the Personnel Committee also chairs the Nomination Committee.</li> <li>▪ At least two other members (solely shareholder representatives, who are also members of the Personnel Committee)</li> </ul>
	Responsibilities
	<ul style="list-style-type: none"> <li>▪ Proposes suitable candidates to the Supervisory Board for inclusion in the Supervisory Board's election proposal to the Annual General Meeting</li> </ul>

1) The Nomination Committee and the Personnel Committee were merged to a joint committee, effective 3 January 2018. Marion Fornoff has been a member of the joint Nomination Committee since 3 January 2018.

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

Members	Composition
<ul style="list-style-type: none"> <li>▪ Joachim Faber (Chairman)</li> <li>▪ Ann-Kristin Achleitner</li> <li>▪ Marion Fornoff</li> <li>▪ Amy Yip</li> </ul>	<ul style="list-style-type: none"> <li>▪ Chaired by the Chairman of the Supervisory Board</li> <li>▪ At least three other members, who are elected by the Supervisory Board and one of whom must be an employee representative</li> </ul>
	Responsibilities
	<ul style="list-style-type: none"> <li>▪ Deals with issues relating to the contracts of service for Executive Board members, and in particular to the structure and amount of their remuneration</li> <li>▪ Addresses succession planning for the Executive Board</li> <li>▪ Approves appointments of members of Deutsche Börse AG's Executive Board to other executive boards, supervisory boards, advisory boards and similar boards, as well as honorary appointments and sideline activities, and approves any exemptions from the requirement to obtain approval</li> <li>▪ Approves the grant or revocation of general powers of attorney</li> <li>▪ Approves cases in which the Executive Board grants employees retirement pensions or other individually negotiated retirement benefits, or proposes to enter into employer/works council agreements establishing pension plans</li> </ul>

1) The Nomination Committee and the Personnel Committee were merged to a joint committee, effective 3 January 2018. Marion Fornoff has been a member of the joint Nomination Committee since 3 January 2018.

## Risk Committee

Members	Composition
<ul style="list-style-type: none"> <li>▪ Richard Berliand (Chairman)</li> <li>▪ Monica Mächler</li> <li>▪ Erhard Schipporeit</li> <li>▪ Jutta Stuhlfauth</li> </ul>	<ul style="list-style-type: none"> <li>▪ At least four members, who are elected by the Supervisory Board</li> </ul>
	Responsibilities
	<ul style="list-style-type: none"> <li>▪ Reviews the risk management framework, including the overall risk strategy and risk appetite, and the risk roadmap</li> <li>▪ Takes note of and reviews the periodic risk management and compliance reports</li> <li>▪ Oversees monitoring of the Group's operational, financial and business risk</li> <li>▪ Discusses the annual reports on significant risks and on the risk management systems at regulated Group entities, to the extent legally permissible</li> </ul>

## Strategy Committee

Members	Composition
<ul style="list-style-type: none"> <li>▪ Joachim Faber (Chairman)</li> <li>▪ Ann-Kristin Achleitner</li> <li>▪ Richard Berliand</li> <li>▪ Hans-Peter Gabe</li> <li>▪ Jutta Stuhlfauth</li> <li>▪ Amy Yip</li> </ul>	<ul style="list-style-type: none"> <li>▪ Chaired by the Chairman of the Supervisory Board</li> <li>▪ At least five other members, who are elected by the Supervisory Board</li> </ul>
	Responsibilities
	<ul style="list-style-type: none"> <li>▪ Advises the Executive Board on matters of strategic importance to the company and its affiliates</li> <li>▪ Addresses fundamental strategic and business issues, as well as important projects for Deutsche Börse Group</li> </ul>

## Technology Committee

Members	Composition
<ul style="list-style-type: none"> <li>▪ Richard Berliand (Chairman)</li> <li>▪ Karl-Heinz Flöther</li> <li>▪ Craig Heimark</li> <li>▪ Johannes Witt</li> </ul>	<ul style="list-style-type: none"> <li>▪ At least three members, who are elected by the Supervisory Board</li> </ul>
	Responsibilities
	<ul style="list-style-type: none"> <li>▪ Supports the Supervisory Board in meeting its supervisory duties with respect to the information technology used to execute the Group's business strategy, and with respect to information security</li> <li>▪ Advises on IT strategy and architecture</li> <li>▪ Oversees monitoring of technological innovations, the provision of IT services, the technical performance and stability of the IT systems, operational IT risks, and information security services and risks</li> </ul>

