

2020

Non-financial report

Contents

Management Board Foreword	3
Group business model	6
Financial Services (FIN) segment	7
Technologies (TECH) segment	7
Goals and strategies	8
Legal framework of the separate non-financial Group management report	10
Sustainability management	10
Materiality analysis	11
Corporate governance and compliance	15
Corporate ethics	15
Compliance	16
Customers and products	19
Data protection and security	19
Customer focus	20
Innovative products and services	22
Fostering sustainable financial investment	23
Employees	25
Training and further training	27
Health protection	28
Employee satisfaction	29
Environment	32
Energy and emissions	32
Social responsibility	36
Capital market access and capital accumulation	36



Frank Niehage
CEO, Chairman of the Management

Muhamad Said Chahrour
CFO, Member of the Management

Dear Shareholders, Dear Friends of flatexDEGIRO AG,

2020 was a very eventful year for flatexDEGIRO. By merging with DEGIRO, we advanced to become Europe's leading retail online broker and have therefore laid the foundations for continued international growth. With our uplisting to the Prime Standard of the Frankfurt Stock Exchange and our inclusion in the SDAX, we made our debut on the international capital market. And our sponsoring of the Borussia Mönchengladbach football team, which kicked off this season, has taken our degree of public attention and brand recognition to a whole new level.

All of this makes us very proud. At the same time, however, we are aware that growth and familiarity also lead to increased responsibility. Towards our growing number of customers who entrust us with their money and their sensitive data. Towards our employees, who are not only passionately committed to our common goals but who have also been facing up to the private and professional challenges imposed on them by the coronavirus pandemic with courage and aplomb for over a year now. And towards the environment, whose resources we aim to use as sparingly as possible along our dynamic path to growth. We want to meet our corporate responsibilities in every regard and are therefore committing ourselves unequivocally to the guiding principle of sustainable development. We recently underscored this by signing flatexDEGIRO up to participate in the United Nations' Global Compact initiative. Based on a total of ten principles in the areas of human rights, working standards, environmental protection and the fight against corruption, the initiative pursues the vision of an inclusive and sustainable global economy.

Management Board Foreword

You have come to know us as a company that does not shy away from formulating ambitious goals, that pursues them doggedly and that reports on its progress transparently. Going forward, we also intend to uphold these standards in terms of sustainability. We completed our initial homework during the reporting year by appointing an ESG officer and identifying in detail the sustainability issues that are material to us. The development of a holistic sustainability strategy with appropriate goals is now on our agenda for 2021. Existing measures and goals from individual action areas will be incorporated into this.

Henceforth, the non-financial report, the first issue of which you have in your hands right now, will be a key tool in our sustainability communication. Just like our company, our objective is for it to evolve and continuously improve over time. We hope we have compiled an interesting package of information for you to mark the report's premiere. We wish you every enjoyment in getting to know flatexDEGIRO from a different perspective.



Frank Niehage
CEO, Chairman of the Management Board



Muhamad Said Chahrour
CFO, Member of the Management Board



Group business model

Group business model

Together with its subsidiaries, flatexDEGIRO AG stands for online brokerage and IT solutions that offer high standards of security, performance and quality in the financial services and financial technology sectors. Our business activities are focused on online brokerage. In terms of the number of transactions processed (pro forma), flatexDEGIRO is the biggest retail online broker in Europe.

With the development and operation of innovative IT technologies as well as efficient securities and payment processing, up to and including the end customer business in the online brokerage sector, the flatexDEGIRO Group is a full-service provider. As an innovative financial sector company with in-house IT and an internal bank, flatexDEGIRO offers an extraordinary level of vertical integration and is only reliant on external service providers to a minor extent.

At the end of 2020, flatexDEGIRO AG was operating at nine locations in Germany, with an additional location in each of the Netherlands, Austria and Bulgaria. On the closing date, 971 staff were employed at the flatexDEGIRO Group.



Financial Services segment (FIN)

flatexDEGIRO's primary focus is on online brokerage, which forms part of the B2C business within the Financial Services segment. With its DEGIRO, flatex and ViTrade brands, the Group is represented in a total of 18 European countries and is therefore the only retail online broker to cover all significant European markets.

All online broker brands are specialized in the non-advisory securities business and are aimed at traders and investors who act autonomously. As we continue to grow successfully, an increasingly broader customer base is being addressed. Our trading portfolio extends to all types of securities that can be traded on German and numerous international stock exchanges as well as off-floor direct trading. As pure online brokers, the brands do not operate any branches but provide various trading platforms and access options for trading securities products. The access options are being constantly evolved to address further customer groups.

flatexDEGIRO B2B also performs services for European financial institutions as well as banking-related companies in the areas of business process outsourcing, clearing, employee participation and cash management. With regard to the strategic focuses in the B2C business, specific expansion is only taking place in those areas that are directly related to the securities business in order to further reduce the internal costs per securities transaction within the Group and to enhance the scalability of the platform as a whole.

Technologies segment (TECH)

Designed as a standard platform for the technological mapping of business processes for full banking operations, FTX:CBS meets current regulatory, security and availability requirements. The combination of software and IT infrastructure has created a scalable system that allows flatexDEGIRO AG to process a growing number of transactions with its own systems and achieve sustainable economies of scale. In 2020, flatexDEGIRO was able to reliably process more than 75 million transactions (pro forma) from 1.25 million customers across the group.

The FTX:CBS is divided into four platforms from which modular technology support can be offered:

- The **sales platform** provides the basis for customer contacts, with components relating to online opening of a cash and securities account, customer relationship management, online banking front end, trading front end, support and call center as well as (marketing) campaign management.
- The **production platform** encompasses all production processes involved in account and securities account management, deposit operations, securities settlement, payment transactions, money market and foreign exchange dealings, lendings and cash logistics.
- The **regulatory and steering platform** covers accounting, notification, reporting and risk management business processes.
- The **support platform** supplements the aforementioned platforms with archiving, release management, fulfillment and authentication processes.

