



Sustainability Report 2012

35 m

journeys for children
are free of charge every year at DB

500,000

customers used Call a Bike in 2012

1.9 m

standard containers reach their
destination via DB Schenker Logistics
on the world's oceans

12,000,000,000

kWh

were supplied by DB Netze Energy in Germany
in 2012 – enough energy for the Berlin metropolitan
region for one year

2.6 bn

passengers used DB Bahn Regional's
services in 2012

300,000 employees

work at DB in more

than **500** different fields

5,100

*freight trains are operated by DB Schenker Rail
throughout Germany and Europe daily*

250,000 fans

have liked DB's two Facebook pages since they launched in December 2011

Sustainability Report 2012

Table of contents

Preface	03
----------------	-----------

01 Successfully implementing the DB2020 strategy	04
---	-----------

<i>Creating harmony between economic, social, and environmental dimensions</i>	06
A portrait of DB	08
Opportunities and risks in the market environment	12
Realigning the Group's strategy and objectives	14
Anchoring sustainability management in the Group structure	17
Communicating with stakeholders	18
<i>"DB can set an example in the energy turnaround"</i>	22

02 Achieving profitable market leadership	24
--	-----------

Defining targets and areas for action	26
Heightening customer satisfaction	28
Investing in technology and infrastructure	30
Providing more customer information	31
Improving service quality	33
Driving innovation forward	34
<i>Smartphones and tablet computers make traveling easy</i>	36
Safeguarding profitable growth	38
Developing passenger services further	40
Integrating transport and logistics at international level	42
Strengthening infrastructure	44
Providing supporting services	47
<i>The roads of Europe are Arriva's laboratory</i>	48

03 Becoming a top employer	50
-----------------------------------	-----------

Defining targets and areas for action	52
Strengthening cultural change	55
Shaping employment conditions	58
<i>Combining work and study via just the right duty roster</i>	62
Promoting staff development	64
<i>Challenge and encourage</i>	66
Attracting employees	68

04 Pioneering environmental protection	70
---	-----------

Defining targets and areas for action	72
Expanding climate protection	74
<i>Going green with the BahnCard</i>	78
Improving noise protection	80
<i>"We need society's acceptance"</i>	82
Enhancing material and resource efficiency	84
Reducing air pollutants	86
Protecting nature and biodiversity	88

05 Playing a responsible role in society	90
---	-----------

Defining targets and areas for action	92
Building on competences	92
<i>Five kilometers against the current</i>	96
<i>A new approach to corporate citizenship</i>	98
Providing sponsorship	100

06 Upholding integrity	102
-------------------------------	------------

Defining targets and areas for action	104
Complying with corporate governance	105
Expanding data privacy	105
Firmly anchoring compliance	107
<i>Partners and business practices with integrity</i>	110
Developing procurement processes further	112

07 Facts and figures	114
-----------------------------	------------

About this report	116
Key performance indicators and other factors	117
Awards	133
Memberships	134
UN Global Compact communication on progress	135
GRI index	136
GRI statement	143
Independent Assurance Report	144
Glossary	145

Contacts	147
-----------------	------------

Imprint	148
----------------	------------

Dear Reader,

In 2012, Deutsche Bahn posted its best result in the company's history. March 2012 also marked the birth of the DB2020 strategy, which will ensure that success of this kind is sustainable – and secure society's acceptance. The core of this strategy is that creating harmony between economic, social, and environmental objectives is the only way to make our Group one of the world's leading mobility and logistics companies by 2020.

With our realignment, we are actively tackling the different challenges and opportunities presented by the world today. For example, increasingly volatile markets are making it more and more difficult to predict economic development trends. On top of this, our customers are looking for intelligent yet simple solutions in an increasingly complex world. Meanwhile, demographic change means that qualified workers are becoming scarce in many of our key markets. Last but not least, climate change and dwindling resources are gaining in importance.

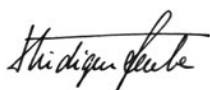
As a profitable market leader, we want to offer our customers first-class mobility and logistics services. That means we need to do more than just grow and enhance efficiency. We need to offer outstanding service, top quality, and intelligent solutions. As we need dedicated, enthusiastic employees to achieve this, we also want to offer our staff good, future-proof jobs – throughout their working lives if possible. With the DB2020 strategy, we have set ourselves the goal of becoming one of Germany's top ten employers and also expanding our position at international level. At the same time, an intact environment is essential for a sustainable society. With this in mind, we have made environmental friendliness a core principle and we will continue to consistently pursue our goal of becoming an eco-pioneer.

The following pages describe what we have achieved on this road so far. To name a few examples: by 2012 we had reduced our global specific CO₂ emissions by 12.3 percent as compared to 2006. The 2012 employee survey in more than 40 countries was the first world-wide questionnaire in the history of DB. 61 percent of employees had their say. We take their suggestions and criticisms very seriously and are carrying out a highly intensive follow-up process throughout all levels of the Group. Our many stakeholders – from policy-makers, associations, and customers to industry partners and investors – are also extremely important to us, as is shown by the invitation to the first DB Sustainability Day, which we issued in the reporting period. A second dialog event of this kind will be held in 2013.


As a member of the UN Global Compact, we have pledged to align our activities with the initiative's ten principles and report regularly on our progress. In the future, our reporting will no longer take the form of a separate annual report as well as a sustainability report. Instead, we plan to publish a single integrated report for financial year 2014.

We hope you enjoy reading this report.

The DB Group Management Board



Dr. Rüdiger Grube



Dr. Richard Lutz



Gerd Becht



Dr. Karl-Friedrich Rausch



Ulrich Weber



Dr. Volker Kefer



Ulrich Homburg



**Berlin, Group Headquarters: Dr. Rüdiger Grube, Chairman and CEO, and
Dr. Karl-Friedrich Rausch, Member of the Management Board responsible for
Transport and Logistics and Chief Sustainability Officer at Deutsche Bahn**



01

Successfully implementing the DB2020 strategy

DB strives for sustainable success. That is why it has initiated its DB2020 strategy. DB aims to become a profitable market leader, a top employer, and an eco-pioneer by 2020. To achieve this, it will seek to create harmony between its economic, social, and environmental activities.

Creating harmony between economic, social, and environmental dimensions

Driven by an awareness that sustainable business practices are the only way to safeguard long-term success, DB realigned its corporate strategy in 2012. With its DB2020 strategy, the company aims to bring economic, environmental, and social dimensions into harmony. Chairman and CEO Dr. Rüdiger Grube and Chief Sustainability Officer (CSO) Dr. Karl-Friedrich Rausch explain how the DB2020 strategy came about.



Dr. Karl-Friedrich Rausch, Member of the Management Board responsible for Transport and Logistics, Chief Sustainability Officer of Deutsche Bahn AG

Dr. Rüdiger Grube:

Lots of employees were unsettled following the changes to the Management Board in 2009. Up until then, the company's strategy had been oriented toward eventually going public. When the IPO (initial public offering) was called off in the midst of the economic crisis, a new approach was called for. There was a huge need for orientation which went beyond the firm's standing in the capital markets. We needed a vision that everyone could identify with – along with a comprehensive strategy outlining how this could be achieved. We started off by listening intently to our staff.

Dr. Karl-Friedrich Rausch:

At the same time, we had to face up to major challenges such as dwindling resources and demographic change. As a company which had been under considerable pressure to reorganize its finances since 1994, we are now looking in an entirely different direction. We currently need

thousands of new employees every year, partly because a lot of experienced people are leaving DB as they reach retirement age. Particularly in light of the increasingly tense situation on the labor market, we need to work hard to improve our image.

Dr. Grube:

Environmental issues are also gaining in importance – for future generations, our customers, our staff, and our company. At the end of the day, it all boils down to nothing less than a new, sustainable strategy: we can only impress our customers and be profitable if our employees are satisfied. At the same time, we must not do business at the expense of the environment. On top of all this, a company like DB has to achieve social recognition. Bearing all this in mind, we soon came up with three dimensions: economic, social, and environmental issues. A series of discussions then began, which centered primarily on putting these in order of priority.

Dr. Rausch:

The breakthrough came at an executive breakfast in Munich, when we reached a consensus on harmonizing the three principles. Until then, there had been a number of conflicting opinions. For example, one executive argued that economic interests must be given priority because nothing could be achieved without commercial success. Others countered that the firm could only generate profits if its staff was motivated and it took ecological challenges into account. The solution was to give all three objectives equal weight. This is the only way to put the principle of sustainability into practice.

Dr. Grube:

Almost inevitably, we also realized that we needed to rethink our approach to strategy and leadership: a strategy without leadership is ineffective, while leadership without a strategy is aimless. We have to meet each of our employees where they stand, motivate them, and inspire them. Everyone should know where our journey is headed. And they have to have the opportunity to get involved. That is the only way to make sure the strategy is supported throughout the company, which is crucial for the implementation of a multi-dimensional strategy like DB2020.

Dr. Rausch:

With this in mind, we spent the first half of 2012 engaged in in-depth discussions – first within the Management Board, then gradually involving executives and staff. That is how we came up with our DB2020 strategy. But we didn't stop there. We also discussed it and put it to the test at our first DB Sustainability Day with all our stakeholders – from passenger groups and environmental associations to staff representatives and financial analysts – and it met with a very positive response.

Dr. Grube:

Each business unit has now developed a plan of action which ties in with the Group strategy. We have an ambitious system of targets which applies to all business units and is therefore valid internationally. This forms the basis for decision-making in line with the three sustainability criteria. The system of targets sets out twelve goals and is part of our medium-term planning. It will serve as a management tool in the future as well.



Dr. Rüdiger Grube,
Chairman and CEO of Deutsche Bahn AG

Dr. Rausch:

We have already achieved a great deal. In 2012, we invested € 8 billion – € 3.5 billion of which was own funds – in new vehicles, the quality of our networks, and the rail infrastructure. We also completed the most extensive employee survey in the company's history and launched our employer campaign, "Kein Job wie jeder andere" (A job like no other), which has already successfully attracted new employees. In addition to this, we achieved a further important milestone with our green long-distance travel.

Dr. Grube:

We examine almost everything we do to check that it conforms with the three dimensions of the DB2020 strategy. In the end, every member of staff should come up with their own answers to the question: what contribution can I make? We still have a long way to go until we achieve our goals and we need to bring about a cultural change. But we have made a start. I can sense that our DB2020 strategy is widely accepted within the company. It will help the DB to overcome the many challenges we face.

A portrait of DB ✓

The DB Group is an international provider of mobility and logistics services and operates in more than 130 countries around the world. DB employs 300,000 people – a third of them outside of Germany. DB already occupies top positions in Europe and the world as a whole. By 2020, it aims to be the world's leading mobility and logistics company.



DB shapes and operates the transport networks of the future

DB takes people and cargo from one point to another by adopting an integrated approach to transport and infrastructure operations and by linking all modes of transport intelligently with economic and environmental objectives in mind.

In the Passenger Transport division, the Group carries more than ten million people a day on trains and buses throughout Europe. Meanwhile, its Transport and Logistics division hauls approximately 400 million tons of freight by rail and some 95 million consignments by road every year using its European network. Its global networks handle more than 1.1 million tons of air freight and over 1.9 million twenty-foot equivalent units (TEUs) of ocean freight. In Germany, DB operates the longest rail network in Europe, spanning a total of 34,000 kilometers. On top of all that, DB is Germany's fifth-largest energy supplier.

In the 2012 financial year, the company generated revenues of € 39.3 billion and posted an operating profit (EBIT) of € 2.7 billion.

DB has been a stock corporation under German law since it was established in 1994. This means that it has a dual system of management and control with a management board and a supervisory board. The company is wholly owned by the German government.

The DB Group's portfolio comprises nine business units. With one exception, these are allocated to three operating divisions – Passenger Transport, Transport and Logistics, and Infrastructure – and overseen using an integrated management structure. The DB Services business unit is managed directly by the Management Board member responsible for Rail Technology and Services. The structure is completed by centralized Group and service functions. These provide services under the name DB AG or DB Mobility Logistics AG (DB ML AG). The Group also complies with the unbundling

requirements of European and national law. This means that the infrastructure companies are separate firms with their own balance sheets, statements of income, and bookkeeping systems. Responsibilities are also separated at functional level, ensuring that DB Netz AG makes independent decisions about access to infrastructure and pricing.

The German railway still forms a focus of the Group's business operations. However, DB has successively expanded its portfolio, particularly since 2000. Its Europe-wide passenger services now include bus transport and intelligent networks incorporating other modes of transport. The Group internationalized its transport and logistics operations at an early stage. These business activities comprise all modes of transport: rail and land transport services are provided at European level, while ocean freight, air freight, and contract logistics are offered globally.

DB's divisions and business units at a glance

Passenger Transport division:

The Passenger Transport division includes DB's offering in Germany plus long-distance, cross-border passenger rail services provided under the name DB Bahn. All regional transport activities outside Germany have been bundled in the DB Arriva business unit since 2011. The Passenger Transport division is made up of the following three business units:

■ DB Bahn Long-Distance

The DB Bahn Long-Distance business unit provides long-haul rail transport services in Germany and on cross-border routes into neighboring countries. This portfolio is complemented by car transport and night train services provided by DB AutoZug plus long-distance bus travel.

■ DB Bahn Regional

The DB Bahn Regional business unit offers connections in both urban and rural areas with its extensive regional transport network. DB Bahn Regional is the largest business unit in the Passenger Transport division and therefore an important source of revenues for the DB Group. It also operates national and international bus routes and provides local public transport services.

■ DB Arriva

DB Arriva is DB's European growth platform in the passenger transport industry. It operates in twelve European countries. DB Arriva's business is split into three segments: UK Bus, UK Trains, and Mainland Europe (rail and bus services).

Transport and Logistics division:

With its DB Schenker brand, DB has positioned itself as one of the world's leading transport and logistics service providers. It has closely knit networks for European rail freight/land transport and for global air freight and ocean freight as well as industry-specific

expertise in worldwide contract logistics. The Transport and Logistics division is made up of the following two business units:

■ DB Schenker Rail

DB Schenker Rail is the only rail freight carrier which is present throughout Europe. It is backed by a European production network, which has been steadily enhanced further in recent years. This ensures that cross-border transport services are provided in an efficient, customer-friendly, and environmentally-compatible fashion.

■ DB Schenker Logistics

The three business units within DB Schenker Logistics provide European land transport, worldwide air freight and ocean freight, plus comprehensive logistics solutions and global supply chain management from a single source. DB Schenker Logistics also has a strong market position in the automotive, high-tech, and consumer goods industries and is a respected provider of exhibition logistics, special transports, and services for major sporting events.

Infrastructure division:

DB Netze encompasses DB's product portfolio relating to infrastructure. The associated business units lay the foundations for safe, reliable, high-performance, and efficient rail transport in Germany. The Infrastructure division is made up of the following three business units:

■ DB Netze Track

DB Netze Track provides train-operating companies in Germany with track, facilities, and timetables. It manages operations across the 34,000-kilometer rail network. DB Netze Track is also responsible for maintaining and repairing existing facilities, building new lines, and extending existing routes. DB Netze Track bundles all of DB's rail infrastructure competence. The DB Netze Track business unit comprises DB Netz AG, DUSSE GmbH, DB Fahrwegdienste GmbH, and DB RegioNetz Infrastruktur GmbH.

■ DB Netze Stations

DB Netze Stations is currently responsible for some 5,400 stations. This makes it the largest operator of railway stations in Europe. With its blanket coverage of Germany, the business unit safeguards access to the rail system for over seven million passengers a day.

■ DB Netze Energy

The DB Netze Energy business unit provides the power that rail carriers need to operate. DB Netze Energy strives for maximum availability as well as sustainable energy procurement. The business unit also offers electricity, diesel, gas, heat, and innovative energy services to other corporate customers via its high-performance infrastructure.



A successful network: DB integrates passenger services, transport and logistics, as well as infrastructure.






DB Services business unit

The DB Services business unit provides vehicle maintenance, internet and communications technology (ICT), facility management, security, and fleet management services, primarily for companies in the DB Group.

Holding structure

Since the 2008 restructuring, DB AG has managed the DB Netze Track, DB Netze Stations, and DB Netze Energy business units directly. The other six business units are managed by the wholly owned subsidiary DB

Business units of DB

 BAHN	 SCHENKER	 NETZE
		
<p>Passenger Transport Domestic and European-wide mobility service</p> <ul style="list-style-type: none"> ■ DB Bahn Long-Distance Long-distance rail passenger transport¹ ■ DB Bahn Regional Regional/urban passenger transport (GER) ■ DB Arriva Regional/urban passenger transport (EU)² 	<p>Transport and Logistics Intelligent logistics services via land, air and the sea</p> <ul style="list-style-type: none"> ■ DB Schenker Rail European rail freight transport ■ DB Schenker Logistics Global logistics services 	<p>Infrastructure Efficient and future-oriented rail infrastructure in Germany</p> <ul style="list-style-type: none"> ■ DB Netze Track Rail network ■ DB Netze Stations Traffic stations ■ DB Netze Energy Traction current
<p align="center">DB Services Integrated range of services</p>		

¹⁾ Within Germany as well as cross border traffic

²⁾ In UK with Arriva-affiliate "CrossCountry" also long-distance passenger transport











Mobility Logistics AG (DB ML AG). DB AG and DB ML AG each act as management holding companies with central Group management roles.

Leading market positions in Europe and throughout the world

The dovetailing of the Passenger Transport, Transport and Logistics, and Infrastructure divisions gives the DB Group an effective business model. It enables DB to act as a full-service provider and means that the Group is a successful player in all segments of the transport market with its national and international services. The Group has a leading position in each of these sectors. The company operates worldwide and has more than 2,000 sites in over 130 different countries. DB aims to be the world's leading mobility and logistics company in 2020.

The DB Group is the number two provider of local rail passenger transport, long-haul rail passenger transport, and bus transport in Europe. DB is the largest rail infrastructure company and station operator in Europe. It is also number one for European rail freight and land transport. At global level, it is number two for air freight, number three for worldwide ocean freight, and number five in the contract logistics segment. DB intends to further expand its market positions.

Leading market positions in Europe and throughout the world

DB BAHN	DB SCHENKER	DB NETZE
No. 2  Long-distance passenger rail transport	No. 1  Rail freight transport	No. 1  Rail infrastructure
No. 2  Local rail passenger transport	No. 1  Land transport	No. 1  Operations of railway stations
No. 2  Bus transport	No. 2  Air freight	
	No. 3  Ocean freight	
	No. 5  Contract logistics	

The company's success is based on four factors

Four factors play a key role in ensuring that DB develops positively:

1. Business alignment

In the course of the rail reform, DB consistently aligned itself as a commercial enterprise. This essentially meant building up a modern, efficient organization and instilling a value-led leadership culture with the aim of establishing a good standing in the capital markets. Drawing a clear line between government and corporate responsibilities played a significant role in making the rail reform in Germany a success in terms of both transport and budgetary policy.

2. An integrated group

As a system integrator in Germany, DB optimizes the entire road/rail system and acts as an important technological driving force. The Group's network enables synergies to be leveraged and allows the infrastructure to be consistently geared towards efficiency, market requirements, and cost-effectiveness. By international comparison, the Group is subject to highly developed, strict regulations. Together with the Group's internal code of conduct, these ensure that the rail infrastructure does not distort competition. This allows all train operating companies in Germany to benefit from the advantages of an integrated structure.

3. International positioning

DB is successfully positioned with a focus on the European passenger services segment and the Europe-wide/global transport and logistics industry. This allows it to cater to its clients' need for cross-border services and capitalize on growth opportunities at the same time. Particularly in the network business, economies of scale are hugely important.

4. Intermodal solutions

DB offers its customers a full range of mobility and logistics solutions from door to door. This includes linking different modes of transport intelligently with economic and ecological objectives. Providing additional services plays an important role in the transport and logistics segment.

Opportunities and risks in the market environment ✓

DB's business environment is constantly changing. The company has to adapt with it – and actively help to shape change in line with its sustainable strategy. In the future, DB will face a growing number of interlinked trends as well as changes in its regulatory environment. These are important as they define the framework for the DB Group's future business activities and its long-term commercial success.

Economic growth based on increasingly regionalized goods flows

Globalization is a key trend on the global markets in which DB operates, primarily via DB Schenker. The international division of labor means that global flows of commodities continue to be important. However, the structure of the emerging economies is changing at the same time as these countries' domestic markets develop. In the future, flows of goods within these regions will become much more important. For DB, this means strong demand for regionally traded goods and rising to the challenge of offering tailored logistics solutions around the world.

The domestic market in Europe is also becoming more close-knit. The further liberalization of the European transport markets is opening up new opportunities for DB. At the same time, however, it means that competition is becoming tougher on DB's home market in Germany. Constantly improving products and services will be a pivotal success factor in the liberalized mobility and logistics market of the future.

The uncertainty surrounding future economic developments presents an additional challenge. The current economic and financial crises risk increasing global economic volatility long term. As a global mobility and logistics service provider, it is crucial that DB is flexible enough to react to changes in economic developments.

Climate change and growing scarcity of resources

Increasing prosperity still means improved quality of life for many societies. However, there will be a stronger focus on the negative ecological impact of this trend in the future. That is because prosperity is still based largely on the use of oil and other non-renewable resources for the production and transportation of goods. On one hand, this means that natural oil reserves and other resources are becoming increasingly scarce. On the other hand, the use of fossil fuels damages the climate because it is associated with CO₂ emissions.

In the future, there will be less and less acceptance among customers and society as a whole for business models which do not make a contribution towards mitigating climate change. DB takes climate change very seriously. By increasing rail haulage and linking different modes of transport with rail – which is a very eco-friendly



DB Schenker's air freight hub in Frankfurt am Main

option – the company is constantly working to make an important contribution towards climate protection. As a pioneer in the provision of green products, DB sets standards for climate-friendly mobility and logistics.

Digital life and intelligent simplicity

The smartphone and mobile Internet are the biggest innovations to emerge in recent years. They provide the intelligent simplicity which many people long for: people want effortless ways to fulfill their various lifestyles and needs – products and services should support this desire for simplicity instead of making things more complicated. A whole host of new business ideas have emerged on the basis of this technology, which will also shape tomorrow's mobility. Mobility is being made simpler by these technological developments because they enable people to search for and link modes of transport, book and pay for them, and organize intelligent alternative routes – all in real time. These intelligent yet simple technologies will be an even greater part of people's everyday lives.

Young people have always set and accelerated important trends. For this customer group, the desire for simple solutions is already a key factor when they chose which mode of transport to use. A pragmatic attitude toward mobility sets the current generation of young people under 30 apart from previous generations. These days, owning a car is no longer a symbol of freedom. Instead, the members of this generation simply combine different modes of transport without

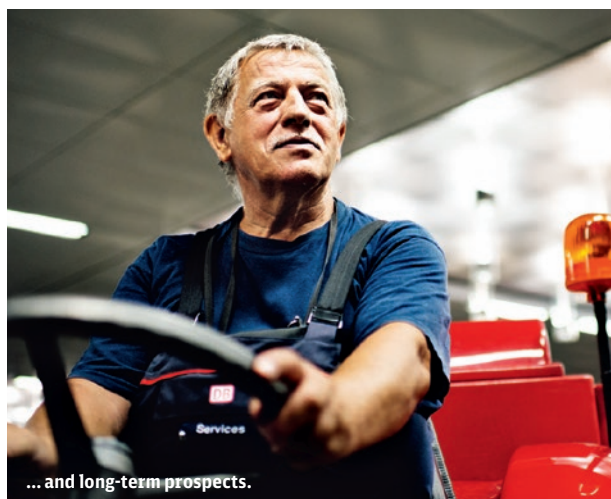
tying themselves down with their own car. The trend for the future points towards interlinked mobility – and not just among young people. Providers who can impress customers with intelligent yet simple interlinked travel solutions will play a major role in shaping the mobility market of the future.

Demographic change and competition for talented individuals

Demographic change and the resulting competition for talented individuals are two important developments in DB's social environment. Societies in many parts of the world – especially DB's European home markets – are growing older. As well as facing the challenge of providing forward-looking mobility and logistics solutions for aging societies, we need to consider the impact of demographic change on the labor market. Competition between DB and a large number of other employers is becoming tougher when it comes to hiring the most suitable talented workers – from recent high-school and university graduates to people with extensive professional experience. DB will sharpen its focus on recruiting to ensure that it can attract enough new staff over the coming years. As people now expect more from life and our achievement-oriented society demands a great deal of them, it has become harder to strike a healthy work-life balance. We need to find answers to this problem – especially in the light of demographic change – to ensure that employees at different stages of their lives and careers are satisfied.



DB offers various entry-level opportunities ...



... and long-term prospects.

Regulatory framework

As the owner and largest user of Germany's rail infrastructure, the DB Group operates in a strictly regulated environment. These regulations primarily govern access to the infrastructure, charges for its use, and requirements regarding the company's structure, such as rules on the independence of the infrastructure operator. It is of fundamental importance for DB's ongoing successful development that the regulatory environment continues to allow DB to act entrepreneurially. The main bodies which regulate the rail sector and its further development in Germany are the German Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railway (BNetzA) and the German Federal Railway Authority (EBA).

The year 2012 saw a major development in the fundamental regulatory framework in the shape of a decision to recast Europe's First Railway Package. The Member States must now translate the directive into national legislation by June 15, 2015. In addition to clarifying various issues and tightening the regulatory framework, the new requirements give railway regulators in Europe a much greater role.

Preparations also began for a new European legislative initiative, known as the Fourth Railway Package. The European Commission will submit its proposals for the new package in January 2013. It will include regulations on the liberalization of passenger rail services, the technical interoperability of the European rail system, and the further separation of the rail infrastructure.

At national level, the German government passed draft legislation reforming regulation in the rail sector in September 2012 and subsequently initiated the parliamentary legislative process. The draft legislation includes the introduction of an incentive system for track usage and station fees as well as tighter regulation of service facilities. There are plans to introduce a specific supervisory body to monitor abuse in the sale of tickets and traction current.

Realigning the Group's strategy and objectives ✓

DB presented its new sustainability-focused Group strategy, DB2020, to the public at the end of March 2012. The challenge now is to anchor the DB2020 strategy more firmly in the individual business units and put it into practice.

Creating a lasting harmony among economic, social, and environmental dimensions

With its realigned strategy, DB is tackling tomorrow's challenges and capitalizing on their potential. The objective of the DB2020 strategy is to create a lasting harmony among economic, social, and environmental dimensions. In this way, the company aims to safeguard its long-term commercial success and secure social acceptance. The firm's vision is still to become the world's leading mobility and logistics company. To achieve this, DB has set itself ambitious targets for all three dimensions: it wants to be a profitable market leader, a top employer, and an eco-pioneer by 2020.


Four strategic directions have been defined spanning all three aspects: customer and quality, profitable growth, cultural change and employee satisfaction, and resource preservation/emissions and noise reduction.

Integrated system of targets ensures implementation of the DB2020 strategy

Based on these strategic directions, an integrated system of targets has been defined for the Group and the business units in connection with the DB2020 strategy. In this way the strategy can be made more concrete and progress can be measured. Three targets have been set in each of the four strategic directions for a total of twelve targets overall. This ensures that the sustainability drive is put into action in a balanced way.

In the strategic direction of customer and quality, the Group will examine customer satisfaction, product quality – especially punctuality – and innovativeness. Profitable growth will primarily be quantified using key performance indicators such as revenues, ROCE (return on capital employed), and free cash flow from operations. When it comes to cultural change and employee

Harmony between sustainability dimensions safeguards DB's long-term success

Vision			
We aim to become the world's leading mobility and logistics company Sustainable business success and social acceptance			
Sustainability dimension	Profitable market leader Economic dimension	Top employer Social dimension	Eco-pioneer Environmental dimension
	  		
Strategic direction	1 Customer and quality	3 Cultural change/ employee satisfaction	4 Resource preservation/ emissions and noise reduction
	2 Profitable growth		

Key targets of the DB 2020 strategy by strategic directions



satisfaction, the Group will look closely at employees' work satisfaction, its attractiveness as an employer, and its ability to cope with demographic change. Reducing CO₂ emissions and noise pollution as well as increasing efficiency with regard to materials and resources are DB's most important environmental goals.

