



# United Nations Global Compact Communication on Progress 2019

Deutsche Börse Group endorses the UN's Universal Declaration of Human Rights. As a member of the UN Global Compact, Deutsche Börse Group is highly committed to implementing the UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption throughout the Group when designing our business processes and strategies. In 2019, Deutsche Börse Group developed a range of initiatives in conjunction with the Global Compact's ten principles:

## **Transparency – cooperation with international ESG organizations**

As a central “interface” between capital market participants, Deutsche Börse Group regards it as part of its responsibility to create a platform, which explains various environmental, social, and governance (ESG) approaches. Deutsche Börse thus enables market participants and the public to gain an overview of different transparency initiatives and to exchange ideas with others: As a member of the IIRC German Roundtables, Deutsche Börse actively contributes to shaping the framework of a new integrated reporting. The IIRC's aim is to develop an integrated reporting system with an international focus, which ensures that a company's key facts and figures are communicated clearly, concisely and transparently. As part of its partnership with the CDP, the information portal for sustainable securities has been providing climate data from roughly 1,800 companies around the world to interested market participants, free of charge, since April 2012. The data facilitates a direct comparison of companies' carbon emissions.

## **In line with our business – a management body for sustainability**

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

integrated reporting since 2012. ESG parameters are not shown in a separate annex – instead, they form an integral part within all sections of the report, demonstrating their visible interconnection to the classical financial reporting.

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

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

As of 2019, Deutsche Börse is still an active member of the Sustainable Stock Exchanges initiative and further aims to discuss matters such as best practice approaches in sustainability within the SSE and to define the role of capital market infrastructure providers within the sustainability movement and to dovetail the SSE with parallel initiatives.

### **Supplier Code of Conduct and Supply Chain Assessment**

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

At present, around 99.2 per cent (2018: 98.8 per cent) of the procurement volume is covered by agreements of the code of conduct for suppliers. As a rule, any new suppliers must either sign Deutsche Börse Group's code of conduct for suppliers. In exceptional cases, they may have a self-commitment in place that is at least equivalent.

Above and beyond this, Deutsche Börse Group analyses the extent to which its suppliers have their own guidelines – such as codes of conduct or supplier codes of conduct – or have signed up to recognised social standards. To this end, the Group analyses sustainability risks in her supply chain since 2016. The purpose of this survey is to identify risks in relation to environmental protection and social matters, with a particular focus on human rights.

### **Sustainable index products**

Deutsche Börse Group develops sustainable indices in order to offer responsible investment options to investors, according to environmental, social and economic (ESG) criteria. Qontigo's index provider STOXX is part of Deutsche Börse Group, and calculates and distributes around 12,000 indices, a growing number of which are designed after sustainability aspects. STOXX's offering of sustainability indices is diversified and includes environmental, social and governance- (ESG), climate change- and carbon emissions-related products. Indices are built based on internal research and the evaluation of market demand.

As asset owners are steadily stepping up their fiduciary role and are implementing environmental, social and governance (ESG) investment strategies, STOXX is addressing this development by offering two approaches for ESG-compliant versions of STOXX flagship benchmarks:

- STOXX ESG-X indices are ESG-screened versions of flagship STOXX global, regional, country, size and blue-chip benchmarks. They incorporate standard norm- and product-based exclusions that aim to limit market and reputational risks while keeping a low tracking error and a similar risk-return profile to the respective benchmark. STOXX specifically excludes companies that Sustainalytics considers to be non-compliant with the UN Global Compact Principles, are involved in controversial weapons, are tobacco producers and that either derive revenues from thermal coal extraction or exploration or have power generation capacity that utilises thermal coal.
- The EURO STOXX 50® ESG index is the ESG-integrated version of the key eurozone benchmark that combines exclusionary screens (as described above) and ESG integration criteria.

The EURO STOXX 50® ESG index and STOXX's suite of ESG-X indices are suitable for underlying mandates, passive funds, ETFs, structured products and listed derivatives with the ambition to increase liquidity and lower the cost of trading.

### **Eurex ESG derivatives offering**

Eurex took over a pioneering role by introducing an ESG product suite based on European benchmarks in February 2019. The three futures on the highly liquid European STOXX benchmarks covering ESG Exclusions, Low Carbon and Climate Impact support market participants to manage sustainability-driven challenges. In October the first exchange-traded ESG options on a European benchmark was added to the product range. At the same time the offering was further complemented by STOXX Select products with futures and options that capture the performance of European companies with high dividend payments and low volatility which are selected from the STOXX ESG Global Leaders index.

Products available for trading on Eurex:

- EURO STOXX 50® Low Carbon Index Futures
- STOXX® Europe 600 ESG-X Index Futures and Options
- STOXX® Europe Climate Impact Ex Global Compact Controversial Weapons & Tobacco Index Futures
- STOXX® Europe ESG Leaders Select 30 Index Futures and Options

Ten months after their launch in February 2019, STOXX Europe 600 ESG-X Index Futures, which are by far the most popular contracts, have reached over half a million traded contracts with ca. 50 per cent of the flow coming from end clients and asset owners. ESG is one of the major trends and the product interest is in line with Eurex expectations.