Goals and strategies

flatexDEGIRO AG is committed to establishing itself as the leading independent European financial super-market by 2025 at the latest. Focus here is mainly on evolving and extending the online brokerage business. In accomplishing this, the company is primarily aiming to achieve sustainable, above-average growth as well as rapid market penetration, particularly to continue increasing the familiarity of the flatex and DEGIRO brands. Remaining a technology leader is also critical to success. The goals for the operating segments are derived from the following overarching objectives.

After taking over DEGIRO in July 2020, the Group chiefly intends to grow organically with its online brokerage brands in the existing markets by attracting new customers with its extensive and independent product portfolio, its transparent, convenient and customer-focused platforms and its attractive price model. In this process, DEGIRO will focus on international growth while flatex will target continued growth in Germany and Austria. By 2025 at the latest, the aim is to increase the number of securities transactions that are processed to over 100 million transactions per year. At the same time, the customer base should grow to at least three million customers during this period.

If necessary, acquisitions may be undertaken to meet these growth targets. Growth through acquisitions will be aimed at online brokers with higher costs per transaction, higher costs per customer acquisition, inefficient product partnerships or difficulties in complying with increasing regulatory requirements. With its established processes and systems, its efficient marketing strategies, its prize-winning product portfolio and its experienced management team, flatexDEGIRO can leverage its potential here in order to generate long-term profits and create added value.

Expansion outside of Europe is not on the agenda at present.

The primary objective in the Technologies segment involves the technical harmonization and integration of the customers, transactions and processes of DEGIRO B.V., which was taken over in 2020. This integration will contribute to exploiting the potential synergies of this collaboration and to further optimizing the capacity utilization of FTX:CBS. One continuous goal is the provision of high-quality IT services that comply with both the statutory and the supervisory regulations and which support efficient business operations thanks to their stability and performance.

More detailed information about the business model can be found in chapter 1 "Fundamentals of the Group" of the 2020 annual report.

Legal framework

Legal framework of the separate non-financial Group management report

flatexDEGIRO AG is publishing its first separate non-financial Group management report (hereinafter: non-financial report) according to the German Commercial Code (HGB) and is therefore meeting the requirements of the German CSR Directive Implementation Act (CSR-RUG) at company and group level pursuant to Sections 315 b and 315 c in combination with Sections 289 b to 289 e HGB.

The reporting period of the non-financial report corresponds to the calendar year. Unless otherwise indicated, all of the information provided in the report refers to the Group companies that are also included in the consolidated accounts.

References to information outside of the consolidated Group management report and the management report of flatexDEGIRO AG is further information and is not part of the non-financial report.

The option of using the generally applicable frameworks for reporting on sustainability topics as orientation to prepare the non-financial report was not exercised, as our sustainability management is still under development. We will re-evaluate exercising this option at a later point in time.

Substantial risks must be reported within the non-financial report pursuant to Section 289 c(3) no. 3 and no. 4 HGB insofar as this information is required for an understanding of the Group's business development, business performance and position as well as the latter's impact on non-financial aspects. flatexDEGIRO regards risk and opportunity management as the ongoing task of identifying, analyzing and assessing the spectrum of possible and actual developments within the company and the company's environment. flatexDEGIRO has implemented a range of risk-mitigating measures in this context. With regard to the aspects of the CSR-RUG identified as relevant to the non-financial report, the net assessment of risks reveals no substantial risks associated with our own business activities, products or services that are highly likely to have or will have serious negative effects on non-financial aspects. For further information, reference is made to the section entitled 'Risk and opportunity management' in the Group management report for the 2020 financial year.

The non-financial report was prepared by the Management Board, subsequently reviewed as regards lawfulness, orderliness and expediency and then adopted by the Supervisory Board of flatexDEGIRO AG.

Sustainability management

flatexDEGIRO regards sustainability as a long-term value driver that offers advantages at an economic, ecological and social level. With this in mind, flatexDEGIRO is committed to the guiding principle of sustainable development. Business success, integrity, responsibility towards employees and society as well as environmental protection are values that we are already actively putting into practice. To underscore this agenda, flatexDEGIRO has signed up to the United Nations Global Compact (UNGC). The UNGC is the world's

largest and most important initiative for sustainable management and, by signing up, flatexDEGIRO is committed to recognizing its ten universal principles.

The flatexDEGIRO AG Management Board is advised by ten committees staffed by Group managers. To drive our commitment to sustainability forwards in a structured and efficient manner within the company, we have added sustainability topics to the agenda of the corporate governance committee meetings and have appointed an ESG officer in the form of a colleague who is a certified sustainability manager. He is in constant dialogue with the responsible specialist departments and the Management Board.

Materiality analysis

To determine the sustainability topics of relevance to flatexDEGIRO, a materiality analysis oriented to the principles of sustainability context, materiality and completeness was conducted during the fourth quarter of 2020.

The materiality analysis serves to identify those topics that are material to an understanding of the company's business development, business performance and position as well as an understanding of the impacts of its business activities on the non-financial aspects. The key topics that are determined are used as the basis for developing flatexDEGIRO's sustainability goals and reporting on the Group's non-financial issues.

A multi-stage process was implemented to determine these key topics: firstly, a catalogue containing a broad range of sustainability-relevant topics was produced on the basis of national and international reporting standards, statutory regulations, peer group analyses and best practices. The topics were then grouped and assigned to action areas as the basis for internal coordination and discussion, which formed the second step. This resulted in a catalogue of topics of potential relevance to flatexDEGIRO from five action areas. The subsequent, anonymous survey was conducted using an online polling tool and concentrated on the Management Board, managers and employees from the specialist departments. They were asked to assess the topics on the basis of two criteria using a four-step scale:

1. Relevance to flatexDEGIRO's long-term business development
2. Significance of the impacts of flatexDEGIRO's business activities

Consequently, a topic is material if it is of high, direct relevance to our business development and/or the impacts of our business activities on this topic are assessed as extensive. Our managers and experts from the specialist departments made use of their experience, dialogue with stakeholders and sector observations to assess these material sustainability topics.

In its materiality analysis, flatexDEGIRO has identified eleven topics as material pursuant to CSR-RUG. The results show that the understanding of sustainability at flatexDEGIRO is linked closely to the company's business activities and value-adding processes. Besides the legally relevant matters, we will therefore be reporting on an additional non-financial concern dealing with the topic of 'customers and products'.