The basic structure of this system of targets applies throughout the Group. The concrete targets and weighting will be set in a differentiated fashion ("principle of internal differentiation"). In this way, the specific challenges faced by the individual business units will be taken into account. The system of targets should ensure that concrete measures can be derived and highlight any conflicts of aims affecting the Group's ability to harmonize economic, social, and environmental considerations. Ongoing steps to monitor target achievement will chart the company's progress in implementing the DB2020 strategy.

Economic dimension

DB wants to become a profitable market leader by 2020. To do this, it needs to offer its customers highest-quality mobility and logistics solutions. It is concentrating on two strategic directions in this regard: customer and quality remain a priority, along with maintaining its profitable growth path.

Strategic direction: customer and quality

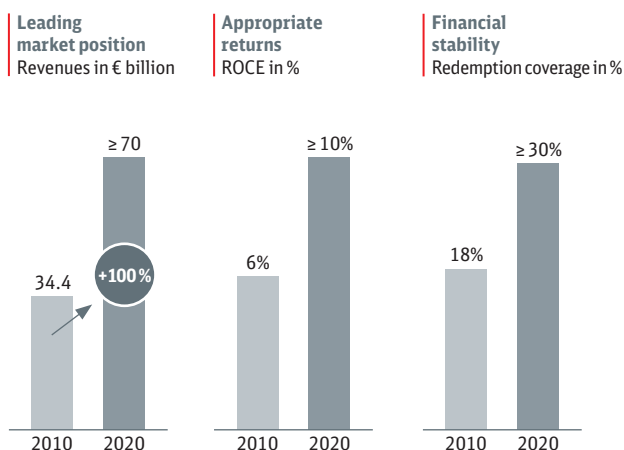
DB wants to impress its customers with an outstanding offering and first-class products. It is investing heavily to achieve this. The company aims to invest a total of € 86 billion (€ 34 billion of which will be own funds) in the period between 2010 and 2020. The majority of this will go towards infrastructure, followed by investments in passenger services and the transport and logistics segment. DB is also striving to boost customer satisfaction by making ongoing improvements and providing comprehensive information and a first-class service. In terms of innovativeness, the focus is on developing new products and services which cater to tomorrow's requirements, such as intelligent simplicity.

Strategic direction: profitable growth

DB's customers expect integrated mobility and logistics solutions from a single source. To meet these expectations, DB needs to proactively further develop its transport networks, capitalize on liberalization opportunities in the European passenger services industry, and keep enhancing its productivity and capacity utilization. Synergies which arise within the integrated Group are leveraged as a matter of course.

Concrete targets point the way towards becoming a profitable market leader: DB is striving for a leading market position by increasing its revenues to € 70 billion by 2020. It has set itself the target of at least ten percent return on capital employed (ROCE), which is of vital importance. The Group also intends to achieve redemption coverage of 30 percent to safeguard its financial stability.

Targets: profitable market leader



Social dimension

By 2020, DB wants to be one of the top ten employers in Germany and also be a top-ranked employer in international markets, making it a prime employer. This will enable DB to attract and retain qualified staff who are enthusiastic about working for the company and its

customers. To achieve this goal, the Group will keep working to bring about a cultural change. DB wants to substantially increase employee satisfaction and its attractiveness as an employer.

DB has initiated the process of changing its corporate culture by means of numerous central and regional events. Intensive dialog between executives and employees forms a central part of this change.

This also forms the basis for embedding a new understanding of leadership, which places greater emphasis on elements such as leading by example and inspiration. The new approach is founded on a spirit of cooperation which seeks to recognize individuals, incorporate their skills, as well as create an atmosphere of partnership and mutual respect. By breathing life into this new corporate culture, DB hopes to achieve its aim of significantly improving employee satisfaction.

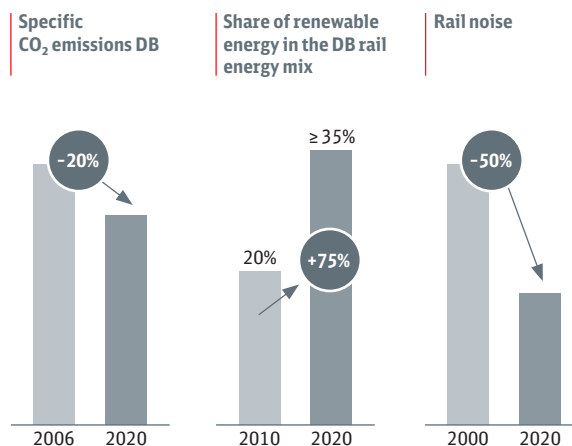
In response to the growing need for qualified workers and skilled staff, DB needs to intensify its efforts to retain employees and promote staff development, thereby making it more attractive as an employer and making it prepared for demographic change. This means offering people prospects at every stage of their careers and lives and finding answers to employees' changing values. This aspect of the company is becoming increasingly important, especially in the light of demographic challenges and as the organization works towards promoting growth.

Environmental dimension

DB aims to become an eco-pioneer by 2020, primarily by reducing its CO₂ emissions and the amount of noise pollution generated by rail transportation. With this in mind, its products set standards in the efficient use of available resources. Environmental friendliness is part of DB's brand promise and mission statement. Rail is already substantially eco-friendlier than other modes of transport.

DB's prime objective in this strategic direction is to cut the company's specific global CO₂ emissions by 20 percent between 2006 and 2020. This means noticeably reducing the emissions produced by all modes of transport in relation to transport volume. To achieve this, DB intends to increase energy efficiency in its operations and production activities and by renewing its fleets of vehicles. In addition, the percentage of renewable energies used for traction current is targeted to rise to at least 35 percent by 2020. The aim is to use 100 percent renewable energy by 2050 to make rail transport in Germany CO₂-free.

Targets: eco-pioneer



DB has attracted additional customers and helped to reduce CO₂ emissions with its green products, its "Umwelt-Plus" passenger services, and "Eco Solutions" in the field of transportation and logistics. The company hopes to further establish its green products and actively generate demand by marketing them more intensively.

DB is working hard to reduce noise pollution with a wide range of measures. It aims to halve the amount of noise associated with rail transport by 2020, as compared with 2000.

DB also intends to make substantially more efficient use of materials and resources. A concrete target is currently being developed.

System of targets reflected in employee incentives

The DB Group has never had such a broad, far-reaching system of targets. As part of the annual planning process, goals were set for every aspect of the new system of targets and introduced in the business units in the reporting year. This enabled the company to gather initial experience, which will be used to continue developing the system of targets on an ongoing basis. The relevant data collection processes used to constantly monitor target achievement are meanwhile being expanded and optimized.

Elements of the new system of targets will play a key role in performance-related remuneration in the future. In financial year 2013, customer and employee satisfaction plus environmental considerations will play a key role in determining performance-related pay, in addition to economic KPIs. Approximately 3,000 managerial-level employees and 1,700 employees not covered by collective-bargaining agreements receive a variable end-of-year bonus at the DB Group. The DB2020 strategy will be incorporated into the bonus system via Group and business unit components and, in some cases, through the personal targets set for staff.

Anchoring sustainability management in the Group structure ✓

Sustainability is a core consideration at the DB Group. It is anchored in DB's organizational structure, mission statement, Group directives, and draft resolutions.

Sustainability is embedded in the entire company

The issue of sustainability is not just dealt with in the DB2020 strategy – it is anchored in the DB Group's organizational structure as well. In the reporting year, the position of Chief Sustainability Officer (CSO) was introduced. The CSO is responsible for sustainability issues throughout the DB Group. Dr. Karl-Friedrich Rausch, member of the Management Board responsible for Transport and Logistics at DB Mobility Logistics AG, was appointed to the new position. DB has also established the Sustainability Competence Center – a committee where all key business areas are represented by the executives of the Group's specialist departments. The Competence Center operates within a framework defined by the Group Management Board and is overseen by the Head of Corporate Strategy. It serves as a Group-wide steering and coordination body for all sustainability-related issues and projects, especially those which span several divisions and business units. The specialist departments and business units are still responsible for the content of such initiatives. In addition, the Competence Center sets up working groups dedicated to specific issues. Since its establishment in

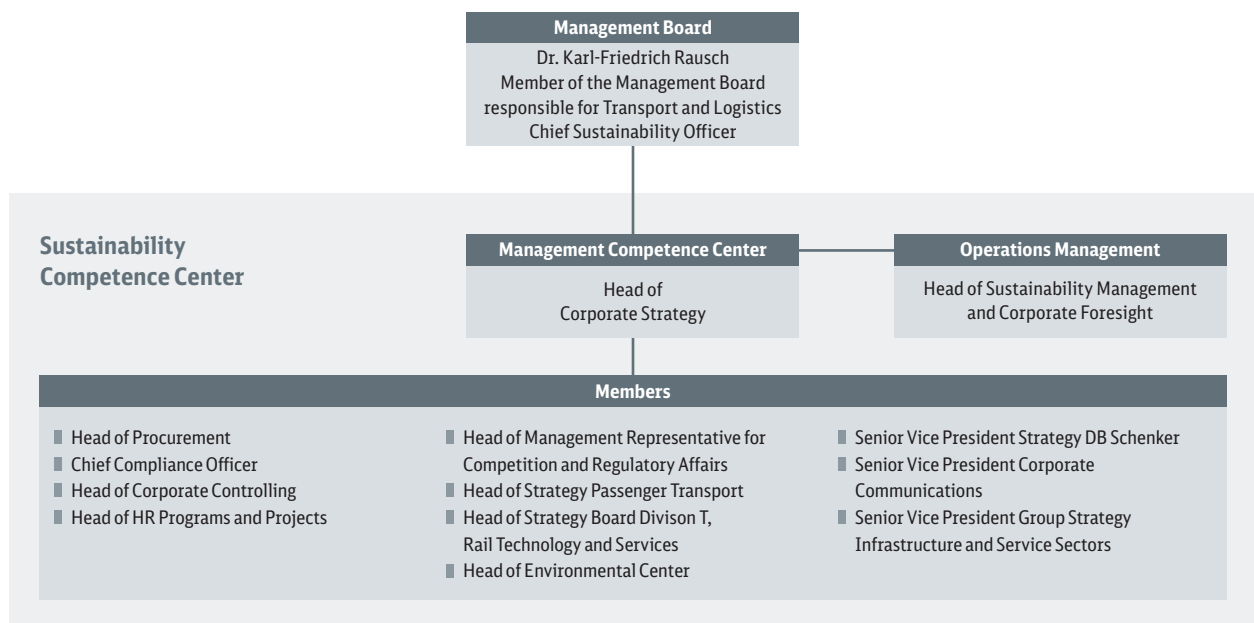
May 2012 the Sustainability Competence Center has met seven times in 2012. DB has also established the Sustainability Management department as part of its Corporate strategy activities. The department's remit includes developing general regulations relating to sustainability for the DB Group. It additionally supports and oversees their Group-wide implementation.

DB2020 strategy is also an integral part of the mission statement and Group directives

The three aspects of the DB2020 strategy have been incorporated into DB's mission statement and Group directives.

The mission statement reads: "We build our position of leadership along the economic, social and environmental dimensions of sustainability. We harmonize these dimensions to ensure the sustainable business success of our company as well as its social acceptance." As a consequence, all resolutions by the Group Management Board starting with this reporting year have included details of social and environmental impacts in addition to the usual assessment of the financial and staff-related consequences.

Anchoring sustainability in the organization



Communicating with stakeholders ✓

In order to create a basis for future dialog with stakeholders, DB has published a stakeholder charter. The first DB Sustainability Day was held in December 2012.



Transparent stakeholder dialog is important to DB. For example, private customers can regularly air their views via the DB Advisory Board and by taking surveys.

DB seeks to use opportunities for a comprehensive dialog with its stakeholders

DB sees itself as part of society and of public life. Broad-based social acceptance is therefore crucial for its activities and its commercial success.

To be perceived as a sustainable company, the Group needs to pursue dialog with its stakeholders at eye level and maintain a trusting relationship with them based on integrity, continuity, and transparency. DB sees this dialog as an opportunity to promote understanding for its own views. At the same time, it gives the company information and input for a sustainable approach to business. DB proactively enters into direct dialog with a wide range of different individuals and groups. Stakeholder communication at DB includes activities such as discussions, workshops, surveys, and dialog events. Important bodies in this context are the Customer Committee and DB Advisory Board. The latter is a group composed of well-respected individuals from academia and business. DB Advisory Board was established in 2002 as a source of independent advice.

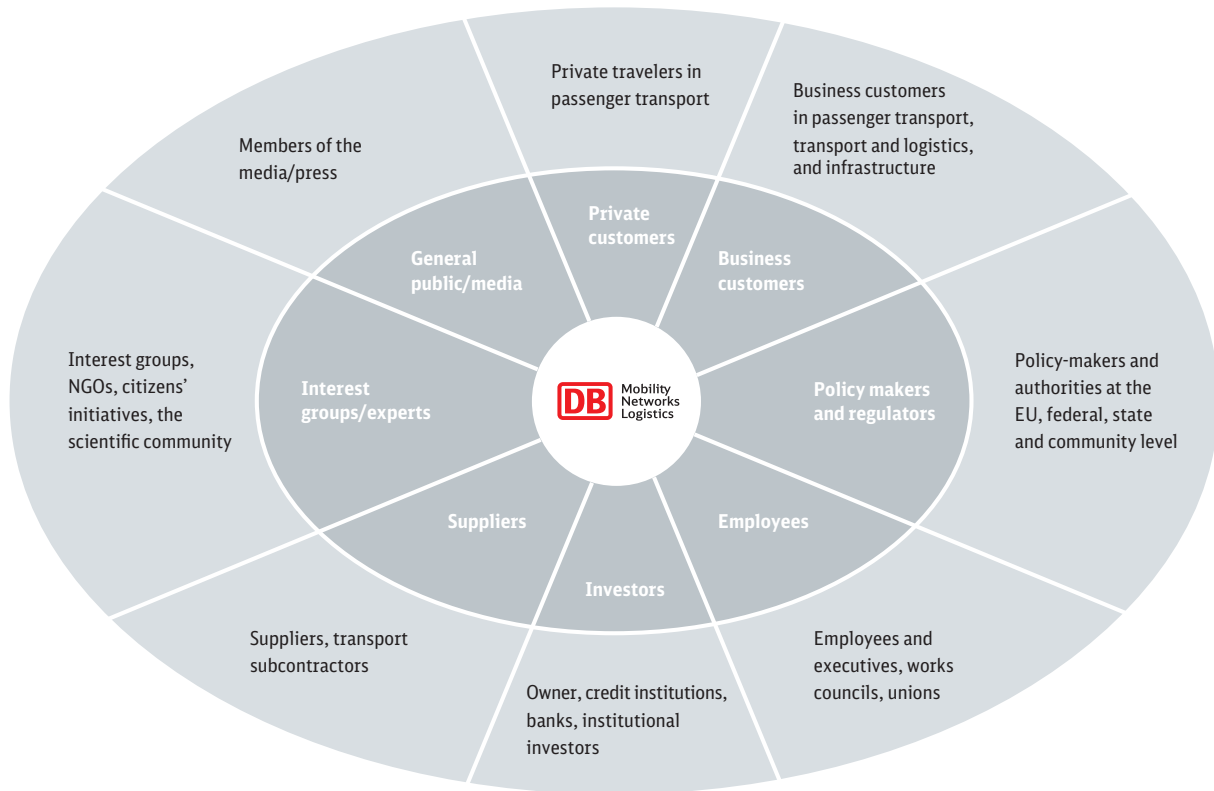
Its role is to question the DB Group's viewpoints, discuss them with the Management Board, and support dialog with the professional public.

Stakeholder dialog is nothing new for DB – what is new, however, is the Group-wide discourse on the subject. This is designed to make the various units' stakeholder activities more transparent. Furthermore, the Group aims to conduct its stakeholder dialog based on comparable principles and include all stakeholder groups in the process.

DB has set out these principles in a charter dedicated to treating its stakeholders responsibly. Among other things, the charter states that:

- Placing certain expectations on a company is legitimate and is something that DB welcomes.
- Stakeholders provide important information about what is expected of DB. They are important as they enable the DB to develop solutions together at an early stage.
- Any conflicts are assessed in the context of corporate and social responsibility and resolved consensually wherever possible.

DB's key stakeholder groups



In the future, DB wants to take an even closer, more targeted look at its various stakeholders' expectations and become more proactive in this regard. This is important because a wide range of expectations is placed on the company, some of which are contradictory.

Focusing on issues relevant to stakeholders

DB wants to record its stakeholders' various expectations as precisely as possible so that it can discuss these and take appropriate action. For this reason, the company is constantly refining the tools it uses to determine and categorize these expectations. The Group is monitoring stakeholders' reactions to its DB2020 strategy, for instance. This process is also being continually improved in relation to other issues. It enables DB to see which issues are important to various stakeholder groups, allowing it to address them accordingly.

An analysis of dialog activities in recent years revealed five topics of prime importance from our stakeholders' point of view:

- Optimization of the areas of customer and quality in passenger services and freight transport
- Europe-wide liberalization and developments in the regulatory framework
- Reduction of environmental impacts and noise pollution
- Strengthening DB's position as an attractive employer
- Infrastructure development and funding

DB has learned:

more transparency for "Stuttgart 21" project

The "Stuttgart 21" construction project featured prominently in discussions in 2012. These discussions are ongoing. DB has learned from its experience in the earlier disputes and is now ensuring that comprehensive information about this important infrastructure project is provided in a timely fashion. In this way, DB is participating in a transparent, constructive discussion of the work to extend the railway line.

The company's priority is to openly provide people living in and around Stuttgart with important information. This includes details of funding contracts, building laws and regulations, disruptions during specific construction phases, and even the contractors which have been hired. DB uses the possibilities provided by the Internet to keep the public informed.

The company is also involved in the coordination committee of a public forum called "BürgerFORUM," which was established as a result of the arbitration proceedings. Representatives of DB regularly take part in expert forums examining specialist topics, which are broadcast live online. This makes the debate comprehensible and interactive.

It always has been – and remains – important to DB to involve external experts prior to any formal proceedings. The company also aims to include the public as early on as possible.

DB's information events are aimed at both political mandate holders and members of the public.

Charter

for responsible dealings between DB Group and its stakeholders

1. Fundamental definition

As a mobility and logistics company which operates in Germany and around the world, DB is committed to doing business sustainably, responsibly, and transparently. Stakeholders provide important information about what legitimate expectations are made of DB.

2. Definition of stakeholder groups

DB defines stakeholder groups as loose or legally constituted (internal and external) groups of people and/or organizations/companies/individuals who have certain expectations of DB – regardless of where they are based and their sphere of activity.

3. List of stakeholder groups

DB's key stakeholder groups are employees (employees and executives, works councils and unions), private and business customers, investors, policy-makers and regulators (e.g. policy-makers and authorities at the EU, federal, state and community level), suppliers, the general public/media (e.g. journalists), interest groups and experts (e.g. interest groups, NGOs, citizens' initiatives, the scientific community).

4. Expectations

Placing certain expectations on a company is legitimate and is something that DB welcomes. The expectations and interests expressed by stakeholders provide important information which can be evaluated during the corporate decision-making process and can subsequently be used as a benchmark for the steps which are taken. They are important because they clarify different interests and enable the DB to develop solutions together at an early stage as necessary.

5. Decision-making responsibility

The responsibility for corporate decision-making rests with the corporate management bodies and representatives. They assess any conflicts between the stakeholders and DB Group as well as between the different stakeholders in line with corporate and social responsibility principles and help to resolve issues to the satisfaction of everyone concerned wherever possible.

6. Objectives of stakeholder dialog

For this purpose, DB provides ongoing, transparent information and talks collaboratively with its stakeholders with the following aims in mind:

- listening to what is expected of the company, learning from one another, jointly developing solutions,
- providing information to affected and interested stakeholders about corporate strategy, targets, and decisions,
- and maintaining an open, constructive two-way dialog of different positions between stakeholders and DB Group.

7. Dialog tools

The main stakeholder dialog tools are:

- press and public relations work (e.g. press releases, press conferences, online information, pamphlets, newsletters, etc.),

- bilateral and personal contact (answering questions, sharing information and data, etc. verbally and in writing),
- and long-term, organized dialog with stakeholders (e.g. events, joint projects, partnerships, research).

8. Principles of fair dialog

To guarantee a fair dialog with stakeholders, DB is guided by the following principles:

- consistency and reliability; keeping its promises. If the underlying conditions change fundamentally or new facts emerge, this must be communicated.
- Transparency: the information provided is complete and up to date.
- Relevance: DB voluntarily shares significant information about topics which are relevant to stakeholder groups.
- Advance information/regularity: details of new developments which emerge are made available to interested stakeholder groups as early on as possible.
- Comprehensibility: DB fosters stakeholder dialog by using understandable language and/or data formats to communicate information.
- Integrity: DB is committed to maintaining an honest dialog with its stakeholders

This does not affect its legal obligations and entitlements with respect to certain stakeholders or individuals.

9. Dialog process

DB maintains public as well as confidential/non-public dialog. The type of dialog envisaged by DB in each case is shared with the stakeholder(s) prior to (if possible) or at the beginning of the dialog process so that they can decide whether to proceed. A mutual decision is reached once the dialog process has been completed – or earlier – as to whether the outcome should be documented and in what form the content and results should be utilized. Should disagreements subsequently arise as to the subject and outcome of a dialog, the process can be initiated again from the beginning if necessary.

10. Limits of dialog

Dialog does not extend to legitimate business interests, third-party rights, or the obstruction of an ongoing internal discussion and decision-making process. DB also ensures that no information is provided to stakeholders that first has to be presented to other parts of the Group or bodies within it in line with legal or internal regulations.

11. Shared principles

In order that the dialog functions properly, both parties need to be guided by the same principles. DB expects its stakeholders to behave openly and trustingly in a way which fulfills the same standards as DB has set itself.

Stakeholder dialog takes place at national and international level

The importance of Germany as a market for DB is reflected in the intensity of its stakeholder dialog there. DB's dialog activities are not limited to Germany, however. The company uses various tools to communicate with key stakeholders around the world. These include personal top-level talks, regular working meetings, numerous joint specialist events, and committee work – with groups such as passengers, public authorities, other transport companies, industry, and academics, for example. The two-day workshop “Passengers, the Environment, and Transport” has proved to be a successful dialog format. It has been held every year since 1997. Approximately 50 representatives of passenger and environmental associations as well as associations for the disabled from around 30 institutions attended the most recent workshop.

DB strives to make company decisions transparent with its stakeholder dialog activities, thereby fostering trust. They also aim to provide an opportunity for stakeholders to enter into a discussion with decision-makers.

Very positive response to first DB Sustainability Day

Approximately 100 representatives of all DB's stakeholder groups attended the first DB Sustainability Day in Berlin and Potsdam on December 5 and 6, 2012. The objective of this pilot event was to provide a platform for a far-reaching dialog with all stakeholder groups.

A survey of the participants conducted at the end showed that they considered the event to be relevant. When asked about their main reasons for participating in the Sustainability Day, attendees cited to build up and expand the social and business network along with an interest in information about DB's sustainability strategy and in other stakeholder representatives' views and expectations.

Dialog with politicians is strictly regulated

As a major mobility and logistics service provider, DB is subject to a virtually unparalleled level of public and political scrutiny. The company is therefore often asked to take part in public debates. DB adopts its own stance on transport policy at national and international



level vis-à-vis political and administrative institutions and political parties, associations, and the scientific fields relevant to the company. In this way, it aims to make a constructive contribution towards the opinion-forming process with objective arguments.

The principles of the stakeholder charter also apply to dialog with policy-makers. In addition to this, DB has set strict internal standards for its involvement in political processes. These are laid out in the “Corporate Principles – Ethics – Code of Conduct” (DB Code of Conduct), which apply throughout the Group. Among other things, this document stipulates how to handle monetary and non-monetary gifts of all kinds and donations.

Social media have a fixed place in communication

DB is constantly expanding its online communication activities. Various social media channels have been an integral part in corporate communications since December 2011, when a Group-wide team of experts was set up. The Group's aims here include extending its dialog in line with specific media and target group requirements, developing stable relationships with customers, and getting users involved by means of regular campaigns. Open, transparent, and personal communication with Internet users is an important objective.





“DB can set an example in the energy turnaround”

Former German Secretary of State Joschka Fischer talks about the need for sustainable business and how Deutsche Bahn can set a positive example.



Joschka Fischer,
former Secretary of State of Germany

A sustainable approach to business is not a luxury. It is absolutely essential if we want to overcome the challenges of the 21st century. If everyone on earth is rightly striving for the prosperity which we in the developed nations have already achieved, we must be the first to make a move and go far beyond our current level of efficiency. This is not just a means of helping to distribute resources fairly. Leading by example is also the only way we can convince emerging economies of the long-term advantages of sustainable business, for instance.

In order to make the best possible use of the dwindling ecological opportunities, we need to sever the interdependence of economic growth and the exploitation of resources. The energy turnaround is a major step towards doing this, and mobility is one of the areas where its effects will be obvious to everyone. As a growth market which still uses far too much fossil energy, it presents a great opportunity to move this turnaround forwards.

Green long-distance travel sends out a clear signal to the public in this context, with every holder of a BahnCard – or rail card – making a contribution towards reducing CO₂ emissions.

However, there is more to sustainability than the environment. The Deutsche Bahn strategy, DB2020, is exemplary in showing that we need a cultural shift towards greater humanity which does not relinquish economic interests but places them on a par with ecological and social considerations. This also means adopting a corporate culture that enables women to rise to managerial positions, for instance, by making it easier to reconcile their professional and family commitments. Deutsche Bahn is predestined to serve as an example here, not just because of its size. The fact that the German government is the sole owner of the integrated Group also means that it has to act particularly responsibly. On top of this, DB is constantly subject to critical public scrutiny more than any other company in Germany.

It therefore forms a nucleus from which the principle of sustainability can spread throughout Germany, Europe, and around the world. The DB2020 strategy is the best possible starting point.

If Deutsche Bahn makes this crucial contribution, it will have done a lot to increase global prosperity. I wish the company every success in achieving this goal.



Frankfurt am Main Central Station: Ulrich Homburg, Member of the Management Board responsible for Passenger Transport, meets Heinz-Hermann Hoops, a member of DB's Customer Committee.

A high-speed train (Shinkansen) is stopped at a station platform. The train is white with a prominent red stripe running along its side. The platform is visible on the left, with a person in a dark suit standing in the foreground. The background shows the large, arched glass and steel structure of the station.

02

Achieving profitable market leadership

As a profitable market leader, DB offers its customers first-class mobility and logistics solutions. Two strategic directions are of prime importance in this regard: continuing to focus strongly on customer and quality, and maintaining a profitable growth path.

Defining targets and areas for action

As part of its DB2020 strategy, DB has set itself the goal of becoming a profitable market leader because profitable growth safeguards the company's competitiveness and its future. At the same time, DB is consistently working to maintain the highest levels of customer satisfaction and product quality.

DB is on course for growth on an international scale

It is DB's vision to become the world's leading mobility and logistics company. In order to become a leading player in the various markets, the company's business units must grow profitably. As an integrated Group, DB is constantly developing the overall railway system in Germany further.

DB is in a good position to achieve its objective of becoming a profitable market leader. It has embarked on a clear growth path, which translated into higher revenues, profits, and return on investment (ROI) in the 2012 reporting year, despite economic challenges. Cash flow also developed positively. DB already occupies leading positions in the various mobility and logistics markets around the world.

Living up to different customers' high expectations

On the way towards becoming a profitable market leader, DB is continuing to focus strongly on customer satisfaction. DB aims to fulfill the expectations of its customers – who all have different needs – by running punctual connections, providing comprehensive information, and investing heavily in its fleet and infrastructure. In addition to this, DB is pushing innovations

so that it will be able to offer its customers first-rate services in the future as well.

With its global network and broad range of products, DB has a varied customer base. It is important to the company to offer each and every customer the best possible service and high-quality products.

