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GROUP

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Climate strategy of Deutsche Börse Group according to the TCFD recommendations

The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board (FSB) of the G20 in December 2015. It was created to draft recommendations for consistent and comparable climate-related corporate reporting. The corresponding recommendations report was published in June 2017. The proposed reporting is designed to support the various capital market players in fulfilling their role in promoting climate action by creating transparency in the way companies handle the risks and opportunities presented by climate change. In order to take the time horizon of climate change into account the focus is on the medium-term to long-term strategic orientation of the reporting companies.

Deutsche Börse Group has been actively supporting the TCFD since November 2017. In the context of the current pilot phase the Group seeks to gain experience with the application of the recommendation report, both as a company and as a capital market organiser, and to further develop the reporting on this basis. Its climate strategy is thus geared to the four core elements of the TCFD recommendations:

1. Governance
2. Strategy
3. Risk management
4. Metrics and targets

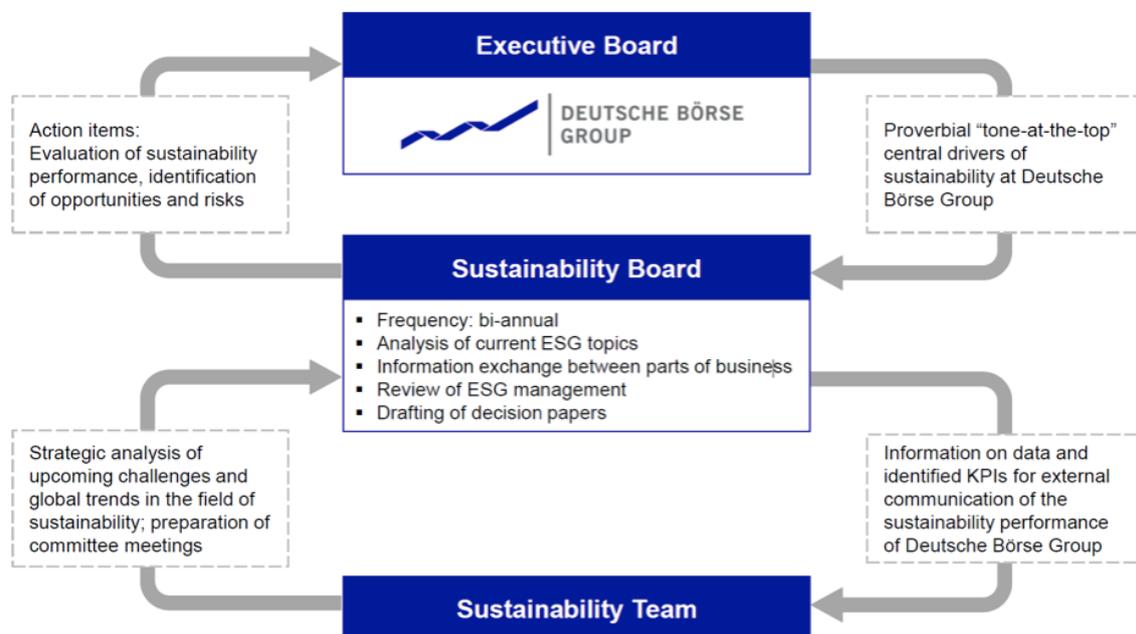
Governance

Since the financial crisis of 2007/2008 the importance of ESG (Environmental, Social, Governance) information as part of the comprehensive assessment of the medium to long-term forecast of a company's success has been steadily increasing. Investors, customers, analysts and not least the regulators are increasingly calling on companies to disclose core business-related opportunities and risks in the ESG area alongside the conventional financial indicators. To meet these increased expectations, counter potential risks early on but also identify future business areas Deutsche Börse Group established the Group Sustainability Board (GSB) in July 2016. The GSB is the key decision-making body for sustainability issues, including climate change.

The board, currently numbering 16, has three members from each Executive Board area plus the Head of Group Sustainability. Its tasks are to develop the Group-wide sustainability strategy and to advise the Executive Board of Deutsche Börse AG on sustainability issues. Cross-divisional issues such as climate change, other ESG issues and their reporting are discussed and the results and identification of the associated opportunities and risks are reported to the Executive Board bi-annually.

This way, the Executive Board keeps an eye on the impact of Deutsche Börse Group's corporate activity along the entire value chain. In addition, it seeks to strengthen awareness of the importance of medium and long-term opportunities and risks of business activities in connection with climate change across the entire group of companies. Based on the analyses and discussions of the GSB, it makes the final decisions and formulates the Group-wide approach to sustainability issues.