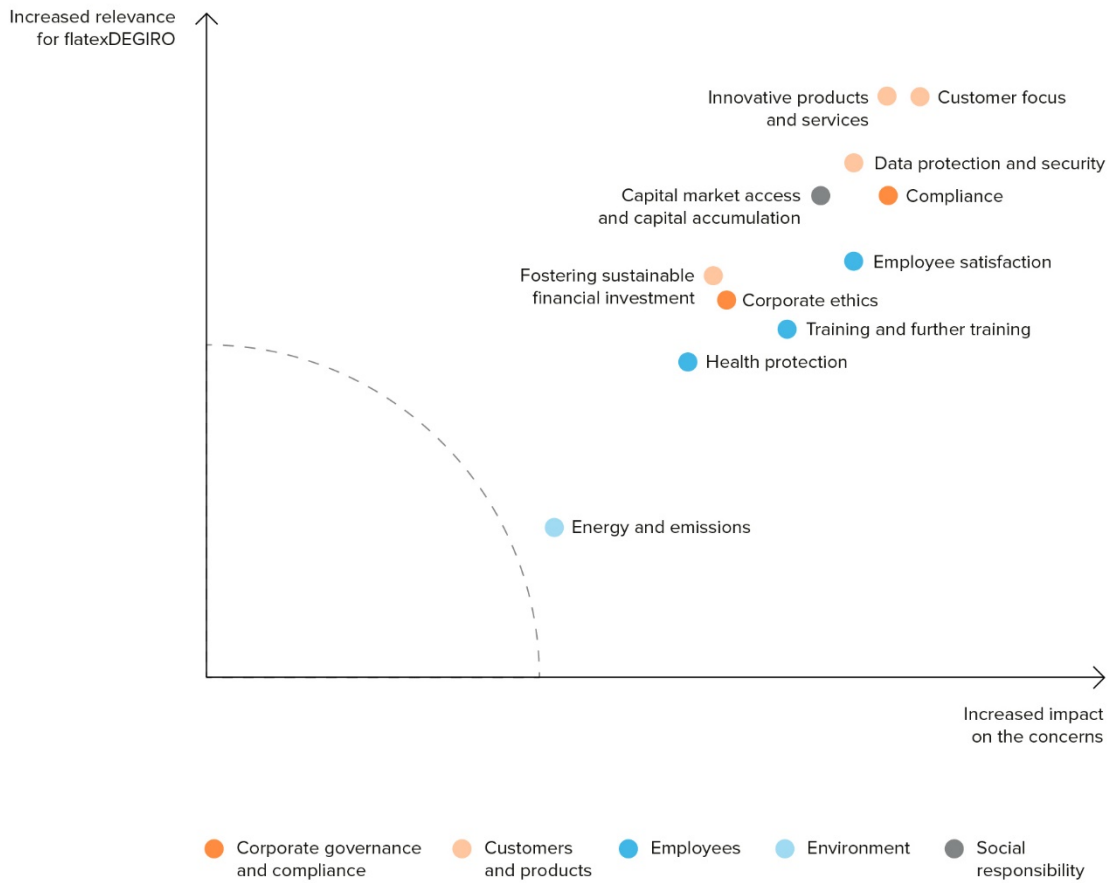
In the following table, the topics identified as material are assigned to the legally defined non-financial concerns and the reporting in this report:

Index to the non-financial report

NFR-relevant concerns	Material topic	Section/page
Environmental concerns	1. Energy and emissions	P. 32
Employee concerns	2. Training and further training	P. 27
	3. Health protection	P. 28
	4. Employee satisfaction	P. 29
Respect of human rights	5. Compliance	P. 16
Combating corruption and bribery	6. Corporate ethics	P. 15
Social concerns	7. Capital market access and capital accumulation	P. 36
Customers and products	8. Data protection and security	P. 19
	9. Customer focus	P. 20
	10. Innovative products and services	P. 22
	11. Fostering sustainable financial investment	P. 23

The flatexDEGIRO Management Board has discussed and adopted the identified topics. They have been transferred to a materiality matrix that takes the following form:

Materiality matrix



Corporate Governance

Corporate governance and compliance

flatexDEGIRO bears a social responsibility in multiple regards. Besides creating value for all of our stakeholders, this also includes always keeping an eye on the impacts of our business model. As a forward-looking company, we believe we have a duty to reconcile economic, ecological and social aspects.

In doing so, adherence to regulatory requirements and laws in the context of our comprehensive compliance management forms the basis for our activities. However, our responsibility extends far beyond this. We are obligated to our shareholders, customers and business partners, we have a particular responsibility towards our workforce as an employer and we regard ourselves as part of a society for which we want to create added value.

Responsible corporate governance that is aligned with our corporate values, action guidelines and effective management systems are the framework with which we transform our standards into our daily activities.

Corporate ethics

Our corporate ethics are expressed in our values, policies and daily activities. They essentially determine how we act in all areas in the interests of our reputation and of our stakeholders. By acting in a transparent manner and engaging in dialogue, we reinforce the trust placed in our company.

A certain degree of formalization is required to implement a company's values in day-to-day business. Amongst other locations, the principles of flatexDEGIRO's ethical corporate activities are set down in our code of conduct, which is uniformly applicable to all companies. The code of conduct additionally includes specifications concerning quality requirements, customer focus, environmental protection and security aspects as well as the issues of diversity and human rights.

Further guidelines and policies in the area of compliance concretize regulations concerning specific topics and help our employees to act with integrity. During the ongoing development of our sustainability strategy, we will strive to evolve our internal guidelines and regulations.

In doing so, it is important to us to keep sight of our value chain. In the coming two years, we intend to inform our suppliers about our code of conduct and request what is called a 'Code of Conduct self-declaration for suppliers and business partners' from them. Going forward, we aim to evaluate the inclusion of further relevant aspects in the code of conduct.