DB Bahn: the comfortable way to go on vacation, commute, or travel during leisure time

DB Bahn is the divisional brand for the Group's passenger transport services. It includes services and products throughout the travel chain, such as ICE (high-speed trains), IC (inter-city rail services), regional connections, S-Bahn (suburban railways), Call a Bike, Flinkster (car sharing), and bus services. The range of passenger services is geared towards the needs of individual customer groups: DB Bahn serves everyone from business travelers and commuters to families, vacationers, and handicapped passengers. Purchasers of public local transport services – such as regional and local authorities or their commissioners – are another important group of clients, as these issue tenders for regional and urban transport services.



DB Bahn's customer base ranges from business travelers and commuters to families and vacationers.



Loading air freight in reefers at Frankfurt-Hahn Airport

DB Schenker: integrated logistics and global freight transport

The divisional brand DB Schenker pools the Group's worldwide transport and logistics offerings. It has several hundred thousand clients, ranging from trading and industrial companies to family-run firms to multinational groups. DB Schenker offers individual logistics solutions for a wide variety of client groups. Large-scale customers stand to gain the most from DB Schenker's extensive industry expertise and integrated solutions. Especially companies in the steel, automotive, chemical, construction, and consumer goods industries as well as energy suppliers are among DB Schenker Rail's key accounts. DB Schenker Logistics provides special industry solutions aimed specifically at clients from the automotive, electronics, and consumer goods sectors. In addition to this, DB Schenker Logistics boasts particular experience with special requirements, e.g. for the logistics of expos or major sporting events.

DB Netze: reliable infrastructure for train-operating companies

Reliable and innovative large-scale transport and energy networks are developed and marketed under the DB Netze brand. They include Europe's longest and highest-performing rail network, railway stations in Germany, and a stable energy network. These services are primarily used by train-operating companies. However, the division's clients also include tenants who rent

units at the stations, and – in the case of DB Energy – customers from industry, trade, and the service sector. DB's infrastructure can be used by all train-operating companies authorized to operate in Germany.



DB Schenker Rail offers its clients individual industry solutions.

Heightening customer satisfaction

Satisfied customers and high-quality products are crucial if DB is to remain a profitable market leader in the long term. It is therefore investing in its fleet of vehicles, infrastructure, and innovative products – with the aim of further heightening customer satisfaction and punctuality.



High quality paves the way for customer satisfaction

DB strives to offer its customers first-rate mobility and logistics solutions because customer satisfaction is the key to sustainable growth. In order to safeguard this, DB is constantly optimizing its services.

Important factors for customer satisfaction at DB are reliability, customer information, service quality, and offering innovative products.

To guarantee good quality in general, continuous investments must be made in the fleet of vehicles and infrastructure. Quality problems – such as service disruption caused by winter weather – have a negative impact on customer satisfaction. DB is very aware of the responsibility it has for its customers. A large number of projects to stabilize operating conditions during adverse winter weather have already been completed and new solutions have been developed.

Ongoing focus on customer and quality

Under the leadership of the Group Management Board, DB continued to pursue its customer and quality initiative in 2012, which was launched in 2010. With its help, steps are being taken to boost customer satisfaction and to increase the operational stability of DB's rail

services. In the year under review, DB spent € 298 million on this program. Of this total, € 150 million were investments. DB's performance in the key aspects of operational stability and customer satisfaction developed positively in many areas. However, it is prone to fluctuation over the course of the year due to unusual events and challenges. Since 2009, the company has met all the quality targets set out in its Servicing and Financing Agreement (LuFV) with the German government, which relates to the country's existing network of railways. Three key performance indicators (KPIs) were anchored in the Group-wide system of targets in 2012 to enable DB to measure and manage its own quality standards more efficiently. These are customer satisfaction, product quality, and innovation.

Assessing customer satisfaction provides the basis for improvements ✓

DB sets great store by its customers' opinions. Customer satisfaction surveys play an important role in every business unit. The company uses the surveys' findings to take appropriate action to bring about improvements. Data on customer satisfaction is collected and evaluated by independent market research institutes on behalf of

DB. They conduct up to six waves of surveys each year, which involves contacting passengers and business partners by phone, in person, and online. This gives approximately 140,000 passengers and 1,800 business partners the chance to have their say. In the Transport and Logistics division, more than 800 of DB Schenker Rail's business partners in Europe take part in the survey process every year. At DB Arriva (UK Trains, Bus), customer satisfaction is measured using a specially commissioned survey and via annual research conducted by the independent British passenger association Passenger Focus. Viewed as a whole, this points towards a stable level of overall satisfaction with DB's individual business units. The results reflect the respondents' satisfaction with specific services and/or their current journey. The customer satisfaction surveys are being expanded successively. For example, DB Schenker Logistics initiated a survey of clients in its global network in fall 2012. There are also plans for the first study looking at bus passenger satisfaction in 2013.

Customer satisfaction at DB at a glance

using a satisfaction index (SI) ¹	2012	2011	2010
DB Bahn Long-Distance (current journey)	75	76	74
DB Bahn Long-Distance	63	62	61
DB Bahn Regional ² (current journey)	76	77	76
DB Bahn Regional ²	67	66	67
DB Bahn Sales ³	82	80	83
DB Arriva	84	83	83
DB Schenker Rail ⁴	63	62	-
DB Netze Track	73	74	73
DB Netze Stations			
– Passengers and visitors	69	68	68
– Train-operating companies and purchasing authorities	59	56	53
– Tenants	73	74	70
DB Netze Energy	77	77	76

Reporting year, Germany

¹⁾ Satisfaction is rated on a scale of 1 to 6, with 1 being very good (except at DB Schenker Rail, where a scale of 1 to 7 is used). The resulting scores are transferred to a satisfaction index (SI). This converts the scores using a new scale of 0 (very dissatisfied) to 100 (very satisfied).

Figures for DB Arriva are based on the weighted individual scores for UK Bus (excluding London because no survey was completed there) and UK Trains. The scores reported are translated into the SI.

²⁾ Comprises regional rail services (excluding buses)

³⁾ Satisfaction with the current purchase (sales channels)

⁴⁾ Europe, no survey conducted in 2010

Overview of punctuality figures for rail services¹

in percent (%)	2012	2011	2010
DB Bahn Long-Distance (high-frequency lines)	79.1	80.0	72.6
DB Bahn Regional			
– Regional trains ²	93.3	93.2	89.6
– S-Bahn suburban rail services (alternating current) ²	95.6	95.5	94.9
– S-Bahn suburban rail services (direct current) ²	96.9	98.0	97.0
DB Arriva ³	91.9	93.6	91.9
DB Schenker Rail (Europe)	69.9	68.0	– ⁵
DB Netze Track – all train-operating companies (Germany)	94.3 ⁴	94.4 ⁴	– ⁵

Reporting year, Germany

¹⁾ Punctuality criteria for passenger transport < 6 min. delay (except DB Arriva) and freight transport < 16 min. delay

²⁾ Because a different method was used, the figures for 2010 are not directly comparable with subsequent years.

³⁾ Denmark, UK, Netherlands, Poland, Sweden; punctuality criteria depend on the transport contract

⁴⁾ Unlike in the Annual Report 2012, this includes S-Bahn suburban rail services using direct current (Berlin and Hamburg).

⁵⁾ Because a different method was used, no figure for 2010 available.

Punctuality figures remain stable

Punctuality is a key consideration when customers rate product quality, especially in the rail sector. DB's performance in this regard is at a consistently high level on regional services. Long-distance services do not meet this high standard of punctuality because they span the whole country. The percentage of on-time services fell from 80.0 percent (2011) to 79.1 percent in the reporting year, largely due to infrastructure and vehicle faults. In this context, the key challenges are safeguarding connections, maintaining the mobility chain, and keeping DB customers informed.

Punctuality is also a central indicator of product quality in freight transport, especially in the rail sector. In the year under review, DB Schenker Rail improved its punctuality in Europe by nearly two percentage points compared with 2011 (from 68.0 to 69.9 percent). Another major challenge in a highly competitive market environment is the reliable processing of consignments across national and cultural boundaries.

Systematic drive to innovate

Intelligent simplicity, demographic change, and climate change are important trends which DB must react to with innovative solutions. This does not just mean developing and launching new products – it also means novel processes and business models. In response, DB wants to anchor innovations even more deeply and systematically in its business activities. To achieve this, it also aims to strengthen its culture of innovation.

Investing in technology and infrastructure

Reliability is one of DB's primary quality criteria. For this reason, the Group works hard to maintain the full technical functionality and availability of its fleets of vehicles. On top of this, less weather-related disruption to operations and modern station equipment significantly enhance reliability.

DB trains' design and technology are being modernized

DB is investing heavily in a modern fleet of vehicles: the technology, design, and specifications of the ICE 2 are all being modernized by mid-2013 at a cost of over € 100 million. By the end of 2014, approximately 770 carriages used for InterCity services will be revamped using a design resembling the ICE and given a technical overhaul, costing € 250 million. Work has also started to fit the ICE T with the modern European Train Control System (ETCS). In addition, 100 electric multiple-unit trains for local transport and 21 double-deck coaches were bought for € 470 million in 2012. The first 75 of well over 400 double-deck coaches were fitted with more modern passenger compartments.

In 2012, bottlenecks in the availability of vehicle fleets were primarily caused by delays in both approving and delivering new vehicles. In the regional transport sector, this affected the Talent 2 (ET 442), which had been scheduled to operate in many areas as early as 2010 and 2011. The ICE 3 series 407 has not yet been approved, affecting long-distance services. It was originally due to be used from December 2011 onwards, primarily for international routes and to relieve pressure on domestic services. When it will be cleared to operate remains uncertain.

DB invests heavily in rail infrastructure

Reliable transport needs a sound infrastructure. At DB, this means the rail network, energy supply, and stations. In the year under review, DB invested € 4.4 billion in structures such as tunnels or bridges and in control and safety systems. A total of 29 electronic interlockings became operational and numerous bridges were renovated. One of the largest projects was the Rheinvorlandbrücke near Worms, Germany. In addition, approximately 3,400 kilometers of track and 1,900 switches were refurbished. At the same time, some 2.4 million new cross-ties were laid and around 3.9 million tons of ballast were processed. Strong efforts and further substantial investments will be needed in the coming years to safeguard the quality and availability of the rail network.

Better integration of rail and sea transport

DB and the German government launched the immediate action program "Seaport Hinterland Transport" in 2008 to optimize links between ports and rail services and to boost route capacity. This program is part of the "Freight Transport and Logistics Master Plan" designed to enhance Germany's standing as a logistics hub with a total investment volume exceeding € 300 million. In the reporting year, measures were largely implemented in the Bremen area, on the Hamburg-Berlin route, and on the Nuremberg-Passau main line.



On the new Munich-Berlin route, the bridge being built to span the Saale-Elster valley will be the longest rail bridge in Germany, spanning 6.5 km.

Work to modernize stations continues

By 2013, 260 stations are due to be modernized as part of the German government's infrastructure improvement acceleration program (IBP) initiated at the beginning of 2012. The IBP provides extra funding of € 100 million in addition to the € 700 million DB invests in maintaining and modernizing stations every year. The planned improvements focus on the stations' overall appearance, safety, passenger information, and wheelchair accessibility. As part of the program, platforms are being raised or rebuilt and new elevators and escalators are being installed. In addition to this, lighting, sound equipment, and passenger information systems are being fitted and shelters built.

Better equipped for wintry temperatures

DB has worked hard to put staffing, technical, and organizational measures in place to guard against weather-related disruption to its operations. Despite lengthy periods of cold weather in winter 2012/2013 with a great deal of snow and ice, DB was able to offer its customers a stable service to a large extent. In direct comparison with the severe disruption to air and road traffic, rail services suffered from comparatively few cancellations, even on days with extreme weather. Eight thawing

units are now available to prevent delays to maintenance work in the long-distance services. The number of heating units at DB Bahn Regional has been increased to 287 and there are now 18 external cleaning facilities with thawing equipment. Another eleven snow-clearing vehicles have been added to the DB Netze Track fleet, taking the number to 62. More than 21,000 DB staff members and external service providers are also on hand to clear snow and ice from platforms and tracks and to ensure safe operations in difficult weather conditions.

Central management speeds up international transport processes

DB Schenker Rail introduced European Operations Management (EUROM) in 2012 – an international production and transport management system which enables consignments to be handled faster and more efficiently across borders. In the year under review, the program was rolled out for all intermodal and automotive services on the North–South axis, including Alpine transits.

Providing more customer information

The workflows involved in transporting cargo and people every day are complex. DB's aim to provide its customers with detailed information as quickly as possible therefore poses a challenge. The company is constantly working on long-term solutions in this field. DB provides a wide range of modern media to inform customers as simply as possible and provide a good level of service.

Modern communication channels for prompt information

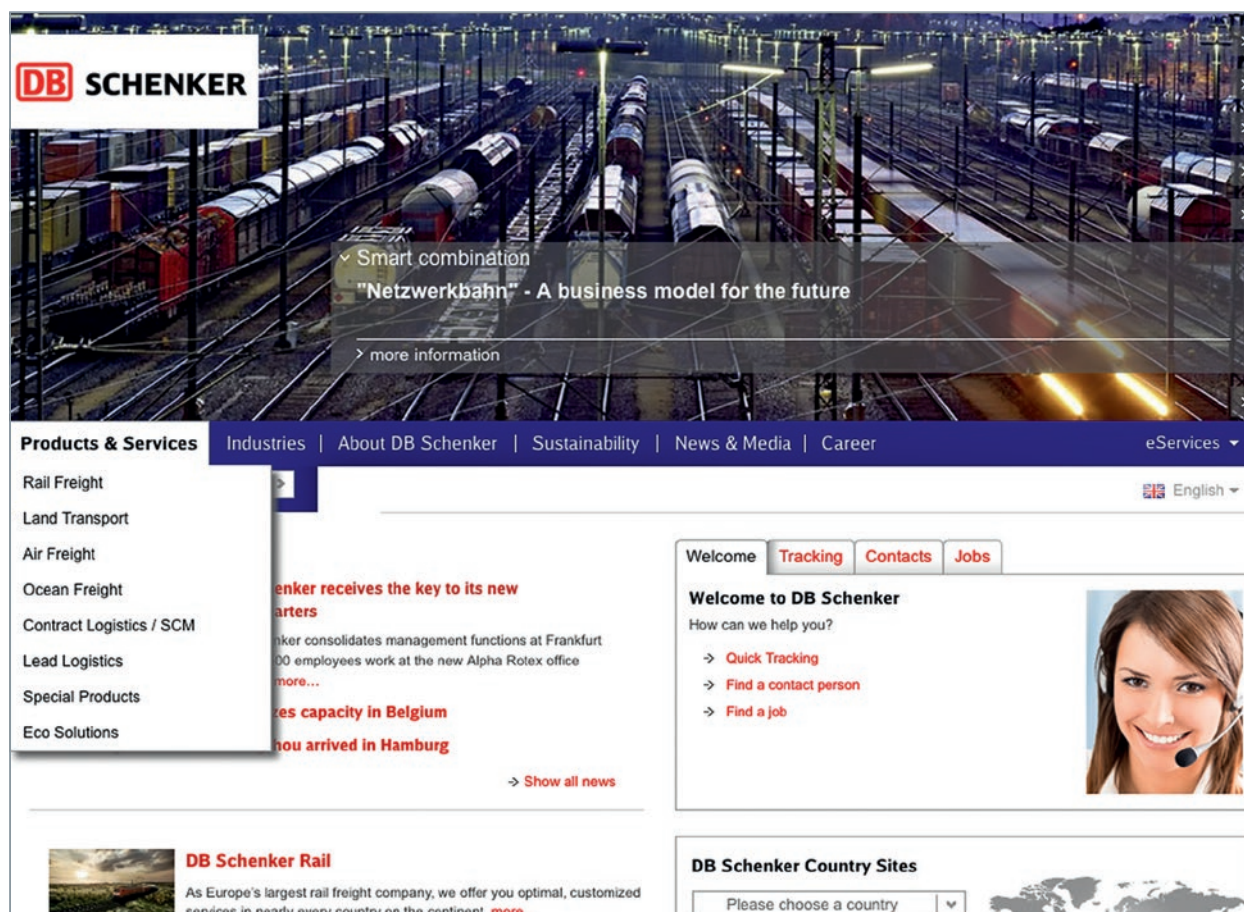
As more and more passengers are using their smartphones while they travel, DB has expanded its email alert service for delays and disruption. Customers can now register at www.bahn.de for information about up to six connections without having to book a ticket on those routes.

Travelers who buy their tickets offline also benefit from the new service. They can request emails about delays of ten minutes or more. This is particularly useful for commuters: they can set up alerts for several regular connections over an extended period of time. If there is a risk of passengers missing a connection, DB informs customers who have registered with the service and suggests alternatives.

Information for bus passengers has also been optimized. For instance, DB Bahn Regional introduced a computer-aided control system – known as "RBL-Light" – in 2012 and fitted it in a number of buses. This improves connections between buses and trains and provides passengers with more detailed information. The majority of DB's fleet of buses is to be retrofitted by 2014.

Dynamic visual display units at around 3,000 stations

DB now uses dynamic visual display units to tell travelers about deviations from the train timetable at small stations as well. The information is automatically generated and forwarded. A total of around 3,900 stations now have dynamic visual display units and other electronic displays. By the end of 2015, almost all stations are due to be equipped with electronic customer in-



New DB Schenker website
dbschenker.com

formation systems. This will mean that electronic displays or announcements reach 99.8 percent of rail customers.

Bahn.de now includes international connections

The new, clearer user interface at www.bahn.de makes it easier to buy tickets or exchange them, for example. The "Saver Fare Finder" can now also be used to find international connections and the DB online travel advisor gives travelers even more personalized support in just a few steps. In particular, DB has improved its website for mobile devices such as tablet computers.

DB Schenker makes its website even more user-friendly

In the transport and logistics segment, the company has completely overhauled the www.dbschenker.com website. Thanks to a user-friendly interface, customers can now find product solutions and contact details more simply and directly. In addition to a clearer navigation structure, the website offers a wide range of information including news and reports.

Online tools show the environmental impact of passenger and freight transport

Firms can use EcoTransIT World to calculate how many harmful substances their shipments generate and determine their environmental impact. This tool enables clients to gauge emissions on all routes around the world, for all modes of transport. It is available online at www.ecotransit.org.

In the passenger transport segment, DB's "Eco-mobility check" tool on the www.bahn.de/umc website shows customers which mode of transport is the most environmentally friendly on their selected route. This can be used to compare the environmental impact of traveling by rail, car, and plane in relation to journey time, energy consumption, and emissions of CO₂ and other harmful substances.

Consignments can be tracked globally with the DB SCHENKERsmartbox family

The DB SCHENKERsmartbox family service offered by DB Schenker Logistics is an individually customizable tracking service for shipments sent by air, sea, land, and rail. Customers can not only see online where their goods are, but can also monitor parameters such as room temperature or humidity with the aid of state-of-the-art technology.

Improving service quality

Service quality is of crucial importance for the company's sustainable success. For this reason, DB continuously strives to improve its service. It aims to take each customer group's specific wishes into account. Critical customer feedback is seen as a chance to learn and initiate improvements.

DB Schenker processes customer input individually

At DB Schenker Logistics, there are clearly defined contacts and processes for customers around the world relating to the handling of queries and complaints at both branch level or more centralized entities depending on customer size. There are also systems in place to support the customer service teams at DB Schenker Rail, whose work is geared towards the specific industry in question. With their help, complaints fell by around 25 percent in the 2012 reporting year.

DB Dialog deals with feedback from passengers ✓

The Passenger Transport division has a special business unit dedicated to communicating with DB's passengers. DB Dialog – a subsidiary of DB Bahn Sales – processes and responds to customer feedback. DB Bahn Sales then systematically records the results and assesses them. On this basis, the specialist departments initiate appropriate measures to bring about improvements for customers. Delays and uncomfortable traveling conditions accounted for the majority of complaints in 2012.

Customer Committee initiates improvements in conjunction with DB ✓

The idea of working together with customers for the customers prompted DB to establish its Customer Committee, which pools customers' insight and gives them a platform to jointly develop and implement improvements. The Customer Committee has accompanied a number of projects in the past nine years. Several ideas were discussed in 2012, including concepts for sales in 2020 and the new layout of online tickets. In addition to this, the members of the Customer Committee were involved in various projects and workshops at DB, such as initiatives to optimize the information provided at stations and improve communication with customers.

DB continues to improve barrier-free access

Offering handicapped passengers barrier-free travel wherever possible is an important goal. In the future, all newly acquired vehicles for long-distance travel will be equipped with integrated boarding aids. Barrier-free access is also considered when designing new trains for regional services. DB now ensures that help with boarding and alighting is available at stations without on-site service staff. To receive this help, passengers with mobility issues simply contact the Mobility Service Center in advance. Train drivers, customer assistants, and service staff at the station will then help passengers to board and alight the train. Wheelchair access was provided at an additional 96 stations in the year under review. Severely disabled passengers have been able to use local transport services free of charge since the fall of 2011.



A train driver on the S-Bahn RheinNeckar suburban rail service assisting a passenger to board



A member of the railway mission accompanying children traveling alone - a cooperation program with DB.

Trains and stations with enhanced child-friendliness

DB Bahn Regional is making compartments in its regional trains more child-friendly in order to improve the way it caters for families in the future. When ordering new trains, there is the option to commission a children's play area. In addition to this, the third of five planned children's lounges opened in Cologne in September 2012. These facilities can be used by children traveling alone or parents with young children while they wait. The children's lounges are operated by the respective branch of the railway mission dedicated to offer assistance at stations and are funded by DB. DB also offers

attractive deals for families: children under six travel free of charge on long-distance and regional services, except in a few cases where charges apply on integrated transport networks. In addition to this, children under 15 travel for free when accompanied by their own parents or grandparents. Children aged between six and 15 traveling alone receive a 50 percent discount.

Award for data protection on DB's travel apps ✓

Data privacy must not be compromised by the growing use of digital technologies. DB has therefore developed apps which supply extensive information and provide the best possible protection for customers' data at the same time. "DB Tickets" and "DB Navigator" have both been awarded the "Trusted App" stamp of approval by the independent rating company mediaTest digital. With this move, the firm certified that both apps treat users' data confidentially and sensitively. Furthermore, no prohibited data sharing – especially with external servers – takes place at any time. DB's far-reaching data protection measures prove that it is well aware of its responsibility to its customers.

Driving innovation forward

DB is enhancing its competitiveness by acting on new ideas for products and services. This is particularly clear in relation to environmentally friendly product options, which are proving increasingly popular.

DB expands its "green mobility" offering

When it comes to environmental protection, DB sets standards in the efficient use of available resources. The firm launched its first CO₂-free products in 2009. In 2012, 1.6 million employees from more than 100 participating companies used the bahn.corporate "Umwelt-Plus" service – a 60 percent rise on 2011. DB employees using the train for business trips in Germany also travel using 100 percent green energy. Since 2010, the same has applied to the S-Bahn suburban rail network in Hamburg and the local rail services operated by DB in Saarland. In April 2012, private customers were offered a green Trial BahnCard, giving passengers the option of traveling CO₂-free by train. Starting in April 2013, customers with BahnCard rail cards or temporary travel passes, all business customers enrolled in the bahn.corporate program and all DB

employees will automatically travel using green power on long-distance trains within Germany. This means that approximately 75 percent of all long-distance journeys will be completed using 100 percent eco-friendly power in the future. 4.9 million customers held a BahnCard as of the end of 2012, making them part of the customer base for green rail services.

Electric mobility for urban areas: DB promotes sharing concepts

DB's Flinkster program has the most extensive car-sharing network in Germany, with around 3,000 cars in more than 140 cities. An additional 2,500 cars can be booked in Austria, Switzerland, and the Netherlands. In eight German cities, environmentally conscious customers can also travel CO₂-free by train and continue their journeys in one of around 70 electric and hybrid cars.

Thanks to a cooperation agreement with Citroën Multicity, the approximately 212,000 customers registered with Flinkster have access to another 100 electric cars in Berlin.

The Call a Bike system offering 8,900 rental bicycles had some 537,000 customers in Germany in the reporting year. These customers can also use 130 pedelecs in Stuttgart and Aachen.



DB's e-Flinkster car sharing program

Further additions to the fleet of green buses

DB is also pushing environmentally friendly modes of transport abroad. DB Arriva has been using hybrid-powered double-decker buses since March 2007 – making it the world's first bus operator to do so – and is constantly expanding its eco-friendly fleet. In 2012, the company bought 77 new hybrid-powered double-deckers. These diesel-electric hybrid buses have 40 to 50 percent better exhaust gas values than conventional models. They are used in the UK. In addition to this, 21 MAN Ecocity gas-powered buses were acquired in 2012, which are fueled by CO₂-neutral biomethane.

Eco-friendly freight transport gathers speed

DB's business partners in the freight transport sector also benefit from the company's environmental focus. DB Schenker offers its customers means of avoiding, reducing, or compensating for CO₂ emissions throughout the supply chain. For rail freight, these include the CO₂-free "Eco Plus" option certified by TÜV SÜD. This uses electricity from 100 percent renewable sources and promotes greater use of renewables: ten percent of the additional revenues go towards a fund for new power-generating facilities. Meanwhile, the intermodal transport system DB SCHENKERskybridge allows clients to combine the advantages of air cargo and ocean freight. This significantly reduces CO₂ emissions. Environmentally friendly land transport solutions are also available thanks to the company's fleet of low-emission vehicles and contract logistics using energy-efficient, sustainable logistics centers.

Container train uses the Eurasian Land Bridge

The vast majority of companies move goods between Asia and Europe by ocean vessel or aircraft. Now, DB Schenker offers its customers rail logistics solutions

from China to Europe: transport time by rail is more than 50 percent faster than ocean shipping and generates considerably less CO₂ emissions than air freight. The potential of these trains is growing as more and more manufacturers are setting up business in China's hinterland.

DB Train Radar monitors trains in real time

DB Netz AG provides real-time information about train movements for some 400 train-operating companies. This is made possible by real-time data relating to specific train numbers, which shows companies where a particular train currently is. The application is designed to optimize operations and is therefore of interest to a large number of DB clients. At present, the DB Train Radar is in the testing phase.

Touch&Travel – cellphone tickets for buses and trains

Touch&Travel is an intermodal ticketing service for smartphone users which offers a customer-friendly solution for the use of local and long-distance transport services. Now, all users have to do is log in before their journey starts and log out when it ends. The system calculates the relevant fares and determines the cost of the journey. An invoice at the end of the month lists all trips in detail; customers pay by direct debit. Even if users change from a bus to a train, for example, they do not need to log in again. Touch&Travel is ideal for occasional users of regional and integrated transport services. It also has benefits for flexible long-distance travelers, BahnCard holders, and business customers. Customers with the latest generation of phones have also been able to touch in and out using near-field communication contact points since 2012, making the process even easier. Touch&Travel can be used for all DB long-distance services and in the Berlin, Potsdam, and Frankfurt city zones. The service was also rolled out in the Rhine-Main integrated transport network and on the island of Sylt in December 2012. Touch&Travel has been well received by the transport market. The service is being expanded further.

Customers use innovative dialog formats

DB actively seeks dialog with its customers in order to make ongoing improvements. It launched an innovative series of tests in December 2011 – the "Train Lab" – which systematically analyze passengers' wishes and suggestions for all kinds of train models. In September 2012, for example, train fittings and the interior concept for double-decker coaches were tested in Magdeburg as part of the Train Lab. With the relevant authorities' approval, the findings of the tests are taken into account when new vehicles are fitted and redesign programs are launched. They are also a source of inspiration for innovations. Customers have a say when it comes to developing regional bus offerings and products as well. For example, a group of senior citizens was asked to walk through a bus as part of a survey. This provided concrete input on what elderly passengers need, such as the number of grab handles, their preferred seats, or the font size for advertisements and flyers.

Smartphones and tablet computers make traveling easy

Selecting a train and booking a ticket can be so easy.



“Paper is a thing of the past,” says Jenny, who’s sitting on the ICE train to Frankfurt as she swipes across the screen of her smartphone. “I can’t forget my ticket anymore. And I don’t need to carry crumpled sheets of A4 paper with printed online tickets around in my handbag either.”

Jenny always books tickets using her smartphone nowadays. That way, the ticket is immediately saved and she just has to show the conductor the code on her screen. “It was really easy,” says Jenny. She already had an account with “My Bahn” and she’s been using the “DB Navigator” app to help her out with long-distance and local public transport for three years. “I’m virtually lost without it.”