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

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

### Qualification requirements

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

### Individual (basic) qualification requirements

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

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

### General qualification requirements

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

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

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

### Supervisory Board members' general qualification requirements

	Business models of exchanges and the capital markets	Accounting, finance, audit	Risk management and compliance	Information technology and security, digitisation	Clearing, settlement and custody business	Regulatory requirements
Joachim Faber (Chairman)	+	+	+			+
Richard Berliand (Deputy Chairman)	+	+	+	+	+	
Ann-Kristin Achleitner	+	+				+
Karl-Heinz Flöther		+		+		
Craig Heimark		+		+	+	
Monica Mächler		+	+			+
Erhard Schipporeit	+	+	+			
Amy Yip	+	+			+	

### Independence

In accordance with section 5.4.2 of the German Corporate Governance Code, the Supervisory Board shall be comprised of what it considers to be an appropriate number of independent members. Supervisory Board members are no longer to be considered independent in the meaning of section 5.4.2 of the Code particularly if they have a personal or business relationship with the company, its governing bodies, a controlling shareholder or an entity affiliated with the controlling shareholder that may cause a substantial (and not merely temporary) conflict of interest. The Supervisory Board has resolved that at least half of its members who are shareholder representatives are to be independent in this sense. At present, all shareholder representatives are regarded as being independent.

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

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

**Flexible age limit and term of office**

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

Accordingly, Craig Heimark and Erhard Schipporeit who have been members of the Supervisory Board since 2005 will not be nominated to the Annual General Meeting 2018 for re-election. In order to ensure balance between personnel changes and continuity in the work of the Supervisory Board, as well as to preserve knowledge and experience amongst its members, the Supervisory Board proposes to the Annual General Meeting to re-elect Richard Berliand who has been a member of the Supervisory Board since October 2005. The proposal to extend Mr Berliand's term of office beyond the general limitation to members' maximum term of office is based, in particular, on his profound experience – gained over many years – with exchange organisations and their processes, and his extensive knowledge of financial markets infrastructure providers.

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

At present, no Executive Board member has passed the age limit of 65 years. The appointments of Andreas Preuss and Jeffrey Tessler, who have both reached the age of 60, were only extended by one year each during 2017. CEO Theodor Weimer, who has been appointed as at 1 January 2018, will be 61 years old at the end of his current term of office.

**Share of women holding management positions**

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 has defined target quotas for women on these boards, in accordance with section 111 (5) of the AktG.

At the time when the targets for Deutsche Börse AG's Supervisory Board and Executive Board were set, 33.33 per cent of Supervisory Board members were women, while the figure for the Executive Board was 20 per cent. In view of this, the Supervisory Board resolved on 16 June 2015 that the current proportion of female members of the Supervisory Board (33.33 per cent) and the Executive Board (20 per cent) should be maintained as a minimum requirement until the end of the first implementation period (30 June 2017). Both targets were achieved: whilst the proportion of female Executive Board members remained unchanged at 20 per cent as at 30 June 2017, the proportion of female members of the Supervisory Board reached 41.67 per cent at the same date, thus exceeding the self-imposed minimum target. The Supervisory Board resolved, with effect from 1 July 2017, to maintain both targets until 31 December 2021. By virtue of the Mitbestimmungsgesetz (MitBestG, German Co-determination

Act) being applicable to Deutsche Börse AG as from the Annual General Meeting 2018, the statutory gender quota of 30 per cent (pursuant to section 96 (2) of the AktG) will apply in lieu of the self-imposed minimum quota (pursuant to section 111 (5) of the AktG). In order to avoid a potential discrimination of either shareholder or employee representatives and to enhance planning certainty for the respective election processes, the shareholder representatives on the Supervisory Board have objected to overall compliance with the quota pursuant to section 96 (2) sentence 2 of the AktG. This means that both shareholder representatives and employee representatives must comply with the minimum quota of 30 per cent. The current composition of the Supervisory Board complies with the statutory quota. Nonetheless, the Supervisory Board endeavours to further increase the proportion of female members on the Executive Board and the Supervisory Board.