Compliance

Compliance management at flatexDEGIRO

Compliance is a central element of our corporate culture and the prerequisite for flatexDEGIRO's sustainable success. On the one hand, our compliance management is oriented towards the applicable regulatory framework conditions. On the other hand, we follow more demanding standards that we set ourselves through our code of conduct as well as internal guidelines and frameworks. The latter encompass a compliance control framework, anti-money laundering and anti-corruption guidelines as well as general compliance guidelines and policies concerning the topics of data security and data protection. The overarching goal in this process is to ensure conformity with all applicable laws, regulations and standards at all times. To do this, customers and ongoing transactions are checked using various automated procedures. We continuously evaluate our procedures and strategies as well as new statutory regulations and update our compliance program accordingly.

In our day-to-day business, our compliance office deals strategically with all aspects of compliance. It is headed by our compliance officer and is directly subordinate to the Management Board. The compliance office provides the Management and the Supervisory Board with regular reports about the current status of the compliance management systems and relevant topics.

In 2020, our compliance work was focused on planning the consolidation of our new company, DEGIRO, which is still an independently regulated institution at present. This topic will also remain a focus in 2021.

Risk management and whistleblowing

Preventative work is required to prevent compliance incidents and violations. Our risk management department, with which the compliance office is in regular dialogue, also contributes to this. Compliance issues such as anti-corruption or anti-money laundering measures are organized by using monitoring software tailored to flatexDEGIRO. Taking corresponding countermeasures into account, no significant compliance risks were ascertained in the latest joint risk analysis.

Besides risk management, flatexDEGIRO has also implemented a whistleblower system to preventatively identify and combat abuses. Employees who wish to report irregularities of any kind can do so by reaching out to the compliance office or by contacting the money laundering officer or his deputy directly. Suspected cases, possible legal violations and also incidences of discrimination can be reported anonymously and confidentially. The precise procedure is set down in internal policies and is familiar to all employees. We plan to continuously evolve these systems, particularly with regard to organizational changes within the Group.

Compliance training

We provide our employees with regular training in order to uphold a high level of compliance performance and to prevent compliance violations in advance. We expect our employees to act in accordance with the law, meaning that they adhere strictly to internal regulations as well as laws.

One of the compliance office's core tasks is therefore to provide employees with training and advice on the relevant aspects of compliance. In addition to general compliance training, focus during the financial year was placed on the areas of anti-money laundering and anti-corruption measures, data protection, IT security and occupational safety. This training is carried out at least once a year to actively raise awareness with all of our employees. Specific employee groups are also provided with the necessary training to fight fraud.

Our intensive training activities are aimed at sustainably and constantly ingraining integrity and compliant behavior more deeply within our employees.

In 2020, no suspected cases of corruption, discrimination or other compliance violations were reported using flatexDEGIRO's whistleblower system.

Customers and products

Customers and products

Data protection and security

On the closing date, flatexDEGIRO was serving more than 1.25 million customers and processed over 600,000 transactions on a single high-volume day during the financial year – two figures which clearly show why data protection and security are essential elements of our business processes. This involves both the protection of data confidentiality and the availability of systems as well as the prevention of data manipulation.

Responsibilities

In order to ensure data protection and security at all times, we have established complex security operations. Responsibility for this is borne by the information security officer/IT risk manager, the IT security officer and the data protection officer, each of whose activities are focused on different aspects. They provide the Management Board and the Supervisory Board with a monthly report concerning the current situation, developments and incidents in the area of IT security.

The information safety officer informs and advises the management about and on all issues concerning information safety, initiates and monitors the procedures, measures and training relevant to this and acts as the constant point of contact, e.g. for the establishment of contingency concepts or the investigation of information security incidents.

The IT security officer is responsible for the operational implementation of requirements in the context of IT security. This primarily involves searching for possible weaknesses and implementing preventative technical measures.

The data protection officer is responsible for providing the management and our employees with advice and information in matters pertaining to data protection. He also monitors adherence to the requirements of the General Data Protection Regulation (GDPR) and internal data protection agreements and works closely together with the responsible supervisory authorities.

The IT risk manager coordinates IT risk analyses in the company, informs the management about the current IT risk situation, controls the appropriate design of development measures and bears responsibility for the IT risk register.

Systems

We guarantee data protection and security using the latest software and cutting-edge technology. Amongst other measures, our systems are secured through a multi-stage firewall and end point protection on all devices. Protection against denial of service (Distributed Denial of Service – DDOS), extended e-mail protection and a multiple redundancy concept are also implemented in data storage and processing.

A process for appropriate IT rights assignment is implemented in terms of access controls. This process ensures that each employee only has the rights required for his or her work and is regulated by a work

instruction for authorization management. An appropriate specialist department has been set up to assign rights and profiles in employee applications and for recertification management.

Our two computer centers also ensure that operations are maintained and are certified according to ISO 27001 (information security management). This is confirmed by an independent auditor during annual audits. We will continuously review changes within the Group and adapt processes as necessary to comply with the highest of standards.

As part of our cooperation with UP KRITIS, we are working together with other operators of critical infrastructures, their associations and the appropriate state bodies to ensure the maintenance of supplies through infrastructures of material importance in Germany.

All hacking attempts carried out against flatexDEGIRO during the 2020 financial year were successfully repelled by our systems and were usually limited to DDOS attacks aimed at overloading our systems. No violations of customer data protection or the loss of such data have so far come to light at flatexDEGIRO. The biggest challenge in 2020 involved the incorporation of DEGIRO. The first IT security processes between flatexDEGIRO and DEGIRO were successfully harmonized during the course of 2020.

Customer focus

As an online broker, flatexDEGIRO provides various trading platforms and access options for trading securities products. Transparent price models, favorable terms and an extensive and independent range of products are some of the cornerstones of our business model. We strive to exceed our customers' expectations.

This is the responsibility of the Management Board, which consults with the specialist departments on all key issues during regular committee meetings. Important functions such as customer satisfaction, service and complaint management are the responsibility of the head of the banking center, who reports to the head of B2C. Both the head of B2C and the Management Board are provided with multiple reports, including weekly reports and a monthly report.

Acting in an open and transparent manner in all areas of customer communication and customer processes corresponds to our corporate ethical standards. This is expressed, for instance, through absolute cost transparency towards our customers. Before submitting an order, our customers can view the respective costs in simple and detailed form. It is also one of our fundamental principles that we do not burden our customers with any hidden costs.