All she had to do was download the free “DB Tickets” app and log in using the access details for her online account, then she could buy a ticket on her smartphone right away. “It’s more of a virtual ticket really.” Because there is no need to print anything out anymore, customers also use less paper and ink. That has a positive effect on their wallet – and her environmental impact too.

All this talk has aroused the curiosity of the man sitting next to her. At the moment, he only has the “DB Navigator” on his phone, but he’s already got an account with “My Bahn.” “I’m going to try that right now too. I’ve got to go to Osnabrück next week anyway.” He does a bit of tapping and swiping, and just a few minutes later he has booked his ticket and reserved a seat with very little help from his new acquaintance. Thoughtfully, he looks at the code, which resembles a map for a complicated maze. “It’s so easy,” he says happily.

While he is booking his ticket, he comes across the delay alert tool as well. All he has to do is click on the button with the name of the tool. If a train is running more than ten minutes late, he will receive an alert by email or as a push message on his smartphone. “You can even use it for routes you travel on regularly, without having to book a ticket for each individual train,” Jenny points out – “really important for commuters.”



Safeguarding profitable growth

Profitable growth gives companies scope to do business sustainably. Consistently utilizing market opportunities and focusing on efficiency improves market presence, the way the firm approaches customers, and competitiveness. As a result, DB has set itself clear targets regarding leading market positions, return on capital employed, and financial stability.

Continuous growth safeguards DB's competitiveness

DB's customers are increasingly looking for integrated mobility and logistics solutions from a single source. This calls for a presence in the relevant markets. Leading market positions in tandem with further profitable growth are therefore crucial for DB's competitiveness. Access to customers, the range of services, and service efficiency also play an important role.

The focus is on proactively further developing the transport networks, capitalizing on opportunities arising from the liberalization of Europe's railways, and constantly improving capacity utilization and productivity. Targeted growth is generated in line with customers' needs and the Group's potential. DB strives for an appropriate level of profitability from the investments it makes. The return on capital employed must at least cover the cost of capital. DB also leverages the potential arising from synergies within the integrated Group.

An appropriate level of profitability paired with robust financial policy lays the foundations for financial stability. This meets with external recognition as well: adequate, stable cash flows and an appropriate capital structure are rewarded with very good credit ratings.



On course for growth: DB Schenker Logistics opened new logistics centers in Europe, China, India, and Mexico in 2012.

Ratings assessments ✓

	First issued	Last confirmation	Short-term	Long-term	Outlook
Standard & Poor's	May 16, 2000	Dec. 19, 2012	A-1+	AA	stable
Moody's	May 16, 2000	Jan. 18, 2013	P-1	Aa1	negative
Fitch	Feb. 17, 2009	Feb. 11, 2012	F1+	AA	stable

With this in mind, DB has set itself the goal of becoming a profitable market leader by 2020. At a financial level, this DB Group strategy is expressed through three concrete targets for 2020:

- **Leading market position:**
growth (revenues) > € 70 billion; this means doubling revenues within ten years
- **Appropriate profitability:**
ROCE ≥ 10 percent
- **Financial stability:**
redemption coverage > 30 percent

DB grew profitably in the reporting year

DB came a step closer to achieving its targets in 2012, recording increases in its revenues, adjusted operating profit (EBIT), and ROCE.

Revenues were up 3.7 percent compared to 2011 at € 39.3 billion. Nearly all business units contributed towards this growth. DB Schenker Logistics, DB Arriva, and DB Bahn Long-Distance saw the largest absolute increases.

Revenues by business unit

€ million	2012		2011		Total revenues		External revenues	
	Total revenues	External revenues	Total revenues	External revenues	Δ absolute	Δ in %	Δ absolute	Δ in %
DB Bahn Long-Distance	4,074	3,941	3,794	3,666	+280	+7.4%	+275	+7.5%
DB Bahn Regional	8,907	8,819	8,718	8,628	+189	+2.2%	+191	+2.2%
DB Arriva	3,757	3,751	3,367	3,365	+390	+11.6%	+386	+11.5%
DB Schenker Rail	4,925	4,596	4,924	4,635	+1	0%	-39	-0.8%
DB Schenker Logistics	15,389	15,335	14,867	14,808	+522	+3.5%	+527	+3.6%
DB Services	1,498	125	1,413	137	+85	+6.0%	-12	-8.8%
DB Netze Track	4,709	980	4,642	961	+67	+1.4%	+19	+2.0%
DB Netze Stations	1,102	416	1,077	400	+25	+2.3%	+16	+4.0%
DB Netze Energy	2,832	1,079	2,853	1,084	-21	-0.7%	-5	-0.5%
Others	1,028	254	927	217	+101	+10.9%	+37	+17.1%
Consolidation	-8,925		-8,681		-244	+2.8%		
DB Group	39,296	39,296	37,901	37,901	+1,395	+3.7%	+1,395	+3.7%

Reporting year, Group worldwide

Return on capital employed (ROCE) also edged up by one percentage point to 8.3 percent, taking it closer to the target of over 10.0 percent. This is primarily because adjusted EBIT climbed by € 399 million to € 2.7 billion. At the same time, capital employed rose on the back of sizable investments in all the business units. Gross capital expenditures totaled € 8.1 billion in 2012. Of this, around 62 percent was invested in the DB Netze Track business unit. After deducting investment subsidies received, DB's own share (net capital expenditures) came to € 3.5 billion. It was therefore higher than depreciation.

ROCE

€ million	2012	2011	Δ absolut	Δ in %
EBIT adjusted	2,708	2,309	+399	+17.3%
/ Capital employed as of Dec 31	32,691	31,732	+959	+3.0%
= ROCE in %	8.3%	7.3%		

Reporting year, Group worldwide

Thanks to the positive earnings trend, operating cash flow increased by € 337 million to € 4.7 billion last year despite the high level of capital expenditures. Adjusted net financial debt remained largely stable. As a result, the debt redemption coverage has improved to 22.1 percent.

Capital expenditures by business unit

€ million	2012			2011			Gross capital expenditures		Net capital expenditures	
	Gross capital expenditures	less investment grants received	= Net capital expenditures	Gross capital expenditures	less investment grants received	= Net capital expenditures	Δ absolute	Δ in %	Δ absolute	Δ in %
DB Bahn Long-Distance	173	0	173	139	-2	137	+34	+24.5%	+36	+26.3%
DB Bahn Regional	709	-43	666	393	-28	365	+316	+80.4%	+301	+82.5%
DB Arriva	468	-1	467	300	-4	296	+168	+56.0%	+171	+57.8%
DB Schenker Rail	371	0	371	260	0	260	+111	+42.7%	+111	+42.7%
DB Schenker Logistics	321	0	321	246	0	246	+75	+30.5%	+75	+30.5%
DB Services	268	0	268	247	0	247	+21	+8.5%	+21	+8.5%
DB Netze Track	5,033	-4,071	962	5,143	-4,378	765	-110	-2.1%	+197	+25.8%
DB Netze Stations	552	-374	178	547	-403	144	+5	+0.9%	+34	+23.6%
DB Netze Energy	149	-77	72	207	-115	92	-58	-28.0%	-20	-21.7%
Other/consolidation	9	0	9	19	-2	17	-10	-52.6%	-8	-47.1%
DB Group	8,053	-4,566	3,487	7,501	-4,932	2,569	+552	+7.4%	+918	+35.7%

Reporting year, Group worldwide

Redemption coverage ✓

€ million	2012	2011	Δ absolute	Δ in %
Operating cash flow	4,736	4,399	+337	+7.7%
/Adjusted net financial debt Dec 31	21,441	21,420	+21	+0.1%
= Redemption coverage in %	22.1%	20.5%		

Reporting year, Group worldwide

Particularly due to the more positive earning situation, operational value added (i.e. adjusted EBIT before personnel expenses) increased by € 1.1 billion compared to 2011 to € 16.5 billion.

This enabled the company to finance a € 0.7 billion rise in personnel expenses, which came in at € 13.8 billion. Other stakeholder groups also benefit from this performance: the government receives higher income tax payments, providers of debt see greater interest income, and the owner retains a higher profit for the year.

Operational value added at the DB Group ✓

€ million	2012		2011		Δ absolute	Δ in %
Operational value added (adjusted)	16,501		15,357		+1,144	+7.4%
of which broken down by stakeholder group:	absolute	in %	absolute	in %		
- Personnel expenses (adjusted)	13,793	83.6%	13,048	85.0%	+745	+5.7%
- Net operating interest income (adjusted)	865	5.2%	742	4.8%	+123	+16.6%
- Actual taxes on income expenses	156	0.9%	30	0.2%	+126	+420%
- Net profit for the year	1,477	9.0%	1,332	8.7%	+145	-10.9%
- Other	210	1.3%	205	1.3%	+5	-2.4%

Reporting year, Group worldwide

Developing passenger services further

Profitable growth in the passenger transport segment is essential for DB. Using its leading positions in Europe as a foundation, it is therefore expanding its activities in a targeted manner. In addition to numerous measures in Germany, it is concentrating primarily on further strengthening its international presence.

Focus on international market opportunities

Since the rail reform, DB's passenger services in Germany have not only faced competition in the shape of other modes of transport – they have also had to compete with other rail operators. To safeguard the company's long-term success in the passenger services segment, DB therefore needs to develop additional business models and extend its activities in international markets as well as consolidating its position in Germany's passenger rail transport sector. This growth strategy is in line with travelers' needs. Travelers want environmentally friendly, simple, end-to-end mobility solutions, and demand is increasing for these to be available internationally.

To become a profitable market leader in passenger transport, DB is taking two main courses of action. First, it is working to make its activities in Germany more integrated – both within and beyond the rail network – and to make them more efficient long term.

Secondly, DB needs to further step up its international presence. To do this, it is focusing on cross-border services originating in Germany and tapping new markets elsewhere in Europe.

DB already holds leading positions in Europe. This means it is well placed to offer its customers comprehensive solutions and to profit from the growing liberalization of the European passenger transport markets.

Market positions in passenger transport 2011

No. 2 in European long-distance rail passenger transport – based on revenues	No. 2 in European local rail passenger transport – based on revenues	No. 3 in European public road passenger transport – based on revenues
1. SNCF	1. SNCF	1. Veolia Transdev
2. DB Group	2. DB Group	2. Régie autonome des transports Parisiens (RATP)
3. Ferrovie dello Stato (FS)	3. Ferrovie dello Stato (FS)	3. DB Group
4. Swiss railways (SBB)	4. First Group	4. SNCF
5. Nederlandse Spoorwegen (NS) + Abellio	5. Go Ahead	5. Transport for London (TfL)

Details for competitors are based on annual/research reports and own calculations.

Rise in passenger numbers at DB Bahn Long-Distance

Compared to 2011, the number of passengers and volume sold increased substantially in 2012, growing by 4.9 percent and 5.0 percent respectively. This improved the load factor of the trains overall. Buoyed by both this and positive price effects, total revenues rose by 7.4 percent to € 4.1 billion and adjusted EBIT went up € 207 million to € 364 million. Net capital expenditures came in at € 173 million and focused on modernizing the existing fleet of vehicles.

DB Bahn Long-Distance – Selected key figures

		2012	2011	Δ absolute	Δ in %
Passengers	million	131.3	125.2	+6.1	+4.9%
Volume sold	million pkm	37,357	35,565	+1,792	+5.0%
Volume produced	million train-path km	145.1	145.5	-0.4	-0.3%
Total revenues	€ million	4,074	3,794	+280	+7.4%
External revenues	€ million	3,941	3,666	+275	+7.5%
EBIT adjusted	€ million	364	157	+207	+132%
Net capital expenditures	€ million	173	137	+36	+26.3%

Reporting year



DB Bahn Long-Distance is stepping up its presence in other European countries, e.g. with six direct connections to Paris daily.

DB Bahn Regional posts higher profits in a challenging environment

Compared to the previous year, traffic figures and revenues developed positively in the regional rail sector, despite losing a number of service contracts. By contrast, both passenger numbers and volume sold in the bus segment fell in 2012 due to fewer school and replacement services. Despite the challenging environment for tenders, the business unit's long-term order volume climbed slightly. This is due to developments in fee structures.

All in all, the regional service provider DB Bahn Regional increased its adjusted EBIT by € 81 million to € 882 million. This trend is primarily attributable to higher revenues, which outstripped cost increases in the rail sector. At the same time, net capital expenditures were € 301 million higher than in the previous year, coming in at € 666 million. These investments focused on rail vehicles.

DB Bahn Regional – Selected key figures

		2012	2011	Δ absolute	Δ in %
Passengers	million	2,565	2,553	+12	+0.5%
- Thereof rail line of business	million	1,892	1,850	+42	+2.3%
- Thereof bus line of business	million	672.4	702.9	-30.5	-4.3%
Volume sold	million pkm	51,778	51,074	+704	+1.4%
- Thereof rail line of business	million pkm	44,201	43,152	+1,049	+2.4%
- Thereof bus line of business	million pkm	7,577	7,922	-345	-4.3%
Volume produced, rail	million train-path km	496.8	502.5	-5.7	-1.1%
Volume produced, bus	million buskm	578.2	608.5	-30.3	-5.0%
Total revenues	€ million	8,907	8,718	+189	+2.2%
External revenues	€ million	8,819	8,628	+191	+2.2%
EBIT adjusted	€ million	882	801	+81	+10.1%
Net capital expenditures	€ million	666	365	+301	+82.5%

Reporting year

DB Arriva is growing successfully

Total revenues and adjusted EBIT developed positively at the DB Arriva business unit in 2012. The number of passengers and rail volume sold at DB Arriva were recorded for the first time in 2012. It is therefore not possible to compare them with the previous year. The positive trends in revenues and profits were mainly attributable to operational improvements of rail services in the UK along with newly awarded routes and acqui-

sitions. In the year under review, € 467 million were invested in DB Arriva's ongoing growth. The focus here was on purchasing buses for new transport contracts in Sweden and the Netherlands. With this move, DB Arriva further established itself as a growth platform for DB in the field of European passenger transport in 2012.

DB Arriva - Selected key figures

		2012	2011	Δ absolute	Δ in %
Passengers	million	1,421	-	-	-
Volume sold (train)	million pkm	7,628	-	-	-
Volume produced	million train-path km	116.7	110.2	+6.5	+5.9%
Volume produced	million buskm	814.3	840.9	-26.6	-3.2%
Total revenues	€ million	3,757	3,367	+390	+11.6%
External revenues	€ million	3,751	3,365	+386	+11.5%
EBIT adjusted	€ million	238	160	+78	+48.8%
Net capital expenditures	€ million	467	296	+171	+57.8%

Reporting year

Order book development in passenger transport

€ billion	2012	2011	Δ absolute	Δ in %
DB Bahn Regional	60.9	59.6	+1.3	+2.2%
- Secured	40.2	38.0	+2.2	+5.8%
- Unsecured	20.7	21.6	-0.9	-4.2%
DB Arriva	18.6	18.9	-0.3	-1.6%
- Secured	8.1	8.1	0	0%
- Unsecured	10.5	10.8	-0.3	-2.8%
Total	79.5	78.5	+1.0	+1.3%
- Secured	48.3	46.1	+2.2	+4.8%
- Unsecured	31.2	32.4	-1.2	-3.7%

As of Dec 31

Long-term revenues are classified either as secured revenues, which are directly related to existing transport contracts or concessions and are independent of passenger numbers (mainly concession fees), or as unsecured revenues, which are also generated from existing transport contracts or concessions, but which are dependent on passenger numbers (mainly farebox revenues).

Integrating transport and logistics at international level

DB believes that DB Schenker also has great potential for growth. However, an extremely flexible and efficient business model is needed given the tough competition and the sector's cyclical nature. DB is rising to meet the current challenges in various ways, including initiating its "Action Plan for Germany" for rail freight transport.

Growing demand for international, integrated logistics solutions

In recent years, DB's freight transportation activities have grown far beyond merely offering rail freight transport in Germany. Competition between rail carriers now takes place at European level, but customers are also increasingly demanding cross-border services and intelligent inter-modal solutions from a single source. DB recognized the opportunities offered by liberalization of the European rail freight transportation markets at an early stage and has established itself as a market leader in Europe's rail sector. Through DB Schenker Logistics, it is also able to offer its

clients – many of whom operate globally – holistic transportation and logistics solutions around the world.

Thanks to its comprehensive business model, DB is also in a strong position to cater for the growing demand for green products by offering climate-friendly transport – especially by rail – and making improvements to all modes of transport.

Demand for transport and logistics services is heavily cyclical. For this reason, DB's operations in these fiercely competitive sectors have to be extremely flexible and efficient. This poses particular challenges for the asset-intensive rail freight transport with its high percentage of fixed costs.

Market positions in transport and logistics 2011

No. 1 in European rail freight transport - based on tkm	No. 1 in European land transport - based on revenues	No. 2 in worldwide air freight - based on t	No. 3 in worldwide ocean freight - based on TEU	No. 5 in worldwide contract logistics - based on revenues
1. DB Schenker	1. DB Schenker	1. DHL	1. Kuehne + Nagel	1. DHL
2. PKP Cargo	2. DHL	2. DB Schenker	2. DHL	2. CEVA Logistics
3. Fret SNCF	3. DSV	3. Kuehne + Nagel	3. DB Schenker	3. Kuehne + Nagel
4. Rail Cargo Austria	4. Dachser	4. Panalpina	4. Panalpina	4. Norbert Dentressangle
5. Trenitalia Cargo	5. Geodis			5. DB Schenker

Details for competitors are based on annual/research reports and own calculations.

DB Schenker Rail recovers despite fall in traffic figures

In 2012, the volume of freight carried fell by 3.1 percent, the volume sold shrank by 5.4 percent, and volume produced was down 6.8 percent. This is due to the cyclical decline in the demand for transport services as well as intensified competition. In spite of this, the business unit increased its capacity utilization. This was made possible in particular through successful measures to enhance efficiency, such as the “Network Rail” project, which is implementing new, integrated approaches to production.

Above all, steps were taken to expand the company’s competitive position as part of the program “Action Plan for Germany.” This enabled DB Schenker Rail to boost its profits, despite the difficult environment. Adjusted EBIT increased by € 55 million to € 87 million and its margin of total revenues rose to 1.8 percent. Net capital expenditures were also up € 111 million compared to the previous year, coming in at € 371 million. These investments focused on acquiring locomotives for the British and Polish markets.

However, the business unit remains heavily dependent on economic developments, which are still volatile.

DB Schenker Rail - Selected key figures

		2012	2011	Δ absolute	Δ in %
Freight carried	million t	398.7	411.6	-12.9	-3.1%
Volume sold	million tkm	105,894	111,980	-6,086	-5.4%
Volume produced	million train-path km	203.1	218.0	-14.9	-6.8%
Capacity utilization	t per train	521.4	513.6	+7.8	+1.5%
Total revenues	€ million	4,925	4,924	+1	0%
External revenues	€ million	4,596	4,635	-39	-0.8%
EBIT adjusted	€ million	87	32	+55	+172%
Net capital expenditures	€ million	371	260	+111	+42.7%

Reporting year

Profits remain stable overall at DB Schenker Logistics

The ocean freight volume increased by 8.1 percent in 2012, mainly due to growth on transpacific and inner-Asian routes. By contrast, the land transport volume fell by 0.5 percent while air freight volume shrank by 4.7 percent. In addition to ocean freight, contract logistics and project business developed positively in operational terms. This boosted adjusted EBIT by € 15 million compared to the previous year, taking the figure to € 418 million. At € 321 million, net capital expenditures in the DB Schenker Logistics segment went up by € 75 million compared to 2011. Major investments were made in expanding the European land transport network and extending freight forwarding facilities.

DB Schenker Logistics - Selected key figures

		2012	2011	Δ absolute	Δ in %
Shipments in European land transport	thousand	95,325	95,836	-511	-0.5%
Air freight volume (export)	thousand t	1,095	1,149	-54	-4.7%
Ocean freight volume (export)	thousand TEU	1,905	1,763	+142	+8.1%
Total revenues	€ million	15,389	14,867	+522	+3.5%
External revenues	€ million	15,335	14,808	+527	+3.6%
EBIT adjusted	€ million	418	403	+15	+3.7%
Net capital expenditures	€ million	321	246	+75	+30.5%

Reporting year



DB Schenker is the number one for rail freight and land transport in Europe.

Strengthening infrastructure

DB makes its infrastructural capacity available to all providers of rail transport services, thereby paving the way for functioning, growing competition. Infrastructure is primarily financed using government funds, which are supplemented by DB's own funds that it earns on the market.



Nearly 400 train-operating companies use the tracks in Germany.

Clear rules enable fair competition

In the course of the German rail reform, the legislator clearly stipulated the responsibilities of the government and the rail infrastructure companies. The German government is explicitly responsible for acting in the interests of “the public good, especially regarding transport needs, when extending and maintaining the federal rail network.” On that basis, the German government participates in the investments in rail infrastructure.

Meanwhile, the German constitution requires DB and its rail infrastructure companies to be managed as “commercial enterprises operating under private law.” The German government has charged DB with extending, maintaining, and operating the rail infrastructure. As government subsidies do not fund investments in full or finance operations and maintenance, DB Netze

charges train-operating companies fees for using the infrastructure. These revenues are used to finance ongoing operations, maintenance, some of the investments in the existing network, and projects to extend railway lines in Germany and build new ones. The assets financed using these funds must be reported and depreciated in the balance sheets of DB's rail infrastructure companies. The company has to earn back the associated costs of capital.

The regulatory authorities ensure that the same conditions for accessing rail infrastructure – which form the basis of fair competition – apply to all train-operating companies. An ever-growing share of non-Group rail operators are using this infrastructure, which proves that competition is working. The number roughly tripled between 2003 and 2012.

At the same time, DB's integrated structure ensures that the interests of the infrastructure operator and the carriers who use the infrastructure of the DB carry equal weight.

The infrastructure is highly asset-intensive. In 2012, the capital employed by DB Netze Track alone totaled € 17.9 billion. The costs of capital, which have to be paid for out of the operating result (EBIT), are correspondingly high.

The long-term nature of the investments presents another challenge. For the business to operate sustainably, it needs to consider and optimize both the investment volume itself and the subsequent ongoing maintenance and operating costs. Carefully considering all the economic, social, and environmental effects of infrastructure investments is also crucial for the company's sustainable success.

Investments remain high at DB Netze Track

Gross capital expenditures (investments financed using public funds and own resources) at DB Netze Track were just 2.1 percent down on the previous year at € 5 billion, although several government stimulus programs came to an end in 2012. This was largely achieved through a € 197 million increase in own funds. Due to net capital expenditures (investments financed using own resources), capital employed remained roughly on a par with the previous year at € 17.9 billion. Developments at the business unit had a positive impact on earnings, despite falling demand in rail freight transport. While volume produced fell slightly, by 1.1 percent, total revenues rose by 1.4 percent or € 67 million to € 4.7 billion in 2012. To a large extent, this was due to positive price effects and higher non-Group revenues. Non-Group demand increased by approximately 5.0 percent to 22.2 percent of the total train-path kilometers, despite the economic downturn

in rail freight transport. Other operating income also rose. Adjusted EBIT improved by € 179 million to € 894 million despite rising total expenditures, particularly for personnel. The return on capital employed (ROCE) therefore climbed to 5.0 percent. Safeguarding needs-based financing for the rail infrastructure remains one of the key challenges facing DB Netze Track.

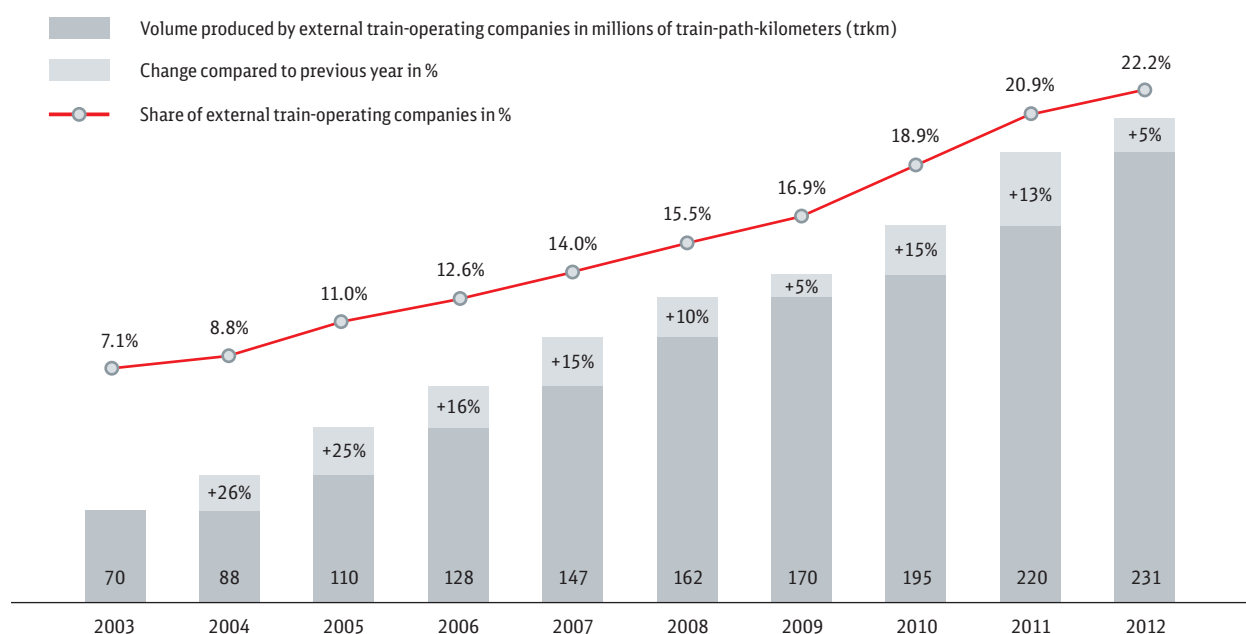
DB Netze Track - Selected key figures ✓

		2012	2011	Δ absolute	Δ in %
Length of line operated	km	33,319	33,378	-59	-0.2%
Train kilometers on track infrastructure	million train-path km	1,038	1,050	-12	-1.1%
- thereof non-Group customers	million train-path km	230.5	219.8	+10.7	+4.9%
Total revenues	€ million	4,709	4,642	+67	+1.4%
External revenues	€ million	980	961	+19	+2.0%
EBIT adjusted	€ million	894	715	+179	+25.0%
Gross capital expenditures	€ million	5,033	5,143	-110	-2.1%
- thereof investment grants received	€ million	-4,071	-4,378	+307	+7.0%
Net capital expenditures	€ million	962	765	+197	+25.8%
Capital employed	€ million	17,895	17,911	-16	-0.1%
ROCE	%	5.0%	4.0%		

Reporting year

Volume produced by external train-operating companies at DB Netze Track ✓

in millions of train-path-kilometers (trkm)





Growth at DB Netze Stations, largely due to non-Group demand

DB Netze Stations succeeded in increasing its adjusted EBIT by € 4 million to € 230 million in 2012. Heightened demand for station stops, especially from non-Group rail carriers, had a particularly positive impact here. On the expenses side, higher personnel expenses were a noticeable factor. At € 552 million, gross capital expenditures were slightly higher than in the previous year. Due to the lower percentage of investment grants, this is mainly a result of a higher share of own funds (net capital expenditures) at € 34 million. As net capital expenditures exceeded depreciation, the capital employed grew by € 53 million to € 2.9 billion. The return on capital employed (ROCE) remained unchanged against the previous year at 7.9 percent in 2012.