### **International profile**

The composition of the Executive Board and the Supervisory Board shall reflect the company's international activities. The Supervisory Board had four members holding non-German citizenship during the year under review: Richard Berliand, Craig Heimark, Monica Mächler and Amy Yip. Moreover, numerous Supervisory Board members have many years of international experience. The Supervisory Board will continue to reflect the company's international activities: with Martin Jetter and Barbara Lambert, two new Supervisory Board members with long-standing international professional experience are proposed to the Annual General Meeting. Ms Lambert holds dual German/Swiss citizenship; she lives in Switzerland. Mr Jetter is resident in the United States. The Supervisory Board therefore continues to meet the objectives concerning its international composition. The same applies to the Executive Board, where Jeffrey Tessler holds a non-German citizenship.

### **Educational and professional background**

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

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

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

The Supervisory Board's Nomination Committee – whose task it is to propose suitable candidates to the Supervisory Board for recommendation to the Annual General Meeting, has concerned itself, in great detail, with preparations for the election of shareholder representatives to the Supervisory Board by the Annual General Meeting in 2018. In addition to Craig Heimark and Erhard Schipporeit leaving the Supervisory Board after twelve years of membership, it also had to take into account that Monica Mächler foregoes seeking another term. Considering the future equal representation on the Supervisory Board, the Committee resolved on 19 February 2018 to propose eight candidates for the election of shareholder representatives. Five of the eight proposed candidates were incumbent members of the

Supervisory Board, while three candidates have not been members to date. When selecting candidates, the Committee has ensured that all the above-mentioned criteria are met. For this purpose, an external consultant commissioned by the Chairman of the Supervisory Board had first prepared a pre-selection list of suitable persons. Following personal interviews with the candidates on this pre-selection list, the Committee agreed upon Martin Jetter, Barbara Lambert and Joachim Nagel as new candidates for election to the Supervisory Board in 2018: during his professional career in Germany and abroad, Martin Jetter has held various senior roles at IBM and is currently Senior Vice President for Global Technology Services and member of IBM Corporation's management board at the company's top management level. In this role, he has responsibility for the group's worldwide infrastructure services. He possesses considerable and proven technological expertise. Barbara Lambert acquired international experience as well as expertise in the areas of accounting and internal control procedures through positions, inter alia, at WestLB, Arthur Andersen/Ernst & Young and Pictet & Cie. In addition to heading audit activities in the financial sector at Ernst & Young Switzerland, she was also, among other things, auditor of a major Swiss bank. She will be a member of the executive board and Group Chief Risk Officer at Pictet & Cie until 31 March 2018, and will be appointed to the company's Board of Directors with effect from 1 April 2018. Ms Lambert meets the requirements for being a financial expert pursuant to sections 107 (4), 100 (5) of the AktG, and section 5.3.2 (3) of the German Corporate Governance Code. Furthermore, the Supervisory Board proposes Joachim Nagel, a candidate who has extensive capital market and regulatory expertise, particularly in the financial services sector. Between 1999 and 2016, Mr Nagel held several senior positions at Deutsche Bundesbank (the German central bank), and was a member of its executive board in the last six years, responsible for, among other things, the markets sector. Currently, he is a member of the executive board of KfW Group.

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

As a matter of principle, Supervisory Board members are responsible for their continuing professional development. In addition, Deutsche Börse AG complies with the recommendation of section 5.4.5 (2) of the German Corporate Governance Code to support them in their endeavours for training and professional development – for example, by organising targeted introductory events for new Supervisory Board members, or workshops on selected strategy issues as well as on professional topics (if required). Thus, in addition to a strategy workshop, two technology workshops took place during the year under review, covering the topics of digitisation and artificial intelligence. Moreover, briefings on several regulatory issues (such as MiFIR/MiFID II) were held during Supervisory Board meetings.

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

Deutsche Börse AG regards regular reviews of the efficiency of Supervisory Board work – in accordance with section 5.6 of the German Corporate Governance Code – as a key component of good corporate governance. The 2017 efficiency audit was dedicated to the following areas: tasks of the Supervisory Board and performance of its duties, co-operation within the Supervisory Board and between the Executive Board and the Supervisory Board, as well as Supervisory Board organisations and meetings. The review yielded overall positive results. Where it identified room for improvement, optimising proposals were discussed and measures for their execution implemented.

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

In accordance with the FührungsGleichberG, Deutsche Börse AG's Executive Board has defined target quotas for women on the two management levels beneath the Executive Board, in accordance with section 76 (4) of the AktG, in each case referring to Deutsche Börse AG.