Our employees engage in dialogue with our customers at a variety of levels. We register customers' wishes and requirements in direct discussion and through open exchange at investor fairs. We also conduct roadshows, customer events and training events, which also include feedback discussions with the participants.

During the 2020 financial year, the coronavirus pandemic meant that this dialogue could only take place online. flatexDEGIRO offered digital formats such as videos, webinars and virtual trader powwows, for instance. We hope to be able to engage in direct dialogue again with our customers in the future. As part of the continued development of our app in Germany (flatex-next), we are planning to establish additional communication channels directly via the app in 2021.

Customer satisfaction and customer feedback

Customer satisfaction is regularly ascertained in the context of standardized customer surveys. Our objective is to determine the level of satisfaction with our services as well as customers' expectations concerning the products and services that we offer and thereby to scope out the potential for future developments at flatexDEGIRO. In the last survey conducted in 2019, our Net Promoter Score (NPS), an important yardstick for flatex, improved to a value of 47 and was therefore considerably higher than the previous years' levels (2018: 41; 2017: 26).

We reinforce our customer-focused culture by continuously collecting feedback and optimizing our business processes on this basis. All customers are offered various options for contacting us – from telephone and e-mail to communication via web branch and also directly via the app in the future. Our service employees are highly qualified – training in banking, several years of experience working in the financial services sector or a degree are always fundamental requirements. We also provide them with continuous training on legal framework conditions and product specifications, for instance. In the 2020 financial year, our customer service was reinforced with new recruits.

All customer communication and therefore also all customer complaints are documented and evaluated using a CRM tool. This tool is also being constantly evolved; for instance, 2020 saw the implementation of optimized complaint registration.

The overarching objective in all areas of the business is to constantly reduce the number of customer complaints or to resolve them as well as possible.

To achieve this, we intend to set up an additional customer service center for all flatexDEGIRO customers. Planning for this was kicked off in 2020.

Essential measures for increasing customer satisfaction were also carried out again in 2020. Besides a fundamental revamp of the website, we introduced a VIP club for our most active customers at flatex. In 2021, we intend to further extend our products and services in the interests of satisfied customers. The exchange of best practices and the exploitation of synergies between flatex and DEGIRO are essential to the evolution of the company as a whole.

Innovative products and services

In our business, 'digital proximity' to customers is crucial. As well as transparent communication and fast provision of relevant information, this also includes a stable brokerage platform with state-of-the-art functions and innovative products and processes. The added value for our customers arises through the interaction of 'product', 'platform' and 'price'. Besides an attractive price-performance ratio with an extensive, innovative and constantly growing product portfolio, continuous investment in the platform is a key element for ensuring consistent availability, even on days with particularly high trading volumes.

Our objective is to continue simplifying access to the capital market through the expansion of functions for additional product groups such as ETFs and fund savings plans as well as ETPs, for example. To achieve this, we have implemented an innovation process based on two pillars.

The first pillar is a structured process for continuously improving our product and service portfolio. This includes a detailed analysis of the functional, technical and (supervisory) legislative requirements. All specialist departments such as marketing, the banking center and IT departments, for instance, are involved in this process. External specialists from the areas of design thinking as well as behavioral scientists are also involved early on. The process is coordinated by the product management. We are additionally planning to involve flatex customers directly in the development and prioritization process. This is intended to take place via a collaboration platform within the app (flatex-next).

The second pillar is a creative approach based on cooperation and exchange. Firstly, we are engaged in dialogue with other service providers and product suppliers within the financial industry concerning experiences, ideas and potential solutions. However, exchange outside of the financial community is also important to obtain additional stimuli from other areas of expertise. We are therefore collaborating with partners from the fields of research and science – universities, national and European institutions – at all of our locations.

The R&D and product management departments bear responsibility for this innovation process. Decisions concerning the exploitation of synergies, our future orientation and the specific next steps are taken in the requirements board and the product & design committee. The Management Board is represented in both bodies and is therefore involved directly in the processes.

We also undertook various measures to achieve our goals during the 2020 reporting year. The launch of flatex-next at the end of November marked the introduction of an intuitively operated user interface in Germany. Based on understandable language and transparent processes, it brings online brokerage closer to a broader sector of the population.

The merger of flatex and DEGIRO offers substantial potential for synergies in the medium term. The flexible, micro services-based system architecture enables solutions from both existing systems to be reused and made available to all existing customers. DEGIRO customers are provided with a deposit-protected account at flatex Bank AG, for example.

In the future, our intention is to offer DEGIRO customers extended access to OTC trading platforms, therefore significantly extending the trading times currently available during early and late trading.

Fostering sustainable financial investment

flatexDEGIRO wants to make its customers more acutely aware of sustainable investing and to inform them of the advantages of this form of investment. Sustainable investments can prove interesting both from a yield perspective and also in terms of their contribution to environmental protection and a socially more just society. We are convinced that we can contribute to more sustainable economic growth by fostering this form of investment. Our declared objective is to make ESG products significantly more visible. For instance, flatex-next offers a filter function for sustainable products that will be further extended over the coming years. There is also a category entitled 'sustainable investment products' (flatex-green).

In recent years, flatexDEGIRO has established an extensive portfolio of sustainable investment products. Due to the array of stock exchanges and trading platforms that are available, our customers accordingly have access to a high number of sustainable products. We also maintain partnerships with well-known vendors of sustainable investment products such as BlackRock, DWS, Amundi and VanEck, for instance. This enables us to offer our customers attractive terms for corresponding products.

We are aiming to host online seminars on the topic of sustainable investment in cooperation with vendors of sustainable investment funds and to educate people about sustainable financial products.

Employees

Employees

The long-term corporate success of flatexDEGIRO is based to a very large extent on the competence, the commitment and the flexibility of our employees. Interdisciplinary teams push ideas forward and develop new, interconnected solutions for our customers. Together we exploit the opportunities offered by our dynamic environment. In addition to operational growth, this also includes the continued internationalization of the business through our merger with DEGIRO.

The fusion of flatex and DEGIRO progressed as planned in the 2020 financial year. Besides the legal and organizational steps required to integrate DEGIRO, the biggest human resources policy challenges at present are the establishment of a common corporate culture and growing together on the basis of shared, practiced values.