DB Netze Stations - Selected key figures ✓

		2012	2011	Δ absolute	Δ in %
Passenger stations		5,350	5,391	-41	-0.8%
Station stops	million	143.4	142.3	+1.1	+0.8%
- thereof non-Group customers	million	26.5	24.7	+1.8	+7.3%
Total revenues	€ million	1,102	1,077	+25	+2.3%
- of which station expenditures	€ million	738	717	+21	+2.9%
External revenues	€ million	416	400	+16	+4.0%
EBIT adjusted	€ million	230	226	+4	+1.8%
Gross capital expenditures	€ million	552	547	+5	+0.9%
- thereof investment grants received	€ million	-374	-403	+29	+7.2%
Net capital expenditures	€ million	178	144	+34	+23.6%
Capital employed	€ million	2,906	2,853	+53	+1.9%
ROCE	%	7.9%	7.9%		

Reporting year

DB Netze Energy tackles the challenges of the energy reform and regulation

Both gross and net capital expenditures fell at the DB Netze Energy business unit, mainly because the government stimulus package came to an end. At the same time, the capital employed rose. Adjusted EBIT increased by € 11 million to € 91 million despite the challenges posed by economic developments, the energy reform in Germany, and the regulatory requirements imposed by law. Demand for traction current, stationary energy and diesel fuel fell, meaning that total revenues came in € 21 million down on the previous year at € 2.8 billion. However, profits generated by procurement and portfolio optimization more than compensated for this. All in all, the return on capital employed (ROCE) therefore rose from 8.9 percent in 2011 to 9.4 percent in 2012.

DB Netze Energy - Selected key figures ✓

		2012	2011	Δ absolute	Δ in %
Traction power (16.7 Hz)	GWh	10,403	10,427	-24	-0.2 %
Stationary energy (50 Hz and 16.7 Hz)	GWh	1,699	1,719	-20	-1.2 %
Diesel fuel	million l	469.8	480.1	-10.3	-2.1 %
Total revenues	€ million	2,832	2,853	-21	-0.7 %
External revenues	€ million	1,079	1,084	-5	-0.5 %
EBIT adjusted	€ million	91	80	+11	+13.8 %
Gross capital expenditures	€ million	149	207	-58	-28.0 %
- thereof investment grants received	€ million	-77	-115	+38	+33.0 %
Net capital expenditures	€ million	72	92	-20	-21.7 %
Capital employed	€ million	969	896	+73	+8.1 %
ROCE	%	9.4 %	8.9 %		

Reporting year

Providing supporting services

DB Services primarily assists the companies in the DB Group. By reducing intra-Group costs and safeguarding a marketable standard of quality and service at the same time, the business unit makes a crucial contribution towards the future of the DB Group.



Extensive services for all business units

Key cross-divisional services are pooled within the DB Services business unit, which primarily supports the Group's other units. However, a number of these services are increasingly being offered outside of the Group as well. These include vehicle maintenance, information and communication technology (ICT), facility management, security services, and fleet management.

The business unit reduces intra-Group service costs, in addition to safeguarding a marketable standard of quality and service.

This is mainly done by

- enhancing integration into clients' value chains,
- leveraging synergies within the network, and
- using non-Group business

to guarantee capacity utilization and for the purpose of quality and price benchmarking. This makes the DB Services business unit a very important means of leveraging synergies within the Group.

The business unit also makes a considerable contribution towards safeguarding jobs in the DB Group. DB Services provides a large number of jobs for employees from the Group-wide labor market, thereby striking a balance between economic and social sustainability.

In both 2012 and the previous year, internal revenues accounted for the majority of total segment revenues, which amounted to € 3.4 billion. Segment revenues were

up 2.5 percent compared to 2011, which was mainly attributable to DB Systel's IT business.

This rise in revenues was offset by higher expenses for materials, personnel, depreciation, and other operating expenses. As a result, adjusted EBIT fell by € 39 million to € 84 million.

DB Services - Selected key figures

€ million	2012	2011	Δ absolute	Δ in %
Segment revenues	3,416	3,332	+84	+2.5%
- thereof external	389	410	-21	-5.1%
- thereof internal	3,027	2,921	+106	+3.6%
Total revenues	1,498	1,413	+85	+6.0%
External revenues	125	137	-12	-8.8%
EBIT adjusted	84	123	-39	-31.7%

Reporting year

The roads of Europe are Arriva's laboratory

DB's regional transport subsidiary Arriva is an important growth driver in the international passenger services industry



David Martin, CEO of Arriva plc

DB's European regional transport subsidiary DB Arriva proves that growth, environmental considerations, and employee satisfaction can go hand in hand. DB Arriva is one of the Group's growth platforms and an early mover in the liberalized markets, where it aims to further boost its market share.

The subsidiary's operations in Sweden doubled in 2012, for instance. In the Scandinavian country, more than 900 buses and 235 trains (including trams) are now run by Arriva. In Hungary, the joint venture VT-Transman – in which Arriva holds a 49.9 percent stake – has been awarded two contracts for a transport volume of 11.5 million kilometers annually.

DB Arriva remains a driving force in its British home market, where the company has also been expanding into the promising market of non-emergency patient transport and social care transport services with the provider Ambuline since mid-2012. CEO David Martin says: "We will grow successfully and proactively by acquiring new firms, securing new contracts, and expanding our existing business by means of organic growth." DB Arriva is increasingly using its extensive experience in the rail sector to target viable open-access transport opportunities in the UK.

DB Arriva is also growing in Eastern Europe: in May 2013 it will be acquiring the Eastern Europe transport division of Veolia Transport Central Europe, adding a further 3,400 vehicles and 6,300 employees. This makes DB Arriva the largest international operator of passenger transport services in Central and Eastern Europe. It is active in 15 countries throughout Europe.

To safeguard its long-term success, Arriva is investing € 468 million in new vehicles, including a fleet of biomethane buses in the UK. The environmental aspect is important for business. "We are experimenting with all kinds of alternative energy in the various regions," says David Martin. "The roads are our laboratory." If pilot projects are successful, the schemes are implemented in other regions. Martin sees hybrid buses as a medium-term solution on the way towards CO₂-free local transport, followed by electric buses. "With 130 hybrid buses, we are the largest operator of hybrid buses in London and one of the largest in Europe."

Revenues of € 3.8 billion in 2012 and an order book worth € 18.5 billion: Arriva needs dedicated staff to achieve its ambitious goals. "In my view, people are the major driving force behind our business," says David Martin. "Employees who are satisfied with their jobs are the best way to ensure that customer satisfaction continues to improve." With a 93 percent customer satisfaction rating, DB Arriva has achieved an all-time high among British bus passengers.

Martin explains Arriva's philosophy: "We hire local executives in the various countries. They understand Arriva's values and implement them in a way that suits the relevant country's culture."





Cologne Central Station, DB Lounge: Ulrich Weber, Member of the Management Board responsible for Human Resources, talking with Beverly-Joyce Quijano and Pierre Marcy, transport service assistant apprentices

A man in a dark grey DB uniform, consisting of a suit jacket, vest, white shirt, and red tie, stands in profile, looking towards the left. He is leaning his right hand on a wooden railing. The background is a blurred office environment with large windows and modern interior design. A vertical grey bar is positioned to the right of the man, serving as a background for the text.

03

Becoming a top employer

The employees give DB its face to the world. Only with the help of well-qualified employees who are enthusiastic about working for DB and its customers will DB succeed in implementing the DB2020 strategy. DB is working hard on its attractiveness as an employer in order to retain good staff and attract new recruits. The aim is to become a top employer and rank among Germany's ten best places to work by 2020.

Defining targets and areas for action ✓

DB aims to become a top employer. It is paving the way to achieve this with high levels of employee satisfaction, a strong employer brand, and innovative HR concepts which recognize demographic change as an opportunity.



300,000 people work for DB.
More than 100,000 are based outside Germany.

Growing need for staff forces DB to act

Over the coming years, a large number of positions will become vacant at DB as employees leave or retire. The statistics clearly show that action is needed: in 2012, the average age of DB employees in Germany was 46, with more than 40 percent of them aged over 50. To meet its future requirements in Germany, DB will hire an average of 7,000 employees per annum over the coming years. In addition to this, new jobs will be created around the world as the firm grows.

As well as attracting new staff, the company is striving to foster existing employees' development and retain them long term.

The total number of people employed in the Group increased from 295,172 to 299,347 between 2011 and 2012. The average percentage of female employees also rose year on year, both at DB in Germany (2011: 21.6 percent; 2012: 22.1 percent) and within the DB Group as a whole (2011: 22.2 percent; 2012: 22.5 percent).

Employees by business unit ✓

Headcount	2012	2011	2010
DB Bahn Long-Distance	16,963	16,938	16,436
DB Bahn Regional	38,551	38,681	38,257
DB Arriva	42,274	40,051	39,973
DB Schenker Rail	32,127	32,775	33,387
DB Schenker Logistics	67,005	65,044	61,738
DB Services	27,466	27,687	26,487
DB Netze Track	42,066	41,786	41,432
DB Netze Stations	5,046	5,052	4,937
DB Netze Energy	1,649	1,603	1,603
Other	26,200	25,555	25,845
DB Group	299,347	295,172	290,095

As of Dec 31, Group worldwide

Employees by business unit ✓

in full-time equivalents (FTE)	2012	2011	2010
DB Bahn Long-Distance	15,947	15,976	15,270
DB Bahn Regional	36,959	37,131	36,334
DB Arriva	39,545	38,196	38,137
DB Schenker Rail	31,770	32,466	32,618
DB Schenker Logistics	64,199	62,197	58,671
DB Services	26,375	26,556	25,131
DB Netze Track	41,400	41,136	39,849
DB Netze Stations	4,797	4,817	4,636
DB Netze Energy	1,626	1,584	1,536
Other	24,890	24,260	24,128
DB Group	287,508	284,319	276,310

As of Dec 31, Group worldwide

As of December 31, 2012, the workforce grew by approximately 3,200 full-time equivalents compared to December 31, 2011. This increase was primarily due to expansion at the DB Schenker Logistics and DB Arriva business units.

The growth in the workforce (in full-time equivalents) between December 2010 and December 2011 resulted partly from increased hiring – especially at the DB Schenker Logistics and DB Services business units – and partly from the statistical effect of working hour regulations agreed during collective-bargaining negotiations. The new agreement requires staff to work one hour less per week, i.e. 39 hours, bringing weekly labor time in line with the number of hours actually worked. As a result, the number of employees in the units affected increased on paper by approximately 2.5 percent effective March 1, 2011, and wages rose by 2.5 percent at the same time.

In Germany, some 11,000 new employees were hired in the reporting year and around 2,200 apprentices and cooperative education students were given permanent contracts. This increase was partly offset by staff leaving or retiring. Outside Germany, the workforce grew by approximately 3,300, especially in Europe and the Asia-Pacific regions.

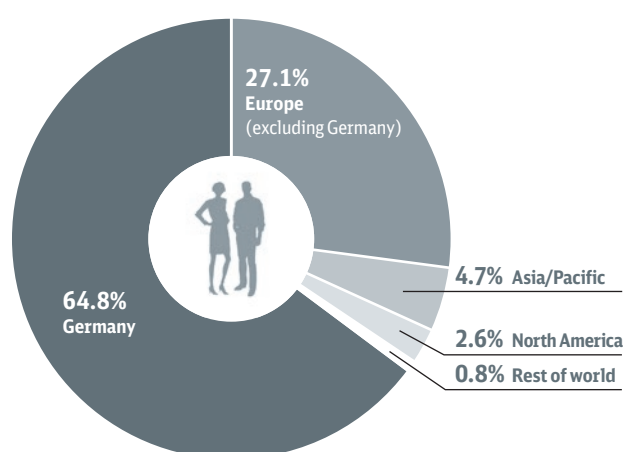
Employees by region ✓

Headcount	2012	2011	2010
Germany	194,020	193,109	189,377
Europe (excluding Germany)	81,055	78,686	78,539
Asia/Pacific	14,030	12,999	12,017
North America	7,704	8,133	8,050
Rest of world	2,538	2,245	2,112
DB Group	299,347	295,172	290,095

As of Dec 31, Group worldwide

Employees by region ✓

Headcount and in percent (%)



As of Dec 31, 2012, Group worldwide

DB wants to become a top employer by 2020

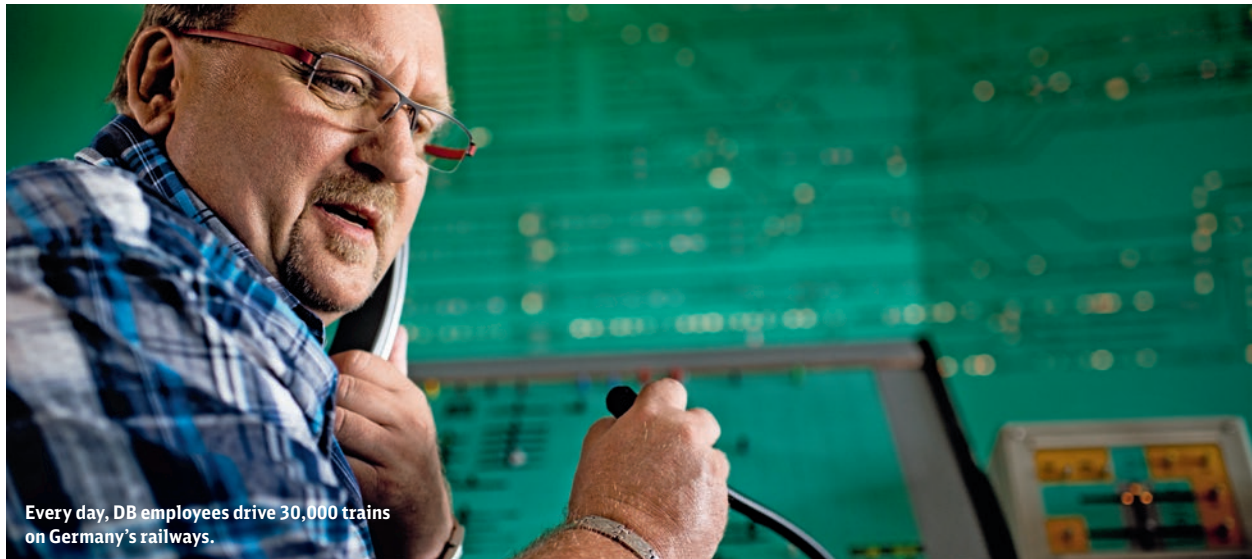
With its DB2020 strategy, the company has laid the groundwork for harmonizing its economic, environmental, and social commitments. Fulfilling its responsibility to society forges an important link with the other two dimensions of the DB2020 strategy. Well-qualified, satisfied employees who are passionate about their work are the basis for high levels of customer satisfaction and therefore the overall success of the DB Group. Driven by this conviction, the company has set itself an ambitious goal: to become a top employer and rank among the ten leading firms in Germany's labor market by 2020. To achieve this, it has defined three key objectives, which act as a benchmark for all its activities:

■ Improving employee satisfaction

DB wants to bring about long-term increases in employee satisfaction, dedication, and commitment to the company. The firm has therefore been working for almost three years on further developing its corporate culture. It is striving to create a culture which is marked by a spirit of partnership, regular staff involvement, mutual respect, shared enthusiasm, and exemplary leadership. The first Group-wide employee survey was conducted in the fall of 2012. It paints a comprehensive picture of employee satisfaction and enables the firm to derive concrete measures for making improvements and changes.

■ Making DB a more attractive employer

DB wants to establish itself as a strong employer brand for all its target groups – high-school students, university students, and experienced professionals, from both academic and non-academic fields. A high-profile, convincing image is important for the company to continue successfully attracting staff in the search for skilled workers and executives. DB has realigned its recruitment activities in both organizational terms and as regards content. A comprehensive employer branding campaign was launched in November 2012. It presents the DB Group as a diverse, attractive, and responsible company.



■ Enhancing preparedness for demographic change

In the future, each employee's professional development should be tailored more closely to the stage they are at in their career and their life, enabling them to spend their entire working life at the firm. Against the backdrop of demographic change, it is becoming increasingly important for DB to think ahead regarding its personnel needs and to ensure that staff members are able to keep performing well and remain in employment. This means providing a variety of development opportunities and offering broad health promotion programs as well as making sure that workers have meaningful, multifaceted, future-proof jobs.

Strategic HR programs set the course

As the Group increasingly operates at international level, a forward-looking, global approach to HR management is becoming more and more important. The HR division is contributing towards implementing the DB2020 strategy and safeguarding the company's future by focusing on the following six strategic areas: strategic workforce planning, talent acquisition, staff development, employment conditions, further development of corporate culture, as well as optimizing and internationalizing HR activities. These six programs are interrelated, systematically build on one another, and together lay the cornerstone for operational HR management that will help the firm to become a top employer.

Two aspects of these strategic areas illustrate how DB is actively working to achieve its goals in both national and international areas:

■ Boosting international integration within the DB Group

DB is represented at more than 2,000 sites in over 130 different countries. More than 100,000 people work for DB outside Germany. A company that operates worldwide needs a more global approach to HR management as well. An international network of HR executives was set up in 2012, creating the basis for closer collaboration between HR departments throughout the Group. In addition to this, cross-divisional, international project groups deal with all important issues with the aim of implementing DB's HR strategy globally. In the year under review, their cooperation focused on three programs: strategic workforce planning, staff development, and further developing the corporate culture.

A number of pilot projects were rolled out in 2012 as a result: strategic workforce planning initiatives in Poland and Denmark and a staff development program in the UK. The first international Dialogue on the Future relating to the further development of the corporate culture was also held in Spain. These pilot projects will continue in 2013, when they will be further enhanced.

■ Strategic workforce planning increases transparency

In the light of demographic change, greater transparency is needed about how the workforce and staffing requirements will develop. The DB Group is creating this transparency with its strategic workforce planning initiative, which is currently examining key employee groups for rail operations in Germany. Approximately 85,000 positions are now included in strategic workforce planning by virtue of Group-wide methods and business scenarios. Simulation software with scenario modules to support the creation of detailed forecasts further increases transparency about future developments relating to personnel capacity, age structures, and training requirements.

Strengthening cultural change ✓

With its first Group-wide employee survey, DB has set another milestone for the further development of its corporate culture. The main focus of this cultural change is geared toward heightening orientation on the employees. As part of this, there will be greater employee involvement through different forms of dialog and a new leadership concept. DB is committed to diversity as a success factor. DB's target of increasing the percentage of women both overall and in managerial positions is a clear indication of this new approach.



DB's cultural transformation is designed to further boost employees' team spirit and sense of community.

Employees are the face of DB

The cultural transformation which began in 2010 is now a central element of the DB2020 strategy. By embedding it in this way, the firm has made an even firmer commitment to the cultural development process. Employees are the focus of this move because they give DB its face to the world and define its relationships with its customers – from one person to another. DB wants to take further steps to strengthen its employees' enthusiasm for their work and the firm. Executives have a special responsibility in this regard. In the year under review, DB initiated the Group-wide development and embedding of a new understanding of leadership. It places a stronger focus on so-called transformational aspects of leadership, such as "role model function", "offering inspiration and intellectual stimulation," and "treating employees as individuals."

To embed the cultural development even more deeply in the business units and regions, a total of 14 Regional Dialogues on the Future were held in Germany by spring of the reporting year and one International Dialogue on the Future was held in Barcelona. The dialog at these large-scale events – each attended by some 300 people including the Management Board and other executives – was followed by activities across various business units, including the "DB culture" dialog map and the associated workshop concept in Germany. Some 850 coworkers identified during the Dialogues on the Future are providing valuable support with DB's cultural development in Germany. As voluntary ambassadors and pacesetters they are driving the process forward and are actively involved in developing the company's corporate culture further.



Executives and employees use the "DB culture" dialog map and associated workshops to help shape cultural change locally.

Employee survey provides a realistic picture of satisfaction levels

With its Group-wide employee survey in fall 2012, DB took another major step in the cultural development process. For the first time, this gave nearly all DB employees around the world (almost 300,000 people) the chance to provide feedback on how satisfied they are with the firm and their job. The company did not just use the findings to gain a realistic picture of the mood among workers. In the spirit of a long-term follow-up process, concrete measures are to be derived, which will bring about changes at all levels of the company – for the firm as a whole, the business units, and individual teams in particular. To make this possible and to roll out cultural change throughout as much of the company as possible, almost every executive at DB has received an individual report summarizing the results for his or her area of responsibility.

The participation rate was high at 61.4 percent (approximately 186,000 employees), indicating that staff are very interested in helping to shape their company. On one hand, the survey – which was conducted on behalf of DB by GfK Trustmark – reveals an optimistic mood in many respects, leading GfK Trustmark to conclude that the fundamental mood at DB is "moderately positive." DB employees are particularly satisfied with their tasks and the work itself. Two thirds of respondents are proud to work for DB and satisfied with their jobs. The same percentage enjoy what they do and are optimistic about the future.

On the other hand, the survey also highlights room for improvement. For instance, staff throughout the Group would like to be more involved, see more open communication, and have more opportunities to develop their professional skills.

DB takes up employees' willingness to get involved

DB would like to make even greater use of employees' clearly recognizable willingness to engage with the firm. Working on the leadership culture and lending greater weight to staff suggestions remains an important goal. This is the purpose of some 7,800 binding follow-up workshops in Germany, at which executives will define improvements and areas where action is needed together with their teams. Around 3,000 follow-up activities are planned for 2013 at the international units of DB Schenker Logistics and DB Schenker Rail; 41 action plans are being initiated at DB Arriva. DB intends to repeat the employee survey every two years to constantly improve satisfaction levels among employees with the aid of in-depth analyses, discussions, as well as jointly agreed measures and their implementation.

Capitalizing more strongly on diversity as a success factor

Staff diversity makes a crucial contribution towards DB's success. Appreciating the benefits of diversity and utilizing its potential for innovation forms an integral part of the corporate culture. DB has documented this approach as a signatory and founding member of the Charta der Vielfalt organization (Diversity Charter), a corporate initiative to promote diversity in companies. DB has also set a clear course in organizational terms by establishing a separate Diversity Management department in 2012. Its main task is to promote among executives and employees an understanding of the benefits of diversity in the workforce and to work with the business units to create a framework which promotes the development of diversity.



DB gave its employees a say in 2012 with the Group-wide employee survey.



DB aims for more female employees by 2015

DB is currently placing a special focus on gender equality. Considering that many of the jobs at the company are technical, the company has set itself an ambitious goal: it aims to increase the percentage of women in the overall workforce in Germany from 22.1 percent in the reporting year to 25 percent by 2015. It also hopes to increase the percentage of female executives from 16.4 percent to 20 percent.

Percentage of women by business unit

as percent (%) of headcount	2012	2011
DB Bahn Long-Distance	26.7	25.7
DB Bahn Regional	15.3	15.1
DB Arriva	10.9	11.0
DB Schenker Rail	11.0	10.7
DB Schenker Logistics	35.4	35.4
DB Services	18.3	18.1
DB Netze Track	16.1	15.9
DB Netze Stations	46.4	45.5
DB Netze Energy	11.5	10.7
Other	41.3	40.6
DB Group	22.5	22.2

As of Dec 31, Group worldwide

DB has developed measures to achieve these targets. In the future, there must be at least one suitably qualified woman on the list of candidates when executive positions are filled. If there is no female candidate within the company, it must look on the external market. In 2012, it was also agreed that high potentials will temporarily be appointed as interim executives to fill executive positions which become vacant due to parental leave or sabbaticals. With this arrangement, DB will actively help these employees to gain managerial experience.

Disabled people are valued employees at DB

DB has made implementing the UN Convention on the Rights of Persons with Disabilities in the workplace a priority and has developed a special action plan and wide-ranging activities to do this. Together with the German Group Council representing the Severely Disabled, DB is pursuing the goal of fully integrating disabled employees into the working world from the recruitment stage onwards. As part of these efforts, the Group signed an internal agreement regarding the "Integration and professional development of disabled employees at the DB Group" in June 2010, which will be updated and supplemented effective January 1, 2013.

At six percent, the percentage of severely disabled employees throughout the Group in Germany is higher than the five percent required by law. The legal requirement is also fulfilled to the greatest possible extent in many areas of work which may not initially seem particularly suitable for the severely disabled.

Ombuds service helps staff to resolve conflicts at work

DB also invests a great deal of energy in creating a workplace which is free from discrimination and bullying. If employees feel that they have been treated unfairly, they can seek expert support from the ombuds service in Germany, which tries to resolve conflicts constructively using mediation and dialog. Some 80 internal mediators are available to provide this assistance.

Shaping employment conditions ✓

DB wants to offer its staff good professional prospects at every stage of their lives to keep them at the company long term. With this in mind, it is trying to improve the way it reconciles individual needs with the requirements of the company and its customers. DB hopes to do this by offering more flexible working models, a variety of attractive fringe benefits, arrangements that make it easier to combine work and family commitments, and health promotion programs.



DB is taking various steps to cater for employees of different ages. For instance, when servicing vehicles, DB seeks advice from ergonomists.

Collective-bargaining agreements offer reliability and stability

For DB, collective-bargaining agreements are an essential means of offering workers attractive, reliable framework employment conditions, especially in Germany. In 2011, extensive, industry-wide standards were introduced for wages and working hours in the German passenger rail transport sector for the first time. Thanks to legislation ensuring that the German states comply with standard pay rates, these regulations were also taken into account when public contracts were awarded.

In addition to this, the challenges of demographic change are being given greater weight in agreements between DB and the other parties involved in collective-bargaining negotiations. In 2012, the German Rail and Transport Workers' Union (EVG), the Mobility and Transport Services Association (Agv MoVe), and DB agreed to an innovative collective-bargaining agreement designed to address demographic change. The aim is to offer DB employees the chance to remain at the firm throughout their working lives. The agreement includes a permanent job offer for all apprentices who complete their courses successfully and the right to work shorter hours from a set age onwards for employees on regular

or irregular shifts along with a certain level of compensatory pay. The new collective-bargaining agreement also comprises a permanent employment guarantee, which rules out redundancies and dismissals due to the loss of, or a reduction in, an employee's productivity.

Sustainability aspects of the DB2020 strategy affect executives' compensation

Work is also constantly under way to further develop the employment conditions for executives and other employees not covered by collective-bargaining agreements. For example, the system of targets employed for the DB2020 strategy with its three sustainability dimensions was integrated into the payment of variable end-of-year bonus for financial year 2013. This means that performance-related pay is geared towards the company's sustainable strategy. At the DB Group, variable end-of-year bonus is paid to executives and other employees not covered by collective-bargaining agreements, regardless of the labor time stipulated in their individual contracts.

Effective 2013, managerial-level staff can also choose from an extended range of mobility options consisting of the rail card BahnCard100 First and Flinkster (car

sharing). In addition, all executives and other employees receiving payment over and above standard salary (not covered by collective-bargaining agreements) are offered a flat rate for DB's own rental bicycles (Call a Bike). With this move, DB aims to create additional incentives to choose an eco-friendly alternative to the company car.

Employees enjoy fringe benefits

Besides fair remuneration commensurate with each employee's performance, DB offers a wide range of fringe benefits to make it an attractive employer. DB has been working with its five biggest social services partners in Germany for years. They are: the railway workers' social services organization Stiftung Bahn-Sozialwerk (BSW), the health insurer BAHN-BKK, the association of railway workers' sports clubs Verband Deutscher Eisenbahner-Sportvereine (VDES), the insurer DEVK, and Sparda banks. These partners develop relevant packages of benefits for employees. On top of this, all members of staff with relevant collective-bargaining agreements benefit from a system of company pensions, regardless of the labor time stipulated in their individual contracts.

DB also concludes and pays for accident insurance for many groups of employees, executives, and staff working abroad.

Partnership between DB as an employer and employee representatives pays off

The biggest contributor towards attractive employment conditions is the partnership that exists between DB as an employer and employee representatives. Both are aware of their responsibility in this regard, which primarily takes the shape of regular information sharing and a culture of negotiation founded on mutual respect. In this spirit, collective-bargaining agreements in Germany have often been supplemented by internal ones which take local needs into account. This partnership has paid off, both in economically challenging and in successful times.

Reconciling work and family commitments

In the world of work, it is becoming increasingly important to enable staff to reconcile their professional challenges with their family and leisure commitments. DB wants to make it easier for employees to achieve a work-life balance at every stage of life – not just as a means of retaining staff long term. This also makes the company more attractive to potential employees. The aim is to eliminate disadvantages and to enable staff with family commitments to go back to work and develop professionally.

DB is taking a new approach with mentoring programs such as "Career and Kids," which has been running since 2012. The initiative's aim is to help existing and potential executives to return to work easily after parental leave and to support their subsequent further development. It is a joint program run in conjunction with Deutsche Telekom and the European Academy for Women in Politics and Business (EAF Berlin).