The proportion of women holding management positions at the two levels beneath the Executive Board amounted to 6 per cent (level 1) and 10 per cent (level 2) on 15 September 2015, the date when the Executive Board initially defined the relevant targets. At that time, the Executive Board resolved that these proportions be maintained as a minimum requirement until 30 June 2017. These targets were achieved, with a proportion of 11 per cent on the first management level and 15 per cent on the second management level. Effective 1 July 2017, the Executive Board of Deutsche Börse AG determined new targets, endeavouring to achieve a female quota of 15 per cent on the first management level and of 20 per cent on the second management level by 31 December 2021. As at 31 December 2017, the female proportion of managers holding positions on the first and second management levels beneath the Executive Board was 10 per cent and 16 per cent, respectively.

Moreover, as early as in 2010, the Executive Board had adopted a voluntary commitment to increase the share of women holding middle and upper management positions to 20 per cent by 2020, and of women holding lower management positions to 30 per cent during the same period. These target figures relate to Deutsche Börse Group (including subsidiaries), on a global basis. During the reporting period, the share of women holding lower management positions increased slightly, whilst the share of women holding middle and upper management positions remained constant.

Further information regarding target figures for the share of female managers and Deutsche Börse's voluntary commitment (as part of its non-financial performance indicators) are available in the [☞ "Employees – Target female quotas" section in the combined non-financial statement.](#)

## Shareholder representation, transparent reporting and communication

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

To maximise transparency and ensure equal access to information, Deutsche Börse AG's corporate communications generally follow the rule that all target groups should receive all relevant information simultaneously. Deutsche Börse AG's financial calendar informs shareholders, analysts, shareholders' associations, the media and interested members of the public of key events such as the date of the AGM, or publication dates for financial performance indicators. Ad-hoc disclosures, information on directors' dealings and voting rights notifications, corporate reports and interim reports, and company news can all be found on Deutsche Börse's website [☞ www.deutsche-boerse.com](http://www.deutsche-boerse.com). Deutsche Börse AG



provides information about its consolidated and annual financial statements at an annual press briefing. It also offers conference calls for analysts and investors following the publication of the interim reports. Furthermore, when outlining its strategy and providing information to everyone who is interested, it abides by the principle that all target groups worldwide must be informed at the same time.

Additionally, Deutsche Börse AG submitted a COP for 2017 to the UN Global Compact. Good corporate governance is one of Deutsche Börse Group's core concerns, which is why it has complied with the Global Compact's principles for many years. Public records of this have been available since the company officially joined the initiative in 2009: [www.deutsche-boerse.com](http://www.deutsche-boerse.com) > Sustainability > Our responsibility > UN Global Compact.

### Accounting and auditing

Deutsche Börse AG's corporate report provides shareholders and interested members of the public with detailed information on Deutsche Börse Group's business performance during the reporting period. Additional information is published in its half-yearly financial report and two quarterly statements. The annual financial statement documents and the corporate report are published within 90 days of the end of the financial year (31 December); intra-year financial information (half-yearly financial report and quarterly statements) is made available within 45 days of the end of the relevant quarter or six-month period. Following preparations by the Audit Committee, the consolidated and annual financial statements are discussed by the entire Supervisory Board and with the external auditors, examined, and then approved. The Executive Board discusses the half-yearly report and the quarterly statements for the first and third quarters with the Supervisory Board's Audit Committee prior to their publication. The half-yearly report is reviewed by the external auditors. In line with the proposal by the Supervisory Board, the 2017 AGM elected KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, (KPMG) to audit its 2017 annual and consolidated financial statements and to review its half-yearly financial report in the year under review. KPMG was also instructed to perform an external review of the contents of the combined non-financial statement during the 2017 financial year. The lead auditor, Andreas Dielehner, has been responsible for the audit since 2013 and the deputy lead auditor, Thomas Hommel, since 2017. The Supervisory Board's proposal was based on the recommendation by the Audit Committee. The Audit Committee obtained the necessary statement of independence from KPMG before the election. This states that there are no personal, business, financial or other relationships between the auditor, its governing bodies and audit managers on the one hand, and the company and the members of its Executive and Supervisory Boards on the other, that could give cause to doubt the auditor's independence. The Audit Committee checked that this continued to be the case during the reporting period. It also oversaw the financial reporting process in 2017. The Supervisory Board was informed in a timely manner of the committee's work and the insights gained; there were no material findings. Information on audit services and fees is provided in [note 6 to the consolidated financial statements](#).

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