Our human resources management is aimed at supporting this dynamic corporate growth while simultaneously focusing on individuals. Thanks to this merger, we are able to offer all of our employees an international working environment. The objective of our human resources work is to exploit synergies and to support our employees so that they can bring their expertise to bear in the best possible way during this phase of extensive corporate growth.

Human resources management

Our human resources operation is based at the Frankfurt am Main and Amsterdam locations. The head of human resources reports directly to the Chairman of the Management Board.

Integration of the new company, DEGIRO, is being driven forwards and controlled with a range of measures in the human resources department. Intensive cooperation with DEGIRO colleagues in Amsterdam is already taking place.

In 2020, we drove forwards the introduction of a dedicated HR management system and successfully transferred it to pilot operation. It is scheduled to go live in Q2 2021. This will ensure that all relevant personnel information can be visualized and retrieved in one single system. In addition to essential HR processes from recruiting to on/offboarding, this also includes all of the training courses that are available. These will be offered and also called up via the platform. In the future, DEGIRO's locations in the Netherlands and Bulgaria will also be incorporated into this system so that we have a uniform data base from the middle of the year onwards.

All strategic decisions concerning the topics of health protection and occupational safety will also be controlled centrally. The measures to be implemented during the financial year will be developed by the human resources department and coordinated with the Management Board. Sensitive additions at the individual locations will be decided on by the contact persons on site.

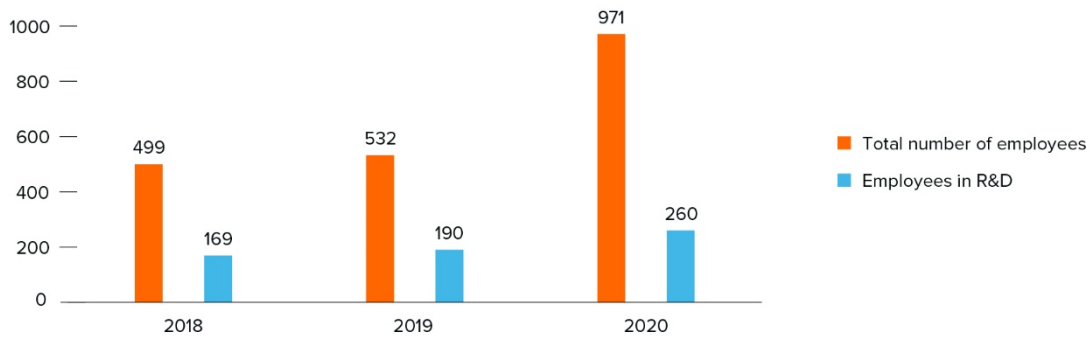
Further projects for integrating DEGIRO are planned throughout the course of 2021. The decision to introduce a uniform accounting system was taken back in 2020, for instance. HR requirement planning has also already been undertaken on a Group-wide basis.

Employees

Staffing levels

On 31 December 2020, 971 staff were employed at flatexDEGIRO at twelve locations throughout Europe. This amounts to a total year-on-year increase of 83%, which is chiefly attributable to the integration of DEGIRO. However, new employees were also specifically recruited. For instance, we took on new specialists, particularly in the areas of IT, securities trading and regulation.

Total number of employees, thereof employees in R&D

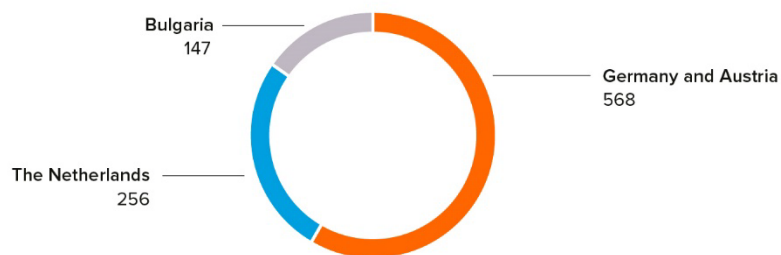


¹ flatexDEGIRO employs 23 temporary staff (not included in the total).

Total number of employees, broken down by age

	2020
Total number of employees	
Under 30	32.7%
30–50	54.2%
Over 50	13.1%

Total number of employees, by country/region



Training and further training

Fostering talent

In the light of demographic change, flatexDEGIRO is investing in promising talent – trainees and students. As of 31 December 2020, eight young people were undergoing training as IT specialists for application development and system integration and as bankers in the dual system. Besides specialist skills, we also attach great value to teaching them about our corporate culture, teamwork and customer focus.

Since 2015, flatexDEGIRO has been working with the Frankfurt School of Finance & Management and has sponsored the first dual FinTech bachelor's program, entitled 'Digital business'. The objective is to provide practical, dual training that brings together the different requirements of IT and financial services and imparts this knowledge to the students.

In Germany, we are currently employing 17 students from three years who spend two to three days a week and the time between terms working at the company.

Our aim is to foster competent, new talent and acquire it for our company. In 2020, four young professionals were taken on by flatexDEGIRO after completing their training or degree courses.

Development and further training

flatexDEGIRO expects its employees to exhibit a high degree of professionalism and willingness to learn. Diverse tasks and multidisciplinary projects offer individual development opportunities that we foster with specific further training options. The objective is to train our employees according to their personal development needs and their area of responsibility. Annual feedback and development discussions also took place during the 2020 financial year and further training potential was explored together with the employees. In Q1 2021, we are planning to conduct these discussions online due to the coronavirus situation.

With an average far in excess of 100 further training offers per year, we cover a wide range of topics, from English tuition and department-specific further training events up to and including part-time degree courses. Due to the continuing coronavirus pandemic, it was usually only possible to offer online training in 2020. Focus during the financial year was placed on the development of foreign-language skills to effectively drive internationalization further forwards. In 2020, selected employees also successfully underwent a test phase for the 'Stock exchange driving license' training course, in which the basics of the capital market and various financial instruments are taught. In 2021, we are aiming to become a member of the organizer BVH e. V. to enable all of our employees to take part in this training.