Flexible working models give staff greater freedom

Making working hours more flexible is extremely important for enabling the right work-life balance. The implementation of the stage-of-life model incorporated into the new collective-bargaining agreement designed to address demographic change provides a good basis for doing just this. This gives the individual companies within DB more freedom, enabling them to tailor shift plans even more closely to employees' wishes. So as to find customized solutions to business requirements and take local conditions into account, a number of regulations associated with the collective-bargaining agreements were temporarily lifted. In the future, employees covered by collective-bargaining agreements will also be able to make greater use of flexible working models. Effective 2013, they will be able to take a sabbatical by using a long-term working time account, for example.

Since 2012, DB has enabled its executives to take sabbaticals lasting up to six months to gain a fresh outlook and achieve personal goals. These sabbaticals are funded in advance by the employer.



Help with childcare for employees

In conjunction with the railway workers' social services organization Stiftung Bahn-Sozialwerk (BSW), DB wants to make it easier for employees to reconcile their work and family commitments by assisting with childcare. It does this by helping them to find childcare facilities and by reserving a number of places at daycare centers for employees' children. In addition to this, DB is stepping up its childcare offering for employees' children at daycare facilities near company sites. DB also runs school vacation activities for staff members' children at the sites in Frankfurt am Main, Berlin, and Munich under the name "DB RasselBAHNde."

Childcare coordinators have been on hand to help staff at several German sites since 2012. They are the first point of contact for advice and help finding local childcare facilities. The workers' social services organization Arbeiterwohlfahrt (AWO) runs a service for parents, which also provides information about childcare options – including in emergencies.



Some 2,800 employees advise customers at DB's travel centers.

DB offers support in nursing care

Being family-friendly also means helping staff with any questions they may have about looking after relatives who need care. DB works with the senior citizens' service run by the Arbeiterwohlfahrt organization to offer advice on providing the right care. In addition to this, the company has initiated a pilot project in Northern Germany in conjunction with Stiftung Bahn-Sozialwerk and the carer information service Deutscher Pflegering. Among other things, this includes a service portal about care, an index of service providers, and a hotline staffed by carers. Furthermore, the new collective-bargaining agreement designed to address demographic change outlines a model enabling family carers to take time off.

Promoting health is a priority at DB

DB wants its employees to stay healthy. It believes that health promotion makes an important contribution towards employee satisfaction, the company's attractiveness as an employer, and its preparedness for coping with demographic change.

DB has already established a wide range of preventive healthcare services for its staff in Germany. In addition to healthy eating options at company canteens, courses to help smokers quit, and help in dealing with addictions, there are many different types of sport activity options on offer. A special focus is placed on psychological well-being in the workplace. Over ten years ago, a support concept was developed for train drivers trying to come to terms with accident-related experiences. It combines prevention by preparing drivers mentally for such incidents, immediate assistance in emergencies, and support from trusted mentors, psychologists, and social workers. This approach has proved effective: most train drivers are now able to overcome the trauma of their experiences.

Expansion of stress prevention measures and advice for staff under pressure

Partly because of its experience with the support concept for train drivers, DB decided in the reporting year to expand its stress prevention and needs-based support measures to make them available to all staff in Germany. With the aid of the staff support team, employees and their relatives can find someone to talk to and give them advice when stressful professional or personal situations arise. The team offers completely anonymous, free advice on psychological and medical issues. In addition to this, the staff support team also provides information on the many services offered by DB's cooperation partners, from elder care to rehabilitation.

Prevention program focuses on health promotion for older employees

DB would like to make it easy for its employees to stay at the company for as long as possible – and at least until the regular retirement age. This is because older members of staff are a valuable source of acquired knowledge that is difficult to replace. For this reason, DB has been trialling a health-oriented prevention program for older employees since 2012. The CLARA pilot project ("Clever und aktiv in Richtung Alter") is being run in conjunction with the University of Heidelberg, bringing together three key aspects of health promotion: information about health and aging, sport and exercise programs, and mental training.

DB's health management services have already met with widespread recognition. In 2012, they were awarded the corporate health prize by the German Association of Company Health Insurance Programs (BKK Bundesverband). In the same year, DB also received a Certificate of Excellence after ranking second in the Corporate Health Award for the transport and logistics sector.

This award is conferred by the German Federal Ministry of Labour and Social Affairs together with the New Quality at Work Initiative.



Health as a success factor: DB company canteens at some 100 sites offer staff healthy options.

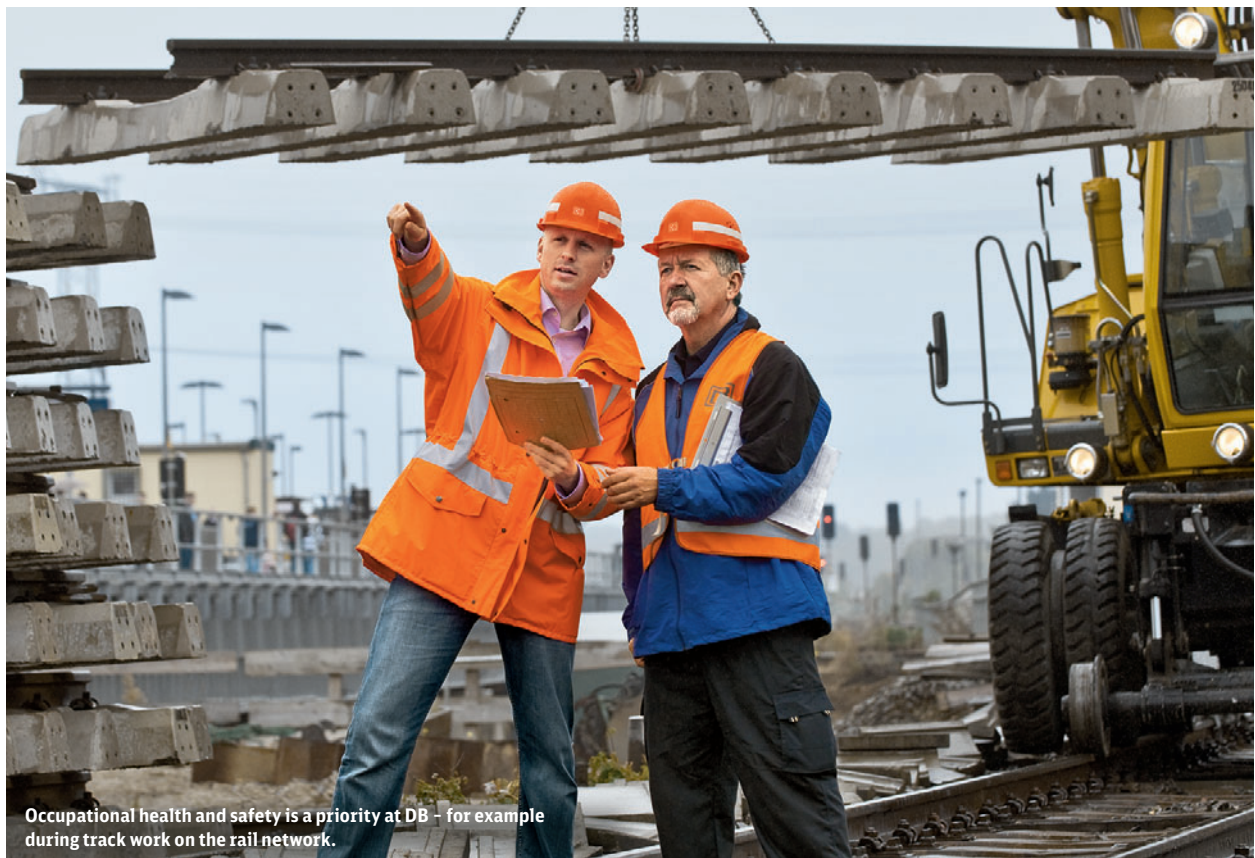
Occupational health and safety is highly relevant for accident prevention

Occupational health and safety rests primarily on an awareness of what causes accidents. The Group-wide accident management system records, processes, and assesses dangerous incidents in Germany. This enables further improvements to be made to working conditions which affect health and safety and helps employees to behave safely at all times. External companies and DB's partner firms are also included in the occupational health and safety management system.

DB has established an extensive occupational health and safety management system to protect employees in the workplace. It is based on the "Health and Safety Management" company guideline, which was introduced in 2001 and revised in 2008, and on the international OHSAS 18001 standard. DB is constantly reducing accident figures with a ten-point health and safety program involving the business units and representatives of various interest groups. These comprehensive safety measures include risk assessments, audits, training, and information about using personal protective equipment, among other things.

By linking the issues of technical strategy and health promotion more closely, DB has developed a new approach to modern occupational health and safety which now goes beyond guidelines and state requirements. More importantly, it is about taking older and disabled employees' individual abilities into account since they must be physically and mentally capable of fulfilling their specific role.

The conceptual phase has now given rise to an initial wave of pilot projects. These focus on two areas: first, engaging experts with close ties to DB and company doctors to provide ergonomic workstations and assess psychological pressures. This has a direct impact on company practices. The second area is making more jobs available for staff with existing or new disabilities.



Occupational health and safety is a priority at DB – for example during track work on the rail network.

Combining work and study via just the right duty roster

An internal working time project at Berlin Central Station helps Stefan Krause to plan his work and further education.



Abfahrt Departure / Départ

Zeit Time/Tempo	Über Via	Ziel Destination	Gleis Platform/Voie
15:17	Erkner - Fürstenwalde (Spre)	Frankfurt (Oder)	11
15:26	B - Spandau - Wittenberge	Wismar	7
15:27	Bumau & Berlin - Angermünde	Ostseebad Binz	6
15:23	Berlin Zoo - B - Spandau	Nauen	14
15:33	B - Schönefeld - Lützen	Senftenberg	11
15:34	Berlin Südkreuz - Wunsdorf-Waldstadt	Elsterwerda	4
15:35	Bumau & Berlin - Angermünde	Schwedt (Oder)	5
15:37	Brandenburg - Frankfurt (Main) Hbf	Stuttgart Hbf	13
15:41	Brandenburg - Neuenhagen	Stralsund	7
15:42	Dresden Hbf - Bad Schandau - Döbn	Praha hl.n.	2
15:14	Hamburg Hbf - Hamburg Dammtor	Hamburg-Altona	8
15:46	B Südkreuz - Teltow	Luckenwalde	1

Abfahrt Departure / Départ

Zeit Time/Tempo	Über Via	Ziel Destination	Gleis
15:47	Erkner - Frankfurt (Oder)	Eisenhüttenstadt	11
15:42	Berlin Zoo - Potsdam - Werder	Brandenburg	14
15:49	- Dortmund - Essen	Trier Hbf	14
	- Dortmund - Essen	Köln Hbf	14
15:53	Berlin Zoo - Wustermark	Rathenow	13
16:00	Berlin Zoo - P. Rehbrücke	Dessau Hbf	14
16:00	B Ostbahnhof - Rangsdorf - Zossen	Wunsdorf-Waldst	11
16:05	Königs Wusterhausen - Lützenau	Cottbus	12
16:12	Pekedam Hbf - Werder - Brandenburg	Magdeburg	13
16:16	B Südkreuz - Jüterbog	Falkenberg (E)	4
16:17	Erkner - Fürstenwalde (Spre)	Frankfurt (Oder)	11
16:21	Wittenberge - Hamburg Hbf	Aarhus	5



Stefan Krause, DB employee

Stefan Krause is sitting at the DB information desk in Berlin Central Station, answering travelers' questions. The 26-year-old transport service assistant has lots of plans: "I want to improve my professional qualifications and I've decided to go for a university entrance diploma as a mature student." There is nothing stopping him now that he is on the daytime duty roster. The 48 members of the station's service team like to refer to it as the "moms' roster" because it is most popular with women who have children to look after. "Now, I only work from 8 a.m. to 4 p.m., so I can study better afterwards," says Krause. That means no more early and twilight shifts, but he still works at the weekend.

There are service staff on hand around the clock at Berlin Central Station, but the team is considerably smaller at night than during the day. The employees therefore have to be extremely flexible when it comes to working hours. Following a successful internal working time project, staff can choose between several different duty rosters, helping the company to cater for employees' different needs to the greatest possible extent. The daytime duty roster is one of them.

"Now my working hours are more regular, so I can set myself fixed times for studying during the week," says a delighted Krause. Before the new system was introduced, rostering was done 22 weeks in advance, with everyone doing early, twilight, night, and day shifts. His allocation to the daytime duty roster is currently limited to one year. "The diploma course usually lasts three years," Krause admits.

He goes on to say that his coworkers aren't envious that he now gets to work the coveted day shift. "They know my reasons." There will always be "a little bit of jealousy," he adds, but since the internal working time projects were introduced, every member of staff has been able to choose the duty roster that suits them best. If too many people choose the same option, "parents take precedence," at least for the daytime duty roster.

Once he has completed his university entrance diploma, Krause wants to go to university. "I'd like to work in IT," he says, adding that he discovered during his military service that he had "a knack" for computers and everything that goes with them. "Naturally" he wants to keep working at DB after his degree course, he says. "After all, I've been with DB right from the start." Every hour and every day, the information desk at the station is irrefutable proof that satisfied employees make for satisfied customers.



Promoting staff development ✓

Well-qualified employees and executives are one of the most important resources for DB in its bid to become a top employer. DB's HR strategy focuses on two important courses of action: recruiting junior workers at an early stage and promoting existing employees' development goals.



Attracting qualified youngsters with vocational training and cooperative education

DB is not just one of Germany's largest employers. With more than 11,000 apprentices, cooperative education (combined commercial and theoretical studies) students, and participants in the "Chance Plus" program, it is also one of the largest companies in Germany to offer vocational training programs. Vocational trainings, and cooperative education play a crucial role in ensuring the company attracts the qualified employees it will need in the future. In the year under review, approximately 3,800 young people started vocational training at DB to gain one of 50 or so professions. Roughly another 300 young people started their careers at the DB Group with a cooperative education program. DB runs more than 20 cooperative education programs which enable school graduates to gain business, technical, and IT qualifications with the firm's help. DB has also stepped up its capacity of vocational trainings it offers. As part of this move, a new training site was opened in Frankfurt am Main. This takes the total number of training sites in Germany to 30. The high percentage of apprentices who are offered a permanent position shows how dedicated DB is to recruiting young employees. Around 94 percent of the young people who completed their vocational training and training at the DB Group in

Germany (excluding DB Schenker Logistics) in 2012 were offered permanent jobs within the Group.

Apprentices involved in social projects

DB's training courses teach youngsters the specific content and practical capabilities they need. However, they place just as much emphasis on service, social, and methodical skills, such as entrepreneurial thinking, customer focus, independence, and team spirit. Thinking and acting in a socially responsible fashion is also at the heart of the annual competition "Deutsche Bahn Apprentices against Hatred and Violence." Since 2000, more than 8,000 apprentices have gotten involved in the competition with over 900 projects. In 2012 alone, 700 youngsters worked to promote tolerance in 90 projects under the patronage of the band Söhne Mannheims. As part of the competition, the entrants take a stand against violence, racism, and xenophobia and develop ways of increasing respect and civic courage within society.

DB helps young people to qualify for professional training

Young people who do not yet meet the entry requirements for a traineeship at DB also receive a helping hand from DB. The preparatory program "Chance Plus" helps

school leavers in this situation to get their careers off to a successful start. There are more than 300 places on the program, which is run at ten sites throughout Germany.

In addition to this, DB gives youngsters who would like to obtain their vocational high-school diploma the chance to train within the firm and gain this qualification as part of the “Einstiegen!” (“All Aboard!”) cooperation project.

Tailored programs for university graduates

University graduates can choose between two, equally well-regarded entry pathways at the DB Group: the graduate trainee programs (TRAIN Biz, TRAIN Tec, or TRAIN ICT, depending on the graduate’s specialty) or the direct-entry route. Both options are ideal preparation for graduates with a bachelor’s, master’s, or other degree prior to an entry-level role. With its international euroTRAIL program launched in 2011, DB Schenker Rail has chosen to place a special focus on attracting future executives with both specialist knowledge and intercultural skills. The second intake of participants – 42 graduates from twelve countries – started this program in 2012. Meanwhile, the “Talents@DB Schenker Logistics” graduate trainee program is aimed primarily at university graduates who majored in logistics. In the reporting year, eleven participants started the program, which involves working in all parts of the business and abroad.

Skills-based development is a major success factor

Individual, skills-based staff development plays an important role at DB. Dialogs between employees and executives are compulsory at DB in Germany and form the basis for assessing performance, skills, and potential, as well as agreeing on development. The funding guidelines for continuing professional development that is completed alongside work were updated and agreed on throughout the Group in the year under review. Employees can always find the latest opportunities to enhance their professional skills with the help of the online portal “DB Continuing Professional Development Compass.”

Transparent communication of staff development options

Staff development is extremely important to DB. Defined development pathways provide employees and executives in Germany with orientation for their further professional development. They highlight development opportunities for staff and help the specialist business with succession planning. In 2012, for example, the career model “A Career in Procurement” was introduced for Central Procurement as part of a pilot project. This program systematically supports staff development by offering employees tailored training for each stage of their careers – from procurement assistant to executives of strategic procurement.

In the reporting year, DB further extended the overview of possible development pathways across all business units. An online tool that is accessible to all employees increases transparency in this regard.

DB Training and DB Academy help employees and executives to gain additional qualifications

The provision of vocational training and continuing professional development for staff in Germany is overseen by DB Training – the partner for learning, development, and change processes within the DB Group. It offers 1,500 training courses for target groups ranging from apprentices to specialists. In the year under review, DB Training ran events attended by a total of around 240,000 people. Of these, approximately 95 percent were DB employees and about five percent were members of staff from other companies.

Since 2011, the DB Academy has been responsible for training around 7,000 executives, employees not covered by collective-bargaining agreements and operational executives at the DB Group. In this way, DB ensures that its employees receive systematic, continuous career support from a single source. In the reporting year, approximately 43 percent of the target group benefited from the training programs. Dialog forums reached around eight percent of the target group. These serve as platforms for networking and discussing all issues of relevance for the Group.

Training is not just a major issue in Germany. DB Schenker, for instance, opened its own staff training and development center in China in 2012: the DB Schenker Logistics Academy China in Beijing. With this move, the logistics specialist is recognizing the growing importance of the Chinese market and investing in its employees’ training.

New leadership concept is key component of DB2020 strategy

Executives at the DB Group have been developing a new shared understanding of leadership since 2012 to successfully work with the challenges set by the DB2020 strategy and the cultural change process. It is based on more transformational leadership, which centers on executives inspiring and involving their direct teams and thereby strengthening the inner motivation of their staff. This is done via a process of dialog at all managerial levels, which comprises discussion and reflection events for executives as well as feedback tools such as 360° leadership feedback and the Group-wide employee survey.

Challenge and encourage

What employees from selected international units think about their development opportunities at the Group



Hanna Munninghoff, 24, has “a job that inspires me and that I enjoy.” She works with the production alliance Xrail, which aims to strengthen single-wagon load transport efficiency in Europe. DB Schenker Rail is a member of this network. She came across her dream job during the practical phases of the Project Engineering cooperative education program, which gave her a thorough insight into working practices at various DB Schenker sites as well as enabling her to complete a degree. “I always received an exceptional level of support,” she says. She completed some of her training in Denmark. “The option of spending time abroad during my course was really important to me,” says Hanna Munninghoff. While she was in Copenhagen, she came across Xrail, where she now helps to optimize single-wagon load transport traffic.



Björn Gäbler, 30, is a servicing supervisor for the automated metro system at the women-only Princess Noura Bint Abduhl Rahman University in Riad. “My career plans didn’t actually include spending time abroad.” He was working for the S-Bahn suburban rail network in Stuttgart in 2011 when his departmental manager told him that someone with precisely his qualifications was needed for a metro project in Riad. He accepted the job, DB Regional allowed him to move to DB International, and now he ensures that the metro system at the women’s university runs smoothly. Björn Gäbler’s wife and three-year-old son have now joined him. When his contract runs out at the end of 2013, he says: “I definitely want to stay in the region” for the time being. “There are so many projects at DB International.”



Vanessa Holl, 42,

calls the worldwide growth program “Go for Growth (G4G),” which she was responsible for introducing by the end of 2011, “my baby at Schenker.” She left the Logistics Strategy department in Berlin and moved to Essen to work on the project. Her work on G4G made it clear that “the Western Europe region has scope for development,” as she says. Since she can speak three of the countries’ four languages, she was chosen to fill a newly created position in Paris. Now, she is responsible for all strategic issues in the region. Vanessa Holl praises the culture at DB Schenker Logistics: “I like the working atmosphere. It’s shaped by humanity, and achievements are rewarded.”

Currently, she is learning Arabic and she can imagine bringing her practical experience to bear at Group level or in a DB subsidiary – preferably in an international setting. “I’m always eager to tackle new challenges.”



Michel Bizot, 57,

has a passion for driving trains. In his free time, he drives historic locomotives in France. He only turned professional five years ago, when he left the sales team at a telecoms company to join ECR (Euro Cargo Rail), DB Schenker Rail’s company in France. “I was pretty frustrated with my job at the time. In the end, I gathered together my courage and rang ECR’s Human Resources department.” During his nine-month training period, he proved that age is no obstacle to getting the job done. “Quite the opposite! My younger coworkers were glad that they could benefit from my knowledge.” Now, he drives trains near the Spanish border. “Despite the unusual working hours, my job gives me a sense of freedom.” And he is still taking on new challenges too: “I want to learn English.”

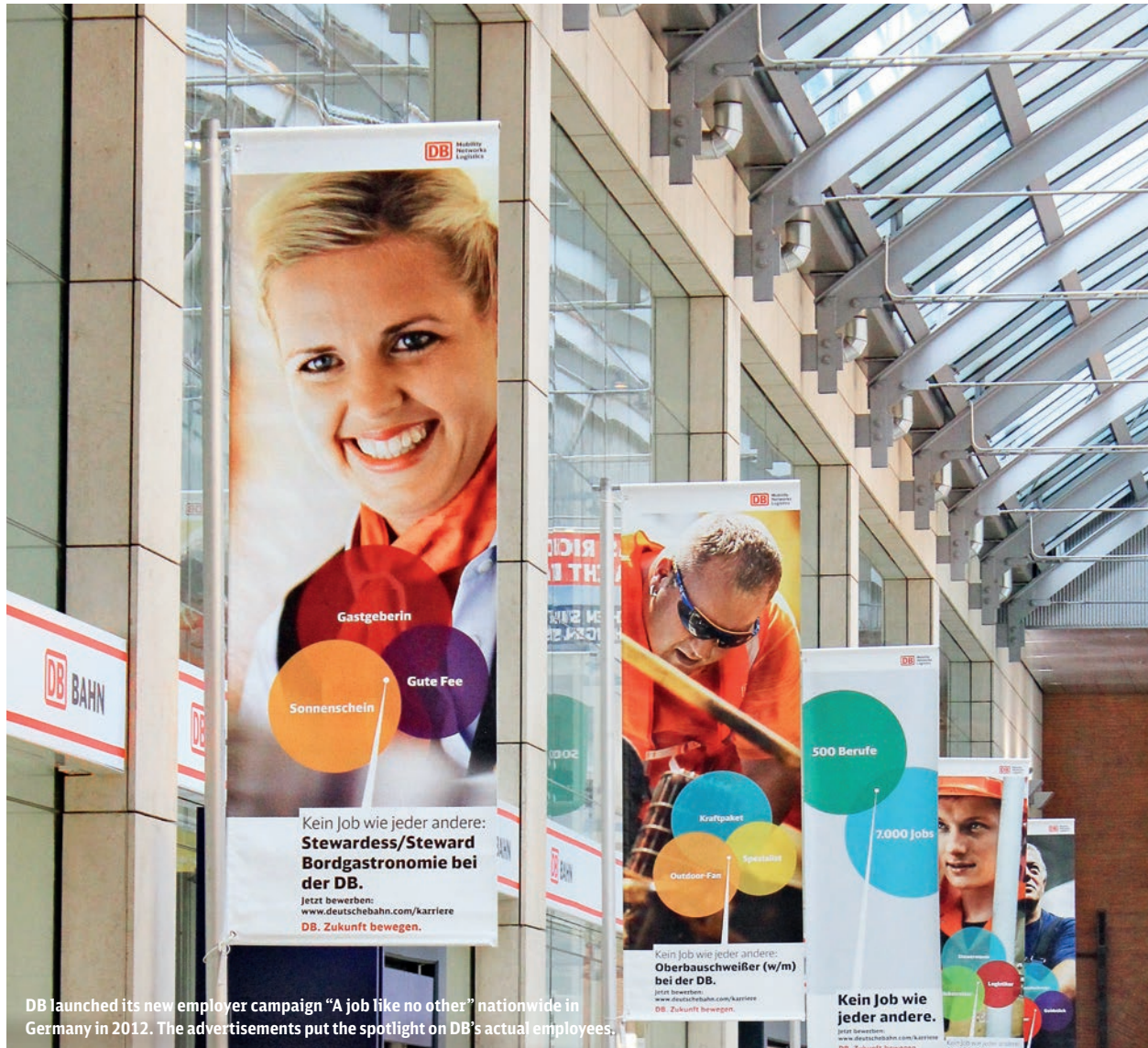


Andrew Seah, 39,

heads up the communications and environment team for Asia/Pacific at DB Schenker. “I work with people in the region and from all around the world. Interacting with so many colleagues, clients, and partners gives me all kinds of opportunities and lots of chances to learn, which I wouldn’t want to be without.” Seah is a father of three and has been working at DB Schenker in Singapore since 2006. In his role, he sees himself as “Providing impetus for a change which can alter the character and soul of the company.” He adds that this will also have an impact on the whole system of clients, sites, and countries in the long run. “It isn’t easy to bring about change of this kind in such a large global company and in a region which is as complex and dynamic as Asia/Pacific.”

Attracting employees ✓

DB is taking a holistic approach with its new talent acquisition strategy. It is working on important factors for successful recruitment: from a credible employer brand, partnerships with schools and universities, and professional candidate communication to initiatives on the international labor markets.



DB has realigned its talent acquisition approach for potential employees

DB introduced a holistic approach to attracting qualified employees in June 2012 by setting up a new Talent Acquisition Division. The Division is responsible for the successful strategic alignment of both the DB employer brand and recruiting for the DB Group in Germany. In the course of the review, the processes of recruitment, application management, and onboarding at DB were updated to bring them more closely in line with

the needs of candidates, new employees, and the individual business units. Seven regional recruiting teams in Germany ensure that DB has a uniform employer brand and vacancies are filled quickly. Its remit covers everything from identifying requirements and HR marketing to selecting suitable candidates. All important target groups are addressed: high-school students, university students, and experienced professionals from both academic and non-academic fields.



Staff shape DB's new employer brand

The new employer campaign "A job like no other" was launched in Germany in November 2012 and spans a comprehensive range of media, such as TV, print, radio, and poster ads. Right from the start, DB employees were involved in the campaign and made ambassadors. The initiative focuses on DB's employees and presents them in typical working situations to illustrate the diversity and multifaceted nature of DB as an employer, which hires people for more than 500 different professions and provides vocational training in over 50 occupations. The new career website is at the heart of the campaign. This website is supplemented by social media channels such as Facebook and Twitter, a new look for exhibitions, and innovative event formats. The campaign has met with a very positive response in the external labor market and prompted a sharp 40 per cent average increase in the number of candidates applying for a job at DB.

DB cooperates with schools and universities to attract junior staff

DB would like to forge ties with potential employees at an early stage. Cooperating with schools and universities plays an important role in doing just this. DB helps to provide career guidance to over 350 schools and some 100 carefully chosen national and international universities and colleges. DB particularly likes to stage events with a practical focus. For example, the company presented itself as an employer during a day-long train ride with its "DB Careers Express" event. By calling at different stations, the event offered an insight into workshops, building sites, and the variety of professions and areas of work at the company. Grants and

broad-based career guidance complete the company's offering for high-schoolers and university students.

Attractive programs for junior staff make starting work interesting

DB opens the door to a successful future in the working world. High-school students can choose from a broad range of over 50 different vocational training courses and more than 20 cooperative education programs. University students can gain initial work experience and establish important industry contacts while they study: through an internship, as a working student, or as part of their degree thesis paper. At the end of their degree course, they can choose between direct entry into the company and a graduate trainee program.

DB communicates with potential employees abroad as well

DB is implementing its internationalization strategy in various fields, including staff recruitment. The firm is currently taking its first steps in this regard and using recruitment events in Spain and Greece, for instance. It hopes to reach out to civil engineers, electrical engineers, and mechanical engineers on these countries' labor markets and recruit them to work for DB in Germany. The company has also built up partnerships with universities abroad. DB offers an international internship program for students at these institutions.



A model of the green station is explained to Dr. Volker Kefer, Member of the Management Board responsible for Rail Technology as well as for Infrastructure, by DB architect Marc Ulrich.

A person in a dark suit is seen from the side, looking out a large window at a cityscape. The city features a mix of modern and older buildings, green spaces, and a prominent dome. In the foreground, on a desk, is a small white model car and a small green tree on a patch of grass. The page number '04' is displayed in large white digits on the right side of the image.

04

Pioneering environmental protection

As a leading international player in the mobility and logistics industry, DB has a special responsibility to minimize the environmental impact of its transport services. As it strives to become an eco-pioneer, DB will therefore boost its energy efficiency and increase the use of renewables and thereby reduce specific CO₂ emissions. It will cut the amount of noise generated by rail traffic by half, make further reductions in emissions of air pollutants, and enhance material and resource efficiency.

Defining targets and areas for action

DB is committed to minimizing the impact of transport on the environment and the climate and to preserving the natural resources which are essential for life. It has set itself ambitious goals to pioneer environmental protection. DB is ensuring that it upholds its standard by setting and monitoring Group-wide environmental targets, training staff appropriately, and maintaining intensive stakeholder dialog.

Three top objectives are a concrete call to action



Climate change and the growing scarcity of natural resources are among the biggest challenges faced by our globalized world. Companies therefore have a special responsibility to act with the environment in mind and to use raw materials and other resources efficiently. At the same time, both society's expectations and political pressure are increasingly compelling businesses to make an effective contribution towards preserving the natural resources which are essential for life. On top of all this, more and more customers expect eco-friendly products and services so that they can lessen their own environmental impact.

DB is addressing its responsibility by offering efficient, innovative, and integrated mobility and logistics solutions with a strong railway at their heart. In order to serve as an eco-pioneer, it has defined three key objectives within its DB2020 strategy.

- Reducing specific CO₂ emissions around the world by 20 percent between 2006 and 2020 as one of DB's contributions towards climate protection. In addition to increasing energy efficiency, making greater use of renewable energy is the key factor to be leveraged in this regard. DB aims for renewables to account for at least 35 percent of traction current in Germany by 2020.
- Substantial reduction in the noise generated by rail freight. Noise must not be allowed to curb the growth of rail freight, which is an environmentally friendly mode of transport. DB has therefore set itself the goal of halving the noise associated with rail traffic between 2000 and 2020 – in concrete terms this means reducing it by 10 dB (A).
- Enhancing material and resource efficiency to make economical use of finite resources. The key factors here are reducing consumption, improving recyclability, and increasing the percentage of materials which are recycled after use. DB is developing a concrete target for this area.

DB is also taking action on other environmental issues by reducing emissions of air pollutants and protecting the natural world and biodiversity.

Clear management processes guarantee that targets will be met

DB has already defined quantifiable targets for its climate protection and noise reduction initiatives. Targets are being developed for material and resource efficiency, clean air, and protecting the natural world and biodiversity. Depending on the business activity in question, the targets apply at either global, European, or national level. Achievement of these targets is measured Group-wide using defined controlling processes. This is supported on the operational side by an environmental management system, which also applies throughout the Group  and is based on the ISO 14001 standard. In 2012, this system had been introduced at a total of 49 percent of active companies in the DB Group. 27 percent of the companies are additionally certified in line with ISO 14001. 

The DB Environment Center is responsible for Group-wide eco-management. Its key responsibilities are developing and monitoring targets and programs in conjunction with the business units along with managing opportunities and risks. The DB Environment Center and the Group Environment Committee jointly ensure that measures are implemented to achieve the targets. The Group Environment Committee is made up of representatives of all business units at the DB Group. It has various working committees and expert groups which evaluate the Group's environmental protection achievements and develop measures for the key targets that form part of the DB2020 strategy.

Employees play a crucial role in making DB an eco-pioneer

DB's main approach to making environmental protection an integral part of its business activities is to capitalize on its employees' enthusiasm, motivation, and knowledge. They can make a major contribution towards reducing the company's environmental impact with their day-to-day work and thereby further increase DB's leadership as a green company. That is why the company has developed special advanced training programs. These are implemented by DB Training – the Group's training provider – in conjunction with the DB Environment Center. In 2012, DB ran 57 environment courses, training approximately 630 employees. The firm aims to have motivated all DB employees to make



a greater commitment to the environment and keep their knowledge up to date.

Intensive stakeholder dialog boosts transparency and fosters trust

Dialog with environmental organizations is firmly anchored at DB. The company seeks regular contact with organizations including Friends of the Earth Germany (Bund für Umwelt und Naturschutz Deutschland e.V.;

BUND), Deutsche Umwelthilfe e. V. (DUH), the Nature and Biodiversity Conservation Union (Naturschutzbund Deutschland e. V.; NABU), Greenpeace, Verkehrsclub Deutschland e.V. (VCD), and WWF. In addition to this, DB maintains links with the relevant authorities, for example by taking part in Germany's annual expert conference on nature conservation, which was held for the fifth time in 2012.

CPD (continuing professional development) focusing on environmental protection for DB employees

Advanced training in environmental protection

- | | |
|---|--|
| <ul style="list-style-type: none"> ■ Workshop – current environmental protection issues ■ Nature conservation – current internal and external regulations ■ Environmental screening for building projects ■ Prevention of water pollution at specific sites ■ Efficient energy usage – lighting ■ Closed-cycle management | <ul style="list-style-type: none"> ■ Closed-cycle management – implementing electronic waste recording procedures ■ Closed-cycle management – the new German Recycling Act ■ Environmental information system – hazardous substances module |
|---|--|

Basic training in environmental protection

- | | | |
|---|--|---|
| <ul style="list-style-type: none"> ■ An overview of environmental protection ■ Environmental protection as a managerial responsibility ■ Environmental penal law and the Environmental Liability Act ■ Conservation basics for planning and construction ■ Environmental screening for building projects | <ul style="list-style-type: none"> ■ Closed-cycle management ■ Closed-cycle management for construction supervisors ■ Environmental information system – waste module ■ Environmental information system – waste module ■ Railway hygiene | <ul style="list-style-type: none"> ■ Preventing pollution – noise and vibrations ■ Preventing pollution – keeping the air clean ■ German Federal Water Act ■ Prevention of water pollution at specific sites ■ Soil protection and preexisting contamination |
|---|--|---|

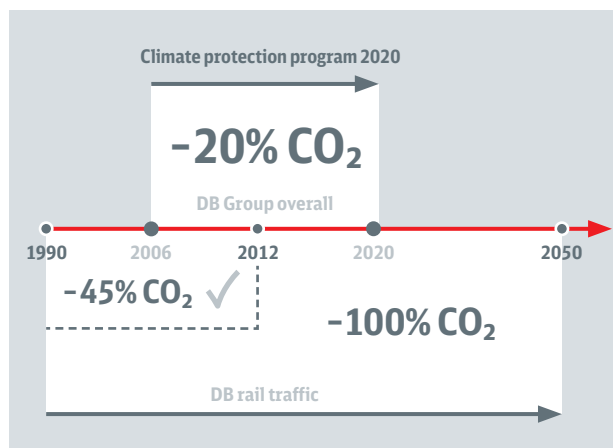
Expanding climate protection

DB has set itself the goal of reducing its specific CO₂ emissions around the world by 20 percent between 2006 and 2020. Energy-saving driving techniques, deploying modern vehicles, and improved capacity utilization have all already increased climate efficiency throughout the Group. In addition to this, DB wants to steadily expand its use of renewable energies to at least 35 percent of the traction current mix by 2020.

Lower CO₂ emissions

DB has been working towards ambitious energy-saving and climate protection targets for years. Between 1990 and 2012, the company reduced the specific CO₂ emissions generated by its rail traffic in Germany by over 45 percent. Absolute CO₂ emissions attributable to rail traffic also fell by approximately two million tons, although the volume sold rose. These successes prompted the company to further step up its climate protection efforts. In 2006, for instance, DB set itself the goal of reducing its specific CO₂ emissions by 20 percent by 2020. Due to the growth in its business activities, this target now applies at a global level and for all land, sea, and air transport. ✓ By the end of 2012, DB had already managed to cut specific CO₂ emissions by 12.3 percent in comparison to 2006. ✓

DB's climate protection targets



Transport sector has a special duty to protect the climate

In the light of rising greenhouse gas emissions around the world, the European Union has made a commitment to reduce absolute annual CO₂ emissions by 20 percent between 1990 and 2020. The German government has given an assurance that it will cut greenhouse gases in Germany by 40 percent during this period. DB actively supports the German government's climate protection targets as part of its own corporate commitment because the transport sector is responsible for around 20 percent of the country's CO₂ emissions. Absolute emissions are continuing to rise, especially in road-

based freight haulage and air traffic. Climate-friendly rail transport therefore has a key role to play in reducing CO₂ emissions.

Political framework is crucial for strengthening eco-friendly rail transport

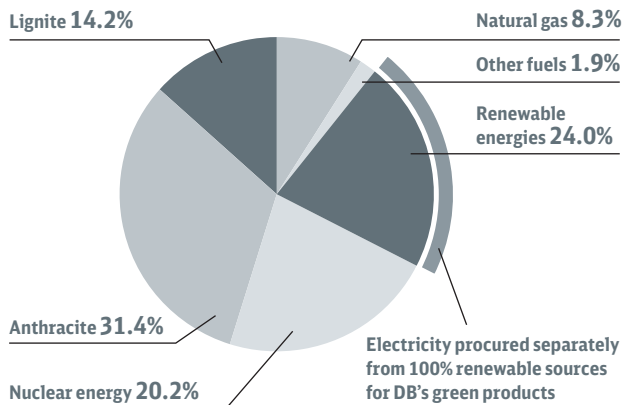
Current energy policy does not sufficiently take the competitive situation for eco-friendly rail transport and the progress that has been made in climate protection into account. The legislative initiatives to reduce CO₂ emissions and increase the use of renewable energies which have a direct impact on costs – i.e. European emissions trading and Germany's Renewable Energy Sources Act (Erneuerbare-Energien-Gesetz; EEG) – primarily affect electrically powered rail transport. In 2012, DB had to buy additional emissions rights for rail traffic at a cost of some € 50 million. DB incurred costs of around € 45 million as a result of the EEG in 2012. This figure is expected to rise again sharply in the following years – even though these expenses are capped by the compensation arrangements for railways included in the EEG. Nevertheless, the current climate protection framework as a whole is having a negative impact on precisely the form of transport which has proved highly climate-efficient and uses by far the largest percentage of renewables.

Traction current supply uses more renewables

✓ Aside from reducing energy consumption, using CO₂-free or low-CO₂ renewables is the most important way to achieve climate protection goals. At the end of 2012, energy from renewable sources accounted for 24 percent of the traction current mix. ✓ This places rail traffic in Germany considerably ahead of all other modes of transport. DB Long-Distance is taking a further step by introducing green products in April 2013. By also procuring eco-power for DB's green long-haul services, the average long-distance rail journey will generate 90 percent fewer CO₂ emissions than traveling by car and almost 94 percent less than flying.

✓ In recent years, DB has made a number of important decisions about changing its traction current supply to develop a concrete means of achieving its vision of CO₂-free operations in 2050. This shall contribute to the objective of renewables comprising at least 35 percent by 2020. ✓ A number of long-term procurement contracts have been signed for water and wind power to achieve this.

Traction current mix, 2012¹ ✓



The percentage of renewables increased by 2.2 percentage points to 24 percent in the reporting year. DB Netze Energy also procures power for DB's CO₂-free products separately. This power is not treated as contributing towards achieving DB's target. Instead, the resulting CO₂ savings lessen the impact of DB's customers on the climate. Green energy procured for this purpose totaled 283 GWh in the reporting year, which corresponds to approximately two percent of the total traction current used.

¹⁾ Preliminary figures based on final reporting in line with the German Energy Industry Act

Cost-effectiveness and reliability are key considerations for water and wind power

To ensure that it will achieve the above-mentioned targets and to safeguard cost-effectiveness and security of supply, DB Netze Energy – which supplies power to DB – maintains long-term partnerships with providers who guarantee a reliable supply of electricity generated using water and wind power. Over the past two years, long-term supply contracts have been signed with RWE, E.ON, and the Austrian firm VERBUND AG for hydroelectric power. This will take the percentage of hydroelectric in the traction current mix to over 20 percent starting in 2015.

In addition, DB Netze Energy contracted three wind farms in late 2012. Two more will follow in February 2013 in Krummhörn, part of the municipality of Emden. Given the right conditions, the company's 48 wind turbines together generate some 140 GWh a year, which helps to further lessen DB's impact on the climate. As wind power is not always available due to changing weather conditions, additional steps must be taken to make it a reliable part of the electricity mix. This is why DB has been supporting the further development of storage technology since October 2011 with its "bonus" for new power-generating facilities. With this initiative, the company is helping to fund the world's first hybrid power plant in Prenzlau (Brandenburg), which uses composite technology to bring together wind and biomass as energy sources for the first time with hydrogen as a storage medium. ✓ With its new power facility bonus, DB supports innovative projects focusing on expanding the use of renewable energies. The bonus is financed through the green product offerings and thus via 100 percent green power. ✓



With its "bonus" for new power-generating facilities DB is helping to finance the world's first hybrid power plant, in Prenzlau, for storing wind energy using hydrogen (H₂) as a medium.



Focus on switching the production method for traction current

Although energy from renewable sources is accounting for a rapidly increasing percentage, the traction current supply cannot do without conventionally produced electricity entirely in the short term. This is due to existing contracts, financial considerations, and its aim of maintaining the greatest possible security of supply. A lively public debate is currently underway regarding how soon it is possible to switch to renewables.

The political decision to stop using nuclear power following the reactor accident in Fukushima directly led to the Neckarwestheim I nuclear power station being decommissioned. This plant was directly responsible for generating traction current. The Neckarwestheim II facility is expected to stop supplying traction current in 2022. Traction current uses a special frequency of 16.7 Hertz and is sourced almost entirely via long-term supply contracts concluded between the energy supplier DB Netze Energy and power plant operators, stipulating either renewable or conventional energy sources. DB does not invest in power-generating facilities directly. As a result of this principle, the company signed a long-term power supply agreement with the operator E.ON. This should have led to the construction of a new coal-fired power plant block, IV, at the Datteln site to continue supplying the same amount of traction current as before. Four older, more inefficient power plant blocks were to be decommissioned instead. Once the new block went online, absolute annual CO₂ emissions would have fallen by around 780,000 tons a year. The newbuild project was criticized by environmental organizations, action groups, and local residents right from the start. The objection to the operation permit was upheld in the final instance. The operator E.ON intends to apply

for a new permit to enable the power plant – which has largely been built – to become operational.

To prevent acute bottlenecks in the supply of power to the rail network, the Ministry of the Environment in North Rhine-Westphalia has issued a temporary special authorization permitting three existing power plant blocks to keep operating until February 2014. This will give E.ON time to complete the frequency converters which were already planned.

Using modern vehicles reduces CO₂ emissions ✓

The new generation of 44x-series multiple unit cars is gradually replacing other trains, especially those drawn by locomotives. The 442 series began being operated in 2012. Thanks to modern traction technology, energy regeneration, and flexible configuration options, these trains use as much as 50 percent less energy per kilometer than those drawn by locomotives, meaning that they also produce fewer CO₂ emissions.

As part of a pilot project subsidized by the German government, DB Bahn Regional is developing the first hybrid railcar, in conjunction with MTU Friedrichshafen GmbH. This should enable fuel consumption and CO₂ emissions to be decreased by up to 25 percent. In addition to hybrid technology, a modern air-conditioning system powered by CO₂ helps to increase environmental friendliness. It is hoped that this will cut energy usage by up to ten percent. The vehicle started operating on a trial basis in 2012 and is expected to be used for regular operations from fall 2013 onwards.

As a key element of its “Preferred Carrier” strategy in the air transport sector, the company is using modern freight planes such as the B777F to reduce CO₂ emissions by an average of 20 percent per ton of cargo. In addition to pilot training, other important measures include



More than 30,000 DB drivers have taken part in training courses about energy-saving driving.

flight planning based on direct routing. This serves to minimize transport distances.

Energy-saving driving helps protect the climate ✓

Driving styles which save as much energy as possible have great potential in the transport sector. Depending on the vehicle in question, electricity and fuel usage can be cut by as much as ten percent if these techniques are used consistently. To make consistent use of this potential, DB does not only teach its own train, truck, and bus drivers to use energy-saving methods. It also runs corresponding training programs for drivers from firms which work on DB's behalf.

DB Arriva is a good example: more than 8,300 buses in seven European countries have built-in on-board electronics which make eco-friendly driving easier. All DB Arriva bus drivers take part in an extensive training program, where they learn about forward-looking driving and optimized braking and acceleration, all of which can save fuel.

DB Schenker incorporates service providers in the seaborne and air transport sectors into its energy-saving driving concepts via its "Preferred Carrier" strategy. The use of slow steaming in shipping helps reduce greenhouse gas emissions significantly: lowering the average speed used on global shipping routes to 18–20 knots made a substantial contribution towards the total reduction of around 36 percent in CO₂ emissions achieved by DB Schenker Logistics between 2006 and 2012.

Stationary facilities use less energy

DB's climate protection efforts are not restricted to driving, however. The firm is also setting benchmarks when it comes to infrastructure. For example, it started building Germany's first climate-neutral station, in Kerpen-Horrem, in November 2012 at a cost of € 3.4 million. The "Green Station" pilot project stands for a new generation of station buildings, which combine modern environmental standards with a high level of comfort for customers. Another green station is under construction in Lutherstadt Wittenberg, Saxony-Anhalt.

A new biomass heating station fueled by wood chips was built at the Südostbayernbahn site in Mühldorf, which has been providing the buildings with renewable energy since September 2011. It supplies almost three quarters of the heat needed each year for workshops, offices, and social buildings. As well as cutting costs by 30 percent, this reduces CO₂ emissions by 70 percent compared to the previous arrangement. The fuel is sourced from DB land when vegetation is cut back.



Photovoltaic facility on the roof of the Berlin Central Station

Going green with the BahnCard

75 percent of all long-distance journeys are using green power: that gives DB an “impressive competitive edge” according to Prof. Dr. Harald Kächele, Director of Deutsche Umwelthilfe.



Prof. Dr. Harald Kächele,
Director of Deutsche Umwelthilfe

From April 2013 onwards, all holders of a BahnCard rail card or a temporary travel pass will travel on Deutsche Bahn's long-distance trains using 100 percent green electricity, without paying a surcharge. In addition, all business customers registered with bahn.corporate – DB's corporate customer program – will travel completely CO₂-free within Germany.

Travelers without a BahnCard can also book the “Umwelt-Plus” option for € 1 per person and route to travel using 100 percent green energy on long-distance services.

So that it can offer this program, DB purchases enough additional eco-friendly power to cover the energy requirements of all these routes. This electricity is generated entirely from renewable sources – largely water – and fed into the traction current network. The quality control organization TÜV SÜD monitors and checks the process. As the majority of long-distance travelers either have a BahnCard or a temporary travel pass or are business travelers, the percentage of green power used for these services has risen from 24 percent to 75 percent. This reduces CO₂ emissions in DB's long-distance transport by some 680,000 tons a year.

“With this move, we are making our contribution towards further expanding our pioneering role as an environmentally friendly mode of transport and thereby safeguarding our competitive edge,” said Berthold Huber, CEO and Chairman of DB Fernverkehr AG.

CO₂-free rail travel is also becoming increasingly important in individual cities and regions: the S-Bahn suburban

rail network in Hamburg and regional services in Saarland are also supplied with 100 percent green power. DB's Group target to increase the percentage of renewables in the traction current mix is also leading to falling specific CO₂ emissions on electrically powered local transport. “However, apart from the model regions of Hamburg and Saarland, there are currently no indications that the authorities responsible for local passenger rail services are planning to further increase the percentage of renewable power used by their chosen operators,” said Peter Westenberger, Head of Environmental Principles, Design, and Development.

The director of the environmental organization Deutsche Umwelthilfe, Prof. Dr. Harald Kächele, believes that CO₂-free travel gives the railway an impressive competitive edge over cars and airplanes. He mentions a large number of studies which indicate that environmental awareness is on the rise, especially due to concerns about the consequences of climate change. “If this competitive edge is advertised much more aggressively, I have no doubt that the climate-neutral argument will encourage more and more people to travel by train instead of using cars and planes. However, it is also clear that this is just the first step on the way towards using energy entirely from renewable sources.”

DB aims to make it possible for rail transport in Germany to be completely CO₂-free by 2050 using renewable energy sources.





Improving noise protection

Noise protection poses a special challenge in the light of growing rail traffic. For this reason, the German government and DB are investing in numerous measures to reduce the noise produced both on the tracks and by the trains themselves. This is taking DB closer to achieving its aim of reducing the noise associated with rail traffic by half between 2000 and 2020.

DB aims to halve rail traffic noise by 2020

Reducing noise pollution is a key area where action is currently needed. Especially in the field of rail freight traffic, steps need to be taken to provide local residents with the improved noise protection they rightly demand, while still enabling this transport sector to grow.

The fact that more and more people feel that rail traffic noise is a problem is something which DB takes very seriously. Its aim is to halve the noise associated with rail traffic between 2000 and 2020. This is equivalent to an average reduction of 10 dB (A). The target applies to routes where noise pollution is high.

To pool all its noise reduction activities, DB created the new position of Representative for Noise Protection in 2012. The company has initiated an extensive package of measures for the next few years to ensure it meets its noise protection target. These measures relate to both the tracks and the trains.

Active and passive noise protection is being increased in the existing rail network ✓

The German government is currently providing € 100 million a year for noise protection on railways as part of a voluntary noise remediation program. Both active and passive noise protection measures are being implemented. The active measures include constructing noise protection embankments and barriers along with reducing the noise associated with bridge structures. Passive noise protection involves modifications to buildings, such as fitting soundproof windows and wall fans. Precedence is being given to overhauling sections of track where noise pollution is particularly high and a large number of residents are affected. The overall concept and the resulting priority lists for implementation of the noise remediation program are regularly reviewed and updated in line with developments in the noise situation. This data can be used to support the German Federal Railway Authority's (EBA) noise mapping activities and local communities' anti-noise project planning.

In 2012, some 55 kilometers of noise protection barriers were built and approximately 2,000 apartments were fitted with soundproof windows and fans. All in all, the noise remediation program covers 3,700 kilometers of track, of which over 1,200 kilometers have already been overhauled.

Noise prevention effective on new and old track sections ✓

Independently of this, DB fulfills all the legal requirements for noise prevention on new and old sections of track. The German Federal Emission Control Act states that there is a legal right to protection from traffic noise and stipulates various maximum levels for different areas, e.g. districts with hospitals and schools or residential and industrial areas. All newbuilds and major structural route changes are affected by the Act. In 2012, 28 kilometers of noise protection barriers were built and some 8,200 apartments were fitted with noise reduction measures as part of the noise prevention program.

This means that DB has constructed noise protection barriers with a total length of 83 kilometers and installed soundproof fittings in around 10,200 apartments as part of these activities, including its noise remediation program.

Legislators have decided that the so-called track bonus will no longer apply to newbuild projects from 2015. This raises the noise protection requirement by 5 dB (A). This move towards greater noise reduction goes hand in hand with a need for more extensive noise protection. The associated costs must not jeopardize the expansion of the rail infrastructure.



DB constructed a total of 83 kilometers of noise protection barriers in 2012.



DB aims to cut rail traffic noise in half by 2020.

Modern vehicle technology combats noise at its source

✔ While noise prevention and remediation projects only make a difference locally, steps to modify the actual vehicle cut noise at the source and therefore take effect on a much wider scale. The most important measure in this regard is the use of so-called whisper brakes on freight cars. These innovative composite brake blocks prevent the wheels from becoming rough, reducing the rolling noise produced by the railcars. Together with a smoothly polished track, this reduces freight trains' noise emissions by some 10 dB (A). That means they are perceived as making about half as much noise. DB has been purchasing new vehicles with composite brake blocks since 2001. By the end of 2012, approximately 7,500 new freight cars with quiet brakes were already in use.

Existing freight cars also need to be retrofitted to reduce noise across the board. In 2012, DB retrofitted composite brake blocks to the first 150 of around 1,250 freight cars earmarked for conversion as part of the "Quiet Rhine" program subsidized by the German Federal Ministry of Transport, Building, and Urban Development (BMVBS). ✔ On top of this, DB Schenker Rail plans to retrofit a total of around 10,000 railcars in 2014 and 2015, provided that the so-called LL (low-noise, low-friction) brake block is approved for use in mid-2013. This new type of composite brake block is interchangeable with conventional metallic brake blocks. A Europe-wide testing program for the LL brake block was successfully completed at the end of 2012. All of DB Schenker Rail's freight cars are due to be fitted with whisper brakes by 2020.

Meanwhile, work to modernize the fleet is progressing faster in the passenger transport sector than in the freight haulage division. Almost all long-distance trains and the vast majority of vehicles used for regional

services are already equipped with low-noise disk brakes which have no effect on the wheels' running tread, meaning that the trains are quieter.

Track pricing designed to support retrofitting

In addition to some 60,000 freight cars owned by DB Schenker Rail, approximately 120,000 freight cars belonging to other German and foreign companies are due to be retrofitted in Germany. To encourage firms to convert their existing freight cars to low-noise brake technology, the German Federal Ministry of Transport, Building, and Urban Development (BMVBS) rolled out a program of subsidies at the end of 2012. This gives railcar owners the right to financial assistance of up to € 211 per axle when they convert their freight cars. In addition to this, DB Netz AG introduced a noise-related track pricing system (LaTPS) on December 9, 2012, to complement the Ministry's subsidies. Train-operating companies receive a variable bonus for using retrofitted freight cars based on the distance they cover. From June 1, 2013 onwards, noisy freight trains will be subject to a 1.0 percent surcharge which will increase gradually over the next eight years. Quiet freight trains will not be subject to the surcharge. In order to qualify, trains must consist of at least 80 percent low-noise freight railcars. Income from the LaTPS will be used solely to finance the bonus.

First innovative technologies ready for use

Investment programs run by the German government are also helping DB to roll out innovative technology for active noise protection faster. As part of the government's Economic Package II, DB has made use of 13 new technologies via 82 individual measures. They include rail web dampers, gabion walls, and special rail grinding techniques. The BMVBS and DB Netz AG presented their final report on the track-side noise and vibration reduction technologies they tested at the end of June 2012. Their approval of the innovations which passed the tests means that the number of tools available for reducing noise is gradually being increased.

In addition to this, DB is involved in a series of research projects with partners from industry, transport companies, and universities. A good example of these is the "Quiet Trains on Real Tracks" project (LZarG). As part of this project, the team developed for example quieter wheels as well as wheel and rail web dampers. These reduce the amount of noise emitted by freight cars. The researchers also further developed a bogie with rubber shock absorbers. Together, these measures reduce noise by some 5–6 dB (A). The project was completed in 2012. The components which the team developed – such as rail web dampers and slab tracks – are now being put to use. The bogie and wheels have been launched on the market. Further development work will focus on cost-effective ways to make freight railcars run quietly.



"The Middle Rhine Valley is very important to me." Ines Jahnel's commitment shines through as she talks about her number one problem area. Night and day, numerous freight trains travel through the fabled valley between Koblenz and Mainz, causing a lot of noise. Residents in the communities on both sides of the river are affected.

Jahnel has been the Representative for Noise Protection at Deutsche Bahn since August 2012. "My role requires me to network with everyone concerned by talking to residents, speaking at public events, liaising with policy-makers and ministries and, of course, interfacing with other parts of the Group," she says. Jahnel sees herself as "a central point of contact and the person with overall oversight at the same time." One of the key challenges for her is to make it clear "that we take this task seriously, we've got a concept, and – above all – we aren't insensitive to the issue."

She has already achieved her first success: the concept is in place and all noise reduction activities within the Group have been pooled. DB's aim is to halve rail traffic noise by 2020, which means slashing it by 10 decibels on routes where noise pollution levels are high.

Ines Jahnel started by taking a somewhat unconventional approach to her work in the Middle Rhine Valley. "I wanted to see what things were like for myself, so I stayed at a hotel that didn't have modern soundproof windows. I wanted to hear how rail freight traffic impacts on local residents," said the 50-year-old. Her experience showed her that the € 53 million which the German government has already invested in noise protection is not enough for residents in this region peppered with vineyards and half-timbered houses. "At the beginning, we concentrated on fitting soundproof windows because

noise protection barriers often aren't an option in the Middle Rhine Valley as they simply aren't in keeping with town planning concepts. And people don't want to sit behind high noise protection barriers when they're eating out in a restaurant."

Active noise protection – i.e. reducing rail noise at the source – has a much greater effect. "We need to retrofit freight cars with so-called whisper brakes which stop the wheels from becoming rough and therefore reduce noise." A major step in the plan is the use of LL composite brake blocks, which are to be fitted throughout Europe. Instead of just reducing noise in one particular place, they make railcars quieter wherever they are.

"At the moment, the locals don't really believe that we'll actually begin fitting them at some point," speculates Jahnel. "But things are starting: DB Schenker Rail will retrofit 10,000 existing cars by the end of 2015 and convert another 50,000 until 2020. However, other railcar owners need to do their part too by switching to quiet brake technology, otherwise it won't have the desired effect." 120,000 existing cars – two thirds of the total fleet of railcars in Germany which need retrofitting – belong to other operators.

This calls for more networking with both the owners of the railcars and the German government in order to create incentives. On top of this, the noise remediation program funded by the German government needs to keep running. Only about a third of the 3,700 kilometers identified as having high levels of noise pollution have been overhauled to date.

Ines Jahnel says: "Reducing noise is in the interests of everyone involved. We recognized that it could become a serious obstacle to the growth of environmentally friendly rail freight services if we don't improve noise protection. We need society's acceptance, so we're taking action."

DB has pooled its Group-wide noise reduction activities and incorporated them into an overall plan. "The results themselves will be our measure of success – and not just in the Rhine Valley," promises the Representative for Noise Protection.

“We need society’s acceptance”

The Middle Rhine Valley is one of the focal points of Ines Jahnel’s work. The Representative for Noise Protection sees herself as a central point of contact and the person with broad oversight.



By 2020, DB will retrofit around 60,000 freight cars with whisper brakes.



Enhancing material and resource efficiency

DB is pursuing the goal of making the best possible use of raw materials. At the same time, it is striving to minimize its use of natural resources. In line with these principles, DB is implementing programs which are geared towards a high percentage of recycling in the waste disposal process, greater use of recycled materials, and a longer service life for the materials used in its vehicles.

An optimized value chain counteracts raw material shortages

The growing scarcity of resources coupled with rising prices pose a major challenge for DB as an international mobility and logistics company. This situation increases the pressure on the firm to act, especially when it comes to the use of materials which are needed for products in its core line of business. DB is not just driven by its aim of minimizing environmental, financial, and supply risks. Its stakeholders also have high expectations regarding the further progress DB will make with its material and resource efficiency.

DB is facing up to this responsibility throughout the value chain: from procurement and operational use to recycling and disposal. This includes transforming its waste processes from optimized disposal models to a modern materials management system.

Increasing the percentage of recycling is crucial

Stepping up recycling makes a major contribution towards DB's resource efficiency strategy. DB is underlining its commitment in this regard by defining a target for upping its recycling quota. This target is currently in the process of being more concretely defined. By doing so, it is helping to make greater use of secondary materials throughout the economy and preserve natural resources. Furthermore, obtaining secondary materials is often much more energy-efficient than harvesting natural resources. Various measures in place to make greater use of recycled materials and extend the service life of materials in vehicles are also helping the firm to achieve this goal.



DB uses resources efficiently by cleaning ballast.

Ballast and concrete cross-ties are reused ✓

DB has established a closed-cycle management system for the ballast and concrete cross-ties used to regularly renew and maintain the gravel bed. Every year, DB removes three to four million tons of old, worn-out material from the network and replaces it with almost the same quantity. Some of the ballast is reconditioned using machinery near the section of track it was removed from. This reduces transport costs. The amount needed can then be reused, providing a high-strength yet elastic track bed once again. In 2012, 3.9 million tons of ballast were used, of which some 660,000 tons were recycled ballast. Much of the remaining tonnage which is no longer suitable for the gravel bed is reused elsewhere, for example as chippings or crushed stone sand for road building.

Concrete cross-ties also have a limited service life and have to be replaced. In 2012, 2.4 million concrete cross-ties were deployed, of which some 230,000 were recycled cross-ties. The concrete cross-ties which can no longer be reconditioned in line with the relevant quality criteria are recycled and used for other commercial purposes outside of DB.

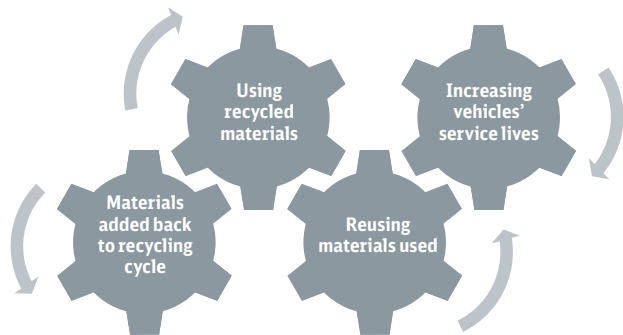
Recyclability is also an important topic for DB Schenker's logistics operations, where packaging is the main concern. The majority of packaging materials are reusable, e.g. pallets and pallet cages. 60 percent of the other packaging materials used globally are already recycled.

DB has its own IT tool to document disposal processes and to optimize waste and recycling flows within the Group in Germany: waste management software helps users to comply with legal requirements when they dispose of materials and contributes towards the optimization of disposal processes.

Use of recycled paper making strides

DB will continue to capitalize on the potential for using recycled paper and has set itself the goal of switching to recycled paper across the board – from graphics applications to office use. For example, DB purchased some 2,900 tons of paper for offset printing use in 2012. Recycled paper made up approximately 1,200 tons of this. Starting in 2013, all material used to provide information about building work will be printed on recycled paper. Timetables, rules, and regulations will make the switch in 2014. DB expects to go over to recycled paper for all its printing requirements in 2015. In addition to this, the Management Board resolved in the reporting year to print the company's Annual Report on 100 percent recycled paper with Blue Angel (Blauer Engel) certification in the future. The Competition Report and the Sustainability Report also comply with this standard.

Resource efficiency at DB



Hazardous materials and waste are transported responsibly

Safety is also a priority for DB when it comes to disposal management. In the logistics industry, the responsible transportation of hazardous goods and waste is now the order of the day. DB Schenker Rail is a certified disposal specialist for the transportation of waste of all kinds. This certification means that the company is qualified to haul hazardous goods and waste correctly and responsibly anytime.

ICE redesign extends service life and reduces materials expenses

For DB, using materials and resources efficiently also means extending the service life of its fleet of vehicles. This includes gradually modernizing its ICE and IC fleet, which leads to a substantial reduction in material and energy usage. During the redesign of the ICE 1 series, 118 driving units and 708 center cars were initially completely stripped out. All of the components – such as the wall paneling, seats, and on-board restaurants – were removed, cleaned, and replaced with new or overhauled units. Following on from the modernization of the ICE 1 fleet between 2005 and 2008, DB is now redesigning the ICE 2 and started modernizing its IC railcars in 2012. By mid-2013, all 44 ICE 2 multiple-unit trains will have been updated to comply with customers' heightened expectations for up to another 15 years. The redesign cuts material expenses by 80 percent compared to purchasing new vehicles. Over their entire service life, the 44 trains in the ICE 2 fleet will deliver a performance (passenger-kilometers) equivalent to that of around 230,000 passenger cars, which would take about 15 times as much material to make.

Reducing air pollutants

Traffic-related emissions of nitric oxides and soot particles have a significant effect on air quality. DB believes that significantly reducing emissions of these harmful substances is an effective way to keep the air clean. That is why it uses environmentally friendly locomotives, buses, and trucks.

Considerable reduction in emissions of harmful substances that pose a health risk

The transport sector is currently considered one of the main causes of air pollution. Nitric oxides and soot particles pose a health risk to people. DB takes this risk very seriously and is continuously reducing emissions throughout its whole fleet. Between 1990 and 2012, the company was able to cut the nitric oxide emissions generated by rail traffic in Germany by a total of 73 percent. During the same period, DB also reduced the particulate emissions associated with rail transport by 89 percent. The high level of electrification in the rail network is a key factor here as it means that the train itself does not produce any air pollution – only that generated during the power generation process needs to be taken into account. For their part, the power plants use state-of-the-art filter technology to minimize emissions.

Falling diesel emissions play a key role in keeping the air clean

DB uses diesel-powered trains for less than 10 percent of the transport volume in Germany. Nevertheless,

diesel vehicles will remain an important element of the transport mix in Germany and throughout Europe for the foreseeable future. As a result, DB believes that further reducing diesel emissions plays a key role in keeping the air clean. A target to further cut particulate emissions is currently being developed as part of its DB2020 strategy.

Greater use of low-emission shunting locomotives ✓

DB Schenker Rail used no less than 100 low-emission shunting locomotives in 2012. Another 30 vehicles will soon be added to this fleet. The engines are fitted with soot filters which catch up to 97 percent of the soot particles. DB Schenker Rail is investing approximately € 240 million in the new fleet of diesel locomotives.

Hybrid technology enables a further reduction in emissions ✓

In 2012, Mitteldeutsche Eisenbahngesellschaft (MEG) – which belongs to DB Schenker Rail – became the first company in Europe to start operating four new hybrid shunting locomotives. During normal operations, they are powered by a set of batteries which are recharged



80 percent of DB Schenker trucks in Germany already comply with the Euro V standard.



Mitteldeutsche Eisenbahngesellschaft (MEG) commissioned four hybrid shunting locomotives in 2012.

by a diesel generator unit. The new vehicles are very quiet, use up to 40 percent less fuel, and reduce emissions by as much as 60 percent.

Eco-friendly bus fleet produces less harmful substances throughout Europe ✓

DB's efforts to keep the air clean are not restricted to rail traffic. In 2012, all of the new buses purchased by DB Bahn Regional complied with the strictest emissions standard at the time, the EEV (enhanced environmentally-friendly vehicle). The company therefore exceeds the current statutory norm, Euro V. On top of this, more than 200 buses used by DB Bahn Regional's bus companies are powered by eco-friendly gas. This means they emit virtually no carbon monoxide, sulfur dioxide, or soot particles. DB Arriva uses environmentally friendly hybrid buses abroad.

Trucks fulfill high environmental standards

DB's road haulage activities are also keeping pace with technological progress as regards the prevention of air pollution. The fleet of trucks owned by DB Schenker Logistics has already attained a high standard: in 2012, 80 percent of the trucks in Germany already complied with the Euro V standard, while the global figure stood at 44 percent. Approximately 6,000 contractual part-

ners are obliged to reduce their environmental impact by constantly renewing their fleets of vehicles and to submit relevant reports. Moreover, a further 50,000 or so potential contractual partners are being added to a database to step up quality assurance.

DB is actively involved in international research projects

DB's efforts to reduce air pollution go hand in hand with a wide range of research and innovation initiatives. The EU project Clean European Rail Diesel (CleanER-D) is a good example of DB's activities. 26 partners from industry are involved in the program. Projects included retrofitting a 40-year-old diesel locomotive in 2012. It now complies with the EU's Stage IIIb requirements, which were introduced last year. Work to test and evaluate the results will be completed in 2013.

DB and 16 partners are also involved in the innovation platform ERI (Eco Rail Innovation). The organization's primary objective is to find technologies which can be used to achieve the vision of zero-emission vehicles and facilities by 2050. In May 2012, ERI also set up an endowed professorship for energy-efficient rail technology systems at Brandenburg University of Applied Sciences.



DB Arriva operates 130 hybrid buses in London.

Protecting nature and biodiversity

In many cases, nature and rail traffic exist side by side without any problems – ideally, they even go hand in hand. Whenever conflicts arise, DB starts looking for solutions at an early stage which are both environmentally and economically viable.



DB helps Bergwaldprojekt e. V. to protect and maintain woodland in Germany. More than 100,000 trees have already been planted.

DB has a special responsibility for flora and fauna

Conserving biodiversity presents a challenge for the human race on a scale comparable to climate change. A sound ecological balance forms the foundation for our lives and our business activities.

Areas alongside railway tracks and DB's other facilities and real estate often provide a valuable habitat for flora and fauna and provide a sanctuary in heavily utilized landscapes. With this in mind, DB believes it has a responsibility to maintain biodiversity because the firm's business operations have a direct impact on animal and plant species' habitats. At the same time, safe rail traffic operations are DB's number one priority. To guarantee this, the company has to regularly maintain its platforms, tracks, and overhead cables. This includes removing plants to ensure they do not compromise the track bed, make it difficult to see signals, or obstruct staff and passengers.

Nature conservation issues are always considered during construction and maintenance work ✓

It is often impossible to avoid encroaching on nature during newbuild, extension, and maintenance projects. Even during the planning stage, DB ensures that biodiversity is protected and action is guided by conservation legislation. The firm starts by identifying possible risks for the ecological balance early on. This enables it to minimize the environmental impact and avoid negative repercussions. Considering nature conservation issues insufficiently or too late can delay important building projects or jeopardize them entirely, for example if protected animal and plant species are found on the land to be developed once building work is already under way.

DB has anchored its own nature conservation management system within the company to help preserve biodiversity. The system is overseen by the Nature Conservation Expert Group, which consists of specialists from DB's Environment Center and the relevant sections of the business units. The group's work includes developing recommended courses of action regarding nature conservation issues to provide members of staff with concrete guidance for their day-to-day work.

Vegetation control on and around tracks ensures safe rail operations

To ensure that rail traffic can operate safely, facilities must be kept clear of plant growth. Chemical pesticides are only used in close proximity to the tracks; there are no alternative methods of preventing plants from growing in these areas. In 2012, active substances totaling 89 tons were used on more than 57,000 kilometers of track – equivalent to 1.55 kilograms per kilometer. This means that approximately 93 percent of the tracks were treated with chemicals. DB used the active substances flazasulfuron, flumioxazin, and glyphosate, which have been specially approved for track-side use by the German Federal Office of Consumer Protection and Food Safety. DB uses mechanical methods for areas surrounding tracks, stations, paths, and open spaces.

Compensatory measures promote semi-natural habitats ✓

It is impossible to completely avoid encroaching on the natural world with construction projects. Unavoidable impacts on nature are identified and assessed early on. On this basis, suitable new habitats are created for the animals and plants affected or existing ones are improved. This compensates for the effects of the building work. DB often initiates compensatory measures long before construction starts to avoid compromising the natural world in the first place. For instance, parts of the River Main's banks near Lichtenfels were landscaped to make them more natural when a new section of track was built between Ebensfeld and Erfurt as part of the German Unity transport project no. 8. Areas of shallow water were created there and river sediment was used to make sandbanks. The river bank is also being landscaped to ensure that water flows optimally into floodways during periods of flooding. These measures help to incorporate the newly constructed track into the landscape and promote biodiversity. The relandscaped river bank provides a suitable habitat for fish, beetles, dragon flies, amphibians, and birds. Most of the earthwork associated with the compensatory measures



DB is installing nesting boxes for peregrine falcons on the newly built Ilm Valley bridge.

was completed in 2011. On-site monitoring and management activities to ensure the project's environmental success started in 2012.

Proprietary geo-information system raises awareness of protected areas ✓

DB takes special care to respect protected areas. In 2012, more than 2,300 kilometers of DB's rail network passed through flora and fauna habitats protected under European law. Approximately 950 kilometers ran through nature reserves, 7,900 kilometers went through protected landscapes, and 5,400 kilometers passed through areas protected by the German Federal Water Act. The latter are subject to strict legal regulations to prevent negative impacts on water as a protected resource. DB compiles all digitally available geographical data to create a record of protected areas. This is prepared using DB's environmental geo-information system and is then available to employees. With this system, the firm creates a high level of transparency regarding the protected status of sensitive landscapes and helps planners and maintenance staff to go about their work.



Compensatory measure for bridge construction in Unstrut Valley in Saxony-Anhalt: DB has commissioned 600 sheep to graze in the Dissaurinne channel in order to keep growth in these areas low by gentle means and thus retain valuable orchid habitats.



Berlin, Tiergarten: Dr. Richard Lutz, CFO, reading books from DB's reading cases with children

05

Playing a responsible role in society

DB recognizes its social responsibility, which has a long tradition of upholding in a variety of ways. The company focuses on education and integration projects – especially for children and young people – environmental protection, and humanitarian disaster relief. Via the newly established Deutsche Bahn Foundation targeted action will be taken to develop and expand this commitment further.



Defining targets and areas for action

DB has dedicated itself to countless social projects in Germany and around the world for years.

DB carries a special responsibility for society and the environment

As one of the world's leading mobility and logistics companies and a major employer and training provider in Germany, DB has a special responsibility – for its customers, business partners, employees, and society as a whole. Based on the conviction that success cannot only be measured in financial terms, DB uses its capabilities to make a positive contribution to the development of society and the environment.

Its activities are not limited to Germany either: DB is also involved in numerous social projects at international level, from its Environment Week in Australia where groups of schoolchildren learn about DB Schenker Australia's environmental protection activities and planting programs in Singapore to promoting school-

children's development through various initiatives in Sweden, South Africa, and the USA.

▶ As well as running various projects of its own, DB supports a number of cultural and social centers, initiatives, and activities by means of donations. The Group donated a total of € 1.1 million to projects of this kind in 2012. ◀

In addition to this, DB sponsors social initiatives and organizations. The company primarily supports projects whose objectives coincide with those of its own corporate social responsibility (CSR) activities.

Building on competences

DB strives to help social projects succeed by contributing its own competences. For this reason, its CSR activities concentrate on four main areas: education and culture, integration and social work, climate protection and conservation, and humanitarian aid.

DB combines core business with commitment to corporate social responsibility

DB's corporate social responsibility activities focus on areas where its competences can make a positive, noticeable difference. With this in mind, the Group is involved in:

- **Education and culture:** As one of Germany's largest employers, DB fulfills its special responsibility in this field. DB uses its competence in this area as part of "Chance Plus" program to prepare young people for vocational training.
- **Integration and social work:** DB employs some 300,000 people, more than a third of whom work outside of Germany. With over 2,000 sites in more than 130 countries, it is present around the world. This is

just one reason why DB believes that combating discrimination and violence is just as important as fostering a culture of tolerance and respect. As part of projects such as "Bahn-Azubis gegen Hass und Gewalt" (Bahn Apprentices against Hatred and Violence), DB has been working for years to promote a broad-based alliance against xenophobia, racism, and discrimination.

- **Climate protection and conservation:** With its services, DB enables eco-friendly mobility, which is a cornerstone of a sustainable society. Together with various partners, it supports climate protection and conservation projects to achieve this.
- **Humanitarian aid:** As a global logistics provider, DB transports relief aid to crisis-hit areas around the world, helping to provide acute humanitarian aid and to rebuild areas affected by disasters.

Investing in knowledge is tomorrow's capital

Education is a valuable commodity in today's knowledge-based society. Teaching is a responsibility shared by the whole of society and a task in which DB is actively involved. Promoting the development of children and young people early on is of particular importance to the Group. For this reason, it proactively fosters reading and media skills, as these are the key to both education and preparing for working life. In addition to this, DB broadens youngsters' experiences by means of educational initiatives focusing on the environment, culture, and history. Furthermore, the company supports learning by awarding grants, e.g. as part of partnerships with universities. ➤ It presented 63 grants in Germany in the year under review. ◀

Endowed professorships provide impetus and drive innovation

DB also seeks collaboration with universities and research facilities to build up knowledge for the future. It is particularly committed to establishing and supporting endowed professorships in Germany and abroad.

Examples of these include the endowed professorship for energy-efficient rail technology systems at Brandenburg University of Applied Sciences, which was set up in 2012 by Eco Rail Innovation (ERI). Its aim is to identify areas where further research is needed and initiate research projects that support the goal of zero emissions in the rail sector with competitive, environmentally friendly technologies.

DB is a long-term partner of the German Reading Foundation

DB believes that reading is an essential prerequisite for learning. Reading is the key to education. DB has been involved with the Reading Foundation (Stiftung Lesen) since 1996 as a member and sponsor. The foundation aims to promote the pleasure of reading and improve reading skills. DB is a member of the Founders' Committee and its CEO, Dr. Rüdiger Grube, is a member of the Reading Foundation's Board of Directors.

DB's reading (aloud) projects reach children and young people

The Germany-wide Day of Reading is a joint initiative by DB, the Reading Foundation, and the weekly newspaper DIE ZEIT. It aims to raise awareness of the importance of reading aloud. In 2012, more than 48,000 volunteers participated by reading aloud, including 700 DB employees. Day of Reading is accompanied by an annual study which examines the practice of reading aloud in Germany.

DB's reading cases support integration and education

The DB reading cases distributed to children's centers are another example of how DB helps with the Reading Foundation's work. The company has been providing these resources in conjunction with the Reading Foundation since as early as 2007. The cases contain exciting stories for all age groups. Since the project began, more than 5,500 children's homes, social work centers for children and young people, multi-generational homes, and children's clinics/hospices have received DB reading cases.



DB promotes a tolerant and respectful sense of community with its project "Bahn Apprentices against Hatred and Violence."



Another DB reading case called “All the Children of the World” was developed specially for teaching at daycare centers. This provides new impetus to encourage children to read and places a special focus on integrating children from immigrant families. Its central component is a series of nine books telling stories about the everyday lives of children from German and immigrant families. All the daycare centers in the state of North Rhine-Westphalia (more than 9,000) were presented with the little red cases in 2010/2011. Hamburg’s over 1,000 daycare centers received them in 2012. The daycare centers in Berlin, Bremen, and Hesse will follow in 2013.

DB is committed to fostering greater social cohesion

DB also focuses on the area of integration and social work. Its involvement here makes a contribution towards social cohesion. No one should be discriminated against or excluded on the grounds of their age, culture, social background, or a physical disability. To break down social barriers, DB promotes strong shared experiences – e.g. through sport – and offers youngsters new prospects by giving them access to education. DB also helps to maintain or improve quality of life through numerous projects. In this regard, the company focuses on preventing violence or intolerance and providing health education.

DB Kids’ Camp boosts confidence

Since 2007, DB has been working with the Off Road Kids Foundation to reward 60 to 70 children and young people each year from youth social work centers for outstanding school and social achievements with an exciting week-long stay at the DB Kids’ Camp. The camp is a way of recognizing and respecting the achievements

of youngsters who have often had a difficult start in life. At the camp, they are given the opportunity to showcase their strengths and talents. The sixth camp was held in 2012. DB started supporting the Off Road Kids Foundation back in 1994 by providing network tickets, giving the street workers the mobility they need for their nationwide work.

DB raises awareness of climate protection and conservation

Protecting the climate and conserving nature is of special concern to DB. For this reason, the company also focuses on projects which bring people and nature closer together. For example, the Bergwaldprojekt e.V. (Woodland Project) organization planted its 100,000th tree to help protect woodlands, the climate, and biodiversity in early 2012. This was made possible by donations from DB and the use of customers’ bahn.bonus loyalty points to support the organization. DB has been cooperating with Bergwaldprojekt e.V. since 2009. The charity has been organizing volunteers to maintain the functionality, diversity, and beauty of woodlands for over 20 years. The Group is also active beyond Europe with initiatives such as Environment Week at DB Schenker in Australia. The schoolchildren who took part spent a week looking at how environmental protection can be seen throughout the logistics company’s processes. From recycling to reducing waste and increasing energy efficiency, the pupils saw how the company fulfills its environmental responsibility. They also found out about the different career pathways at DB Schenker and made their own suggestions for eco-friendly business activities at the company at the end of the week.

Rapid disaster relief

DB is also active in the field of humanitarian aid. When people are affected by disasters such as floods, earthquakes, or forest fires, it is important to act quickly. In situations like these, DB actively helps people by transporting the goods they need and assisting with rebuilding the affected areas.

A year and a half after the devastating earthquake in Tohoku, a Summer School for the Reconstruction of the Sanriku Coast was held for German students in Japan with DB's backing. In September 2012, Schenker Seino supported the program with its services. Despite difficult conditions, the company transported food and cooking equipment to the area affected within a few days. The program was organized by the Grimm Society Japan and the Japanese-German charity Tochigi.

DB pools corporate social responsibility projects in newly established Deutsche Bahn Stiftung gGmbH

DB has decided to pool its corporate social responsibility (CSR) activities within the Group's newly established non-profit organization, Deutsche Bahn Stiftung gGmbH. As

of February 2013, Deutsche Bahn Stiftung gGmbH (will coordinate the Group's major charitable initiatives and projects. The DB Museum will also be transferred to the Deutsche Bahn Foundation.

The Deutsche Bahn Foundation will further intensify the Group's wide-ranging CSR activities. In these efforts, the Deutsche Bahn Foundation is supported by external experts, whose knowledge is incorporated into and enriches its charity work. Up to 0.5 percent of operating profits will be contributed to Deutsche Bahn Foundation every year.

The Deutsche Bahn Foundation pursues three key objectives:

- Pooling the Group's charitable activities
- Expanding these activities
- Further professionalizing these activities, for example with the aid of external experts on the specialist committees dedicated to the core areas of Deutsche Bahn Foundation's activities



DB supports the work of street workers with the Off Road Kids Foundation.

Five kilometers against the current

More than 100 employees worked extremely hard to help those affected by flooding in Thailand in 2011 and to repair the damage.





At the end of October 2011, large parts of Thailand quite literally sank in flooding following months of heavy monsoon rains. More than 400 people died and millions lost their homes or most of their possessions.

DB Schenker in Thailand was able to help many of those affected by providing disaster relief. Over 100 employees from DB Schenker took part in the rescue and rebuilding initiatives. “It gives you a great feeling to be able to help in person instead of just donating money!” says Stuart Watkins, General Manager for oil and gas projects in Thailand. DB Schenker started by putting together a rescue team made up of volunteers to help the victims directly. “Thanks to the logistics resources of the land transport team, we were able to draw up a shift plan, which meant we could work 24 hours a day. We did that for about three weeks,” participants recall.

They used trucks and boats to rescue people from the flooded parts of the Don Muang region, where the water was often 1.20 meters deep. “In one completely inaccessible place, a fiercely determined, undeterred team of rescuers battled their way to trapped people by wading five kilometers against the current,” reports Toshihiro Koyama, a General Manager involved in supplying a car manufacturer. Time and time again, DB Schenker trucks transported boats, emergency supplies, and consignments of aid to those in need. After the acute disaster relief phase, the management team also set up programs to help staff whose houses had been damaged by the floods with both direct donations and interest-free loans. With the help of two organizations – Habitat for Humanity and the Thai Rotary Club – the relief program was extended to some of Thailand’s poorest areas.

The logistics company did not just give financial support to these two organizations; many employees also volunteered as part of a program to rebuild and repair houses and schools affected by the disaster over a three-month period. The Rotary Club focused on constructing and repairing drinking water systems for schools, especially in poorer regions. DB Schenker in Thailand funded many of these systems and also donated play equipment for the schools.

This was made possible by generous donations from other DB Schenker national subsidiaries in Asia, such as those in Northern China, Singapore, the Philippines, Indonesia, India, Taiwan, and Australia. As well as making a donation to the Red Cross, DB Schenker in Thailand worked with countless clients to transport their contributions in kind to the affected areas, such as washing machines for an evacuation center, water purifiers, medication, and clean water.

A new approach to corporate citizenship

DB is pooling its charitable activities within the Deutsche Bahn Foundation. Christina Rau is the foundation's patron and a member of the Advisory Board.





Christina Rau is the foundation's patron and a member of the Deutsche