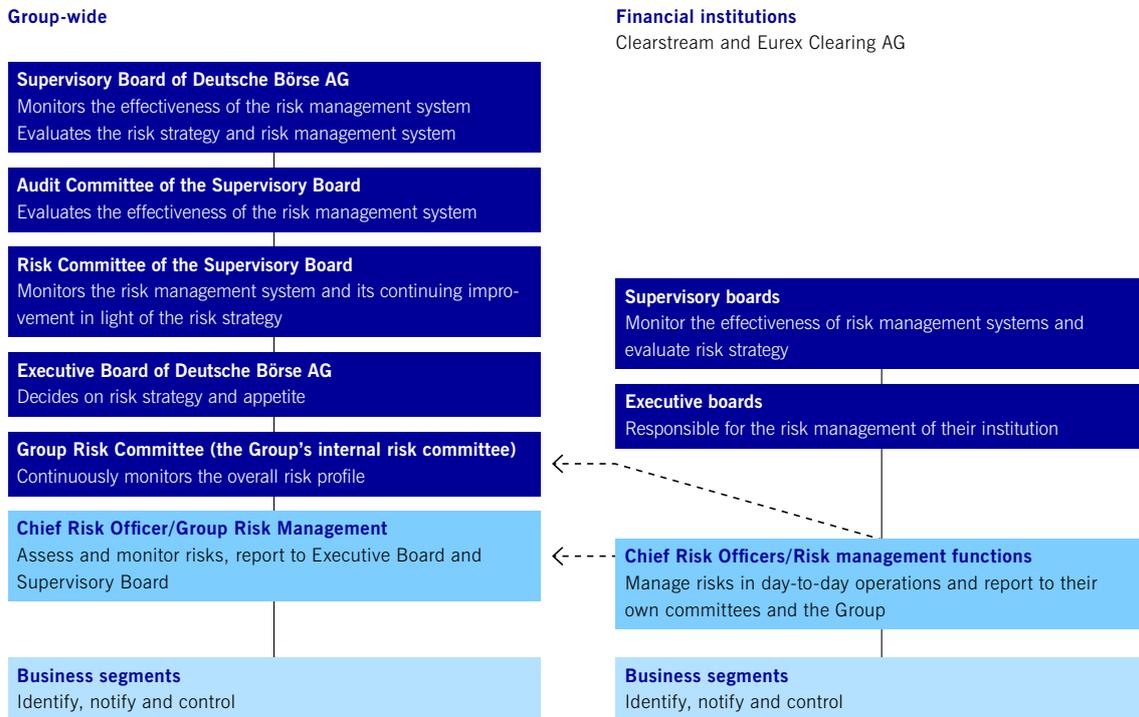
The Group Sustainability unit is responsible for the strategic analysis of climate-related challenges and global trends and prepares the meetings of the GSB. It compiles specific sustainability-related information for the individual business areas, anchors sustainability in the core business and is engaged in a regular exchange with a large number of internal and external stakeholders.



Alongside the GSB, the Group-wide recording and monitoring of risks by Group Risk Management (GRM) is another key element to identify and disclose ESG risks in the business model and corporate strategy of Deutsche Börse Group. The individual business areas thus also establish climate-related risks and report them to GRM on a regular basis or, in urgent cases, immediately. The GRM evaluates the risk potential under the leadership of the Chief Risk Officer and decides how it should be managed by the business areas. In turn, GRM reports to the responsible Executive Board members and bodies.

With the help of the information from GRM and Group Sustainability, the Group Risk Committee (GRC) reviews the Group's climate-related risk exposures. The GRC is an internal risk committee at management level. It is headed by the Chief Financial Officer and is positioned at the interface between GRM and the Executive Board or Supervisory Board of Deutsche Börse AG and the relevant board committees.

Risk management – organisational structure and reporting lines



For further information, see the sections on corporate governance, risk governance and the risk report in the Annual Report of Deutsche Börse Group.

Strategy

In order to promote the development of the climate strategy Deutsche Börse aims to update it on a regular basis. The underlying identification and management of the climate-related opportunities and risks result from the overall business strategy. The measures taken include the (further) development of financial products and services, a steadily improving decision-making process, the review of processes, the setting and achievement of targets, an improvement in the ecological balance and a continuous dialogue with internal and external stakeholders.

Deutsche Börse is convinced that climate change will have a material impact on the economy as a whole and thus also on Deutsche Börse Group. Already, acute and chronic physical risks resulting from climate change can be observed, which are affecting the company and its stakeholders alike. Even though these physical risks will have significant economic and social consequences, they are limited and can be managed by Deutsche Börse Group. From our perspective as a company and a capital market organiser, the so-called transition opportunities and risks play a more important role.

The overall corporate strategy of Deutsche Börse Group also takes climate change into account in the context of the changing underlying conditions. For example, in November 2018 a new segment for green bonds was introduced on Frankfurter Wertpapierbörse (FWB®, the Frankfurt Stock Exchange) to take into account the global

rise in demand for sustainable forms of finance. In addition, Deutsche Börse has been an advocate of sustainable finance for some time: as well as offering a product portfolio of around 100 sustainability indices, in 2018, it created the Green and Sustainable Finance Cluster Germany (GSFCG) in cooperation with the Hesse Ministry of Finance. The initiative seeks to make efficient use of the expertise in the area of sustainable finance and to implement specific courses of action to ensure the viability of financial market structures.

As a diversified exchange organisation, Deutsche Börse Group's products and services cover the entire value chain in the financial market infrastructure segment. The business areas extend from pre-IPO services and the trading, clearing and settlement of securities through to the custody of securities and other financial instruments as well as collateral and liquidity management. The Group also offers IT services, indices and market data worldwide. Along this value chain a task force of the GSB on the subject of climate strategy has identified the following climate-related opportunities and risks for the business, strategy and financial planning of Deutsche Börse AG:

Opportunities and risks along the value chain of Deutsche Börse Group

	Opportunities	Risks
Overarching opportunities and risks	Tapping new markets as a consequence of increased regulation or changed market preferences	<ul style="list-style-type: none"> ▪ Legislation / regulation ▪ Reputation ▪ Market position / competitiveness
Pre-IPO und listing	<ul style="list-style-type: none"> ▪ World's leading hub for IPO's of 2-degree-compatible companies ▪ Promotion of (young) companies at the interface between finance and climate technology / data (Climate-Tech Hub) 	
Trading	<ul style="list-style-type: none"> ▪ Platform to transfer climate-related risks ▪ Segment for 2-degree-compatible investments (segments for funds, shares, ...) ▪ Platform for emissions allowances trading (as market-based mechanism to combat climate change) 	Regulatory risks
Clearing	Since new investments come along with high default risks, EEX transacts those through clearing houses	
Settlement	<ul style="list-style-type: none"> ▪ ICSD settlement and custody volumes benefit indirectly from the LuxSE Green Exchange via issuance in the international market (XS ISIN) ▪ Take-up by other listing venues, and Xetra, could increase volumes 	<ul style="list-style-type: none"> ▪ Outright competition with LuxSE by Xetra could damage the relationship between Clearstream and LuxSE ▪ Issuance shift to CBF (lower fees) and other listing venues (using other CSDs) could reduce ICSD revenues
Custody	The European Commission's High Level Expert Group on sustainable finance recommended EU-wide label for green investment funds and European standard for green bonds could both be used to attract AuC	<ul style="list-style-type: none"> ▪ Failure of one or more market participants or issuers as a result of extreme climatic events ▪ Issuance shift to CBF (lower fees) and other listing venues (using other CSDs) could reduce ICSD revenues

Collateral and liquidity management	Inclusion of climate risks in risk management	Depreciation of collateral
Marketdata	<ul style="list-style-type: none"> ▪ Increasing market transparency ▪ Increasing security 	
Indices	<ul style="list-style-type: none"> ▪ Increasing visibility ▪ Depiction of a 2-degree-compatible economy 	
Technology	Innovative products and services in response to changing markets (facilitating transformation to low-carbon economies, e.g. Wind Power Futures, PPAs, Trade Registration of Guarantees of Origin)	

Risk Management

Deutsche Börse Group attaches great importance to climate change within the overall operational strategy. To evaluate the opportunities and risks of climate change it draws up a large number of plausible future scenarios that are based on a range of assumptions and restrictions. It analyses on a continual basis how climate risks manifest themselves, how much they impact the financial performance, which of the products and services are affected, and which steps based on the core business and which strategic steps are suitable for taking advantage of opportunities and minimising risks.

Based on this premise, Theodor Weimer, Chief Executive Officer of Deutsche Börse AG, commissioned the GSB with the development and publication of a climate strategy for Deutsche Börse Group. And so the Climate Strategy Task Force was established in the second half of 2018. It consists of members of the GSB and identified and discussed climate-related opportunities and risks along the value chain. The results of these discussions form the core of the strategy. A distinction is drawn between the impact of climate change on Deutsche Börse Group and the impact of the Group on climate change (as a listed company and capital market organiser).

The Task Force will deal with the climate strategy, a possible strategy update and further development on an annual basis. The process is a structured learning process with the general challenge of finding a middle way between the business management demand for secure decision-making knowledge and the need to evaluate the uncertainty of knowledge in the context of a transformation process towards sustainable finance. The processes used to identify, evaluate and manage climate-related opportunities and risks are solution-oriented. It is our constant ambition to understand the relationship between the environment and society, between climate change and the financial market and thus also the possibilities of shaping these relationships on a sustained basis. Environmental problems are also always societal problems. As part of society, as an organiser of international capital markets and as a listed company, the Group seeks not only to limit the impact of climate change on itself but also to provide support when it comes to tackling the problems and challenges on the way to sustainable finance and a sustainable global economy.

As part of this process of transforming society as a whole Deutsche Börse Group is engaged in a continuous exchange with internal and external stakeholders on sustainability, climate action and sustainable finance. It sees this not only as part of its strategic approach but also as managing climate-related opportunities and risks.

Thus Deutsche Börse together with the Green and Sustainable Finance Cluster Germany seeks to drive the sustainable development and associated transformation process in the financial sector, also in respect of sustainable climate finance.

The Group is also an active member of a range of climate-related business initiatives. In August 2009, it joined the UN Global Compact, which focuses on the protection of the environment, among other things. The Company is also a member of the Sustainable Working Group of the World Federation of Exchanges (WFE SWG) and the Sustainable Stock Exchange Initiative (SEE), a partnership programme of the UN Environment Programme Finance Initiative (UNEP FI) and the Principles for Responsible Investment (PRI).

Metrics and targets

For Deutsche Börse Group, knowledge is a prerequisite for responsible action – knowledge which is based on freely available, transparent and comprehensive information. Attempts are being made to make sustainable action measurable, also with regard to global warming. The metrics and targets to evaluate and measure relevant climate-related opportunities and risks relate to Deutsche Börse both as a listed company and as a capital market organiser.

For the company this means monitoring the metrics on climate-related sustainability performance on a systematic basis and publishing them as part of comprehensive reporting. As a service company operating primarily in the electronic segment, however, environment concerns of an operational ecological nature are of minor importance. Nevertheless, Deutsche Börse Group is committed to the environment and the conservation of natural resources. Hence the company seeks to reduce greenhouse gas emissions further. Examples include:

- Sustainably generated hydroelectric power operates the servers in the EQUINIX data centre used throughout the Group.
- Shuttle buses operate between the Eschborn and Luxembourg locations to reduce individual car journeys.
- Employees receive season tickets for public-sector transport.
- Video conferences increasingly take the place of business trips.

The Company is continuously working to optimise the collection of Group-wide environmental and climate data to increase the transparency of reporting and derive further potential for savings.

Indicators for its environmental sustainability performance are available on DBG's website: www.deutsche-boerse.com > Sustainability > Reporting > ESG indicators.

Ratings and indices fulfil an important information function with regard to handling climate change as companies are rated by independent institutions according to their management of ecological opportunities and risks. Deutsche Börse Group takes part in a large number of rating projects, for example the CDP, the FTSE ESG rating, the rating by Oekom research AG, and in RobecoSAM and Sustainalytics. Thanks to its positive assessment in various ratings, the Deutsche Börse share has been included in a large number of sustainability indices.

The sustainability performance of Deutsche Börse Group, captured by ratings and indices, and the current CDP survey are available on DBG's website: www.deutsche-boerse.com > Sustainability > Set an example > Ratings.

As an organiser of international capital markets, Deutsche Börse's climate strategy discloses the transformational risks and opportunities with regard to climate change along the value chain. The results need to be interpreted in a context of strategies and drivers of change, for example regulation, technology or the market: If a risk or an opportunity is relevant, a business change needs to be implemented on the basis of this finding. For example, a broad range of sustainability indices has long been offered as the basis for climate-friendly investment decisions, and since November 2018 a new green bond segment has been available on the Frankfurt Stock Exchange. This guarantees that the corresponding business changes are financed in the economy as a whole.

For further information, see the section on sustainable index products in the combined non-financial statement in the Annual Report of Deutsche Börse Group and www.boerse-frankfurt.de > Bonds > Green Bonds.