We are constantly working on our personnel development formats and the qualified exchange and knowledge transfer of our specialists and managers. For instance, a high potential circle has been an established part of flatexDEGIRO for the past three years. Due to the coronavirus pandemic, it was not possible to offer any specific further training measures for the participant group in 2020, but the option of coaching by an external trainer was available. This offer is to be continued in 2021 as well, as long as coronavirus-related restrictions are in place.

Health protection

As a responsible employer, we regard the protection of our employees' health as part of our credo. flatexDEGIRO responded quickly to the new situation caused by the coronavirus pandemic and offered all of its employees the option of mobile working from home back in February 2020. Since then, the entire workforce has been regularly informed by e-mail about how to act correctly in the coronavirus pandemic.

A shift system has been implemented to reduce contact for the very small number of people working on site in the offices. An electronic coronavirus calendar enables infection chains in the offices to be tracked at all times. All locations have been supplied with sufficient quantities of disinfectants and face masks, of course.

In view of this, it was not possible to conduct the usual health-related screenings, vaccinations or training courses in 2020. However, online training was offered in some cases. This encompassed topics such as occupational health and safety, screen workplaces and first aid as well as fire prevention training. If required, occupational health appointments were also scheduled on site in individual cases.

The biggest challenge to protecting the health of our employees arises due to the fact that they work sitting down at computer workstations. We address this challenge with precautionary check-ups and a modern, ergonomic working environment in the form of height-adjustable desks and orthopedic chairs, for instance. Due to the intensive use of mobile working and the continued promotion of 'new work' in the future, our responsibility as an employer will increase in this area. Accordingly, we are planning to offer specific training on occupational safety and health protection for mobile work in 2021.

Due to flatexDEGIRO's business model, we only record very few reportable commuting accidents and accidents at work for our employees. Three accidents at work/commuting accidents occurred during the 2020 financial year. The reportable accident rate during the financial year is therefore 0.2%. Despite this currently very low rate, it is important to flatexDEGIRO to constantly foster a culture of safety within the company. Consequently, we are taking the next step and planning to establish a uniform work safety strategy throughout the Group in the 2021 financial year.

Employee satisfaction

The satisfaction of our employees and, hand-in-hand with this, their sense of belonging to the company are two of the most important yardsticks for our success. As an employer, it is our responsibility to sustainably tie employees to the company in this current phase of very dynamic corporate growth and continuous changes.

Not only in the context of this process do we attach great value to active, open communication. The Management Board informs all employees directly about all important developments and events at Group level in Town Hall meetings or by e-mail. Regular dialogue takes place with the respective supervisors within the teams. The heads of the specialist departments and teams as well as selected key people circle specialists regularly engage in direct exchange and constructive dialogue through personal meetings and calls.

To obtain a precise picture of our workforce's expectations and perceptions, an employee survey is planned for the first time in 2021, with the intention of repeating it at regular intervals in the future. The objective is to identify starting points for optimizing measures in order to further increase our employees' satisfaction.

An average employment length of eight years at our young and rapidly growing company is proof positive of flatexDEGIRO's attractiveness as an employer. Fluctuation in 2020 was 11.5% (previous year: 12.3%).

Fluctuation

	2020	%	2019	%	2018	%
Based on voluntary resignation	107	11.0				
Total fluctuation	112	11.5	67	12.6	80	16.0

Diversity

flatexDEGIRO values the diverse qualifications, ideas, experience and perspectives of all employees, since these enable outstanding performances for our customers. Part of our credo includes a respectful corporate culture that offers all of our employees the same opportunities for advancement. It is set down in our code of conduct that flatexDEGIRO does not tolerate any discrimination on grounds of age, gender, ethnic background, disability, sexual identity, religion or ideology. Topics concerning respectful interaction with one another are also regularly dealt with in the context of compliance training.

Any transgressions of our guidelines can be reported to direct supervisors, the data protection officer or the works council (flatex Bank AG and DEGIRO B.V.) by the employees at any time. Anonymous reporting channels are also available.

Incidents of any kind are immediately followed up and investigated, and may also lead to dismissal. No incidents of discrimination occurred at flatexDEGIRO during the previous financial year.

Total number of employees, broken down by gender

	2020	%	2019	%	2018	%
Total number of employees	971	100	532	100	499	100
Of which females	307	31.6	178	33.5	170	34.1
Of which males	664	68.4	354	66.5	329	65.9

Work-Life-balance

Social changes are causing a shift in expectations regarding the work-life balance. This has already played a central role at flatexDEGIRO in the past. We want to relieve employees in the various phases of their lives using flexible working-time models and enable them to individually structure their work-life balance. We have been offering various flexible working-time models for a number of years. These include flextime, sabbaticals, semi-retirement and partner months, for instance. The return of parents to work, in particular, is fostered through various part-time models and the complete coverage of childcare costs up to school enrolment.

In view of the coronavirus pandemic, mobile working was used successfully throughout the Group during the 2020 financial year. All employees were provided with the required equipment – any purchases that were still necessary were effected at short notice in coordination with the supervisor and the IT department. Due to the high acceptance of mobile working, we have set ourselves the goal of making more intensive use of the options afforded by new work and of continuing to offer them to our employees even after the pandemic comes to an end. Amongst other measures, we will continue to promote mobile working subsequent to the coronavirus pandemic by providing our employees with the corresponding infrastructure.

Total number of employees, additionally broken down by full-time/part-time work

	2020	%	2019	%	2018	%
Total number of employees	971	100	532	100	499	100
Of which full-time	825	85.0	448	84.2	444	89.0
Of which part-time	146	15.0	84	15.8	55	11.0

Percentage of female managers

	2020
Females in the first level below the Management Board in %	22.2
Females in management positions in total in %	17.3

Environment

Environment

flatexDEGIRO's declared objective is to contribute to environmental and climate protection by using resources sparingly and minimizing the environmental impacts of our business activities. We have set down this commitment to responsible corporate management in our code of conduct.

A sustainability officer with ISO certification who was appointed during the 2020 financial year is responsible for active environmental management at flatexDEGIRO. Via the corporate governance committee, he coordinates all environmentally relevant decisions with the Management Board, to which he also reports directly. He additionally initiates the binding setting of environmental goals and is responsible for the implementation of adopted measures in the specialist departments.

Energy and emissions

Environmental management

As a medium-sized company, the most sparing possible use of energy, alongside business trips, offers the greatest potential for leveraging continuous improvements in flatexDEGIRO's environmental performance. Our environmental management is therefore focused on the efficient use of energy and the resulting reduction of emissions.

As part of our risk management, we additionally monitor relevant environmental regulation developments such as CO₂ taxation, for instance. Thanks to our innovative business model and our small corporate carbon footprint, we do not anticipate that any significant disadvantages will arise from this.

Energy consumption and reduction measures

flatexDEGIRO takes its ecological responsibility seriously and is pursuing the goal of reducing energy consumption at all of its locations. This will also lead to lower emissions, since these are largely determined by the use of electricity and heat at flatexDEGIRO.

We have adopted a lighting concept for the buildings that we use ourselves: the equipment at all new locations should make optimum use of daylight and therefore reduce the energy required for additional lighting. Energy-efficient LED lighting is installed as standard at the latest flatex locations in Zwickau and Hamburg; old locations will be successively converted. The switch to LED technology at all flatex locations is scheduled to be completed by the end of 2021.

Intelligent building technology control is also fitted as standard at our new flatex locations, enabling us to register high energy efficiency here thanks to consumption control and optimized, controlled usage behavior.

Our business model necessitates the use of computer centers and server infrastructure, which can prove very energy- and emission-intensive. We are constantly reviewing and optimizing the infrastructure and investing in new technologies to increase performance and – independently of this – reduce our energy needs. During the reporting year, we dismantled our older, existing infrastructure and replaced it with modern and more efficient alternatives.

In 2020, flatex also successively switched from classic PCs to thin clients or notebooks, which require significantly less energy in comparison. Once the integration of DEGIRO has been completed, we will also continue this switch there.

CO₂ emissions and reduction measures

As flatexDEGIRO does not own any buildings of its own but rents them at all of its locations, we only generate direct CO₂ emissions (scope 1 emissions) through the use of our vehicle fleet. Measures for reducing these emissions can be found in the section entitled 'Mobility behavior at flatexDEGIRO'.

A large part of our emissions results from the purchase of electricity and heat (scope 2 emissions). Amongst other measures, we are aiming to evolve our environmental data recording in this area by introducing a data recording tool. From 2021 onwards, our intention is to use this to record, analyze and document all directly and indirectly caused emissions according to the specifications of the Greenhouse Gas Protocol and in line with ISO 14064-1.

To reduce the absolute level of our scope 2 emissions, we are currently investigating switching our locations to emission-free green electricity, i.e. electricity from regenerative energy sources.

flatexDEGIRO also avoids emissions that occur in upstream or downstream parts of the value chain (scope 3 emissions). Our supply chain is therefore oriented toward sustainability standards: to protect the climate, we purchase hardware, primarily notebooks, monitors, servers and switches, directly from the manufacturer and therefore avoid additional routes via middlemen. In cooperation with our most important suppliers, we exchange information about current product developments and also take sustainability aspects into account in this process. All products are subjected to intensive tests in advance to minimize failures. Our focus on using energy-efficient and stable IT solutions not only benefits the environment but also our operating costs. Going forward, we would also like to make our customer contact more climate-friendly and are planning to distribute our correspondence within Germany with zero impact on the climate from mid-2021 onwards.

Mobility behavior at flatexDEGIRO

As the transport sector contributes significantly to environmental pollution, our declared goal is to work towards climate-friendly mobility. flatexDEGIRO has already adopted a travel policy that extensively rules out domestic flights in Germany. In addition, we have also been pushing forward with digital working in order to reduce the number of business trips since the advent of the coronavirus pandemic. To do this, all locations were equipped with new, professional video conference technology in 2019 and 2020 to ensure smooth digital interaction.

In the future, we want to record all of the emissions arising from our travel activities: from mid-2021 onwards, we will be using the 'Green reports' of a travel cost management vendor to do this and will also be feeding the data into our CO₂ calculator in parallel. We are planning to evaluate various compensation models for the resulting emissions.

We are one step further in terms of our vehicle fleet. From April 2021, we plan to compensate all emissions resulting from the use of our vehicles directly with a CO₂-neutral fuel card. We also intend to adapt our vehicle fleet policies and drive the promotion of e-mobility forwards. In addition to individual company cars, there are currently eight pool vehicles at the locations. As the leasing contracts expire, these are to be switched to electric or at least hybrid vehicles.

Further emissions are caused by our employees commuting to and from work. flatexDEGIRO promotes the use of local public transport and bicycles. In 2018, for instance, we gave each employee a bicycle and equipped our locations with a bicycle pool that all employees are able to use. We are additionally fostering the switch to e-mobility in the private sector by encouraging our landlords to install charging points in suitable locations. This is set to take place in 2021 at our Frankfurt am Main and Zwickau locations. The occurrence of emissions due to commuting will be avoided entirely through various measures aimed at mobile working on the part of our employees.

Social responsibility

Social responsibility

Capital market access and capital accumulation

Our business model is aimed at helping to foster the participation of society as a whole in international capital markets. Particularly in the current low-interest phase, long-term, higher-yield financial investment in the capital market in the form of shares, funds and ETFs plays a key role in wealth accumulation.

The largest possible group of people should be able to participate in the performance of international financial markets, also in order to supplement state pensions. By 2025 at the latest, we aim to have over three million customers on our platform.

Only simple access to the financial market and appropriately low transaction costs will make capital investment open and attractive to small-scale investors with smaller sums to invest. Our platforms meet these requirements. In this regard, refer to the explanations in the section entitled 'Innovative products and services'.

A comprehensive range of information and training on fundamental economic and financial knowledge, introductions to our online platforms, and product training help our customers to make considered decisions. We offer our customers a broad selection of videos, interactive formats and theme-based events (online and offline).

We will continue to pursue our goal of making investment and private old-age provision simpler for and more accessible to small investors over the coming years. The planned evolution of flatex-next and its introduction into further countries will contribute to this. This is aimed at long-term wealth accumulation and old-age provision for a broad section of the population.

2020

Non-financial report

Imprint

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