### **Green Bond platform on the Frankfurt Stock Exchange**

Deutsche Börse has launched a platform for green bonds on the Frankfurt Stock Exchange. It currently includes 235 bonds that comply with the Green Bond Principles of the International Capital Markets Association. With its offering, Deutsche Börse is responding to the globally increasing demand for sustainable financing. Investors valuing both economic and ecological aspects can now easily find bonds with corresponding strategies via the new "Green Bonds" category on the website boerse-frankfurt.de. The bonds are listed on various European stock exchanges and are included in trading on the Frankfurt Stock Exchange. The Green Bond Principles of the International Capital Markets Association take into account, among others, the use of the issue proceeds, the project selection process, management and ongoing reporting on the use of the proceeds.

## Target female quotas adopted

Deutsche Börse AG's Supervisory Board has defined a target quota for women on the Executive Board in accordance with section 111 (5) of the AktG. The first minimum target –20 per cent of the Executive Board members were to be women – was complied with by the end of the implementation period on 30 June 2017. The quota of women on the Executive Board was 20 per cent at such point in time.

With regard to the Supervisory Board, the legally prescribed gender quota of 30 per cent in accordance with section 96 (2) of the AktG applies. In order to prevent the possible discrimination of either shareholder representatives or employee representatives, and in order to increase the planning security in the relevant election procedures, the shareholder representatives on the Supervisory Board have opposed the overall compliance of the quota in accordance with section 96 (2) of the German Stock Corporation Act. Thus, the minimum proportion of 30 per cent is to be complied with for each gender with regard to the shareholder representatives and the employee representatives. This means that at least two women and two men from each the shareholder representatives and from the employee representatives must be on the Supervisory Board. Currently, there are three women from the shareholder representatives and three women from the employee representatives. The legally prescribed gender quota is thus complied with.

Effective 1 July 2017, the Supervisory Board decided to extend the 20 per cent target quota of women on the Executive Board until 31 December 2021. This quota, however, declined due to the increase on the Executive Board to six members as of 1 July 2018, despite the fact that the actual number of women on the Executive Board did not change. The quota of women on the Executive Board is currently 16.7 per cent.

The Supervisory Board intends to comply with the 20 per cent target quota for women on the Executive Board and also intends to further increase the quota for women on the Supervisory Board. This will be taken into account in future personnel decisions.

## Improving our ecological footprint

For Deutsche Börse Group, environmental protection is an unconditional commitment to preserving the natural environment and resources. Deutsche Börse Group has made environmental issues an integral part of its sustainability activities. Within our Group-wide initiatives, we focus on reducing greenhouse gas emissions, water and paper consumption as well as waste to minimise our ecological footprint. In 2019,

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

## Employment Rights

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

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

## Trainings to prevent bribery, corruption and money laundering

Regular compliance training is essential for a culture of compliance throughout Deutsche Börse Group: the Group's employees worldwide are being trained with respect to relevant areas in the compliance context – also covering the areas of money laundering/terrorism financing, data protection, corruption, market manipulation and insider trading in particular. Managers who are exposed to increased compliance risks on account of their activities receive additional training in line with their needs. Participation training measures covering the compliance topics mentioned above is mandatory for employees, as well as for management. In 2019, 6,142 employees were trained in ABC measures.

## Life & Family initiative

It is Deutsche Börse Group's declared intention to achieve a reasonable work-life balance. The company offers a number of options designed to achieve a positive work-life balance as part of its "Job, Life & Family" initiative:

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

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

## Information on COP reporting

### Deutsche Börse Group taking part in the UNGC

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

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

### Decision in favour of Active Level reporting

Due to the characteristics of Deutsche Börse Group's business model, it is not possible to report in accordance with the "Advanced Level" requirements of the UN Global Compact Communication on Progress (COP). This is due to the fact that the majority of the required information does not apply to the company: Deutsche Börse Group provides services in the field of financial transactions and the information technology (IT) required for these transactions; it does not manufacture physical products.

Deutsche Börse Group's servers run on green energy, thereby reducing the company's ecological footprint as much as possible. As a matter of principle, suppliers are asked to sign the company's Code of Conduct. However, weighting possibilities across the first links of the primary value chain are very restricted on an overall basis. As an IT company, Deutsche Börse's ability to influence climate change is very limited. However, the reduction of greenhouse gas emissions and the responsible use of natural resources are an integral part of its sustainability strategy. Deutsche Börse Group is a listed company and operates internationally. However, the average total number of employees falls short of 6,286. The majority of employees work at its European locations.

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

## Our commitment to the financial markets

The Green and Sustainable Finance Cluster Germany e.V. (GSFCG) was created in spring 2018 in a merger between the Green Finance Cluster Frankfurt (established in November 2017) of the Hessian Ministry of Economics and the Accelerating Sustainable Finance Initiative (established in May 2017) of Deutsche Börse. The cluster's objective is to further mobilise the finance sector for climate protection and sustainable investment. The cluster as an association is based on the broad support of the financial community.

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

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

In 2019, the focus laid on further developing instruments for integrating sustainability aspects into the risk management of financial service providers. Therefore, in cooperation with experienced financial market practitioners, the Cluster has established a think tank for overcoming practical implementation issues with regard to the TCFD recommendations. Four workshops with selected financial practitioners helped to develop an in-depth understanding of the implementation of the TCFD recommendations.

Moreover, the GSFCG works in close cooperation with relevant political actors in Berlin at national level. At the European level, the cluster is actively involved in the European Commission's Action Plan on Sustainable Finance (as a member of the Technical Expert Group), supports its implementation and is involved in the coordination process regarding the upcoming regulation in the area of sustainable finance. Since June 2019, Deutsche Börse Group and the GSFCG have also been members of the German Government's Sustainable Finance Advisory Board to promote the dialogue between the financial industry, the real economy, civil society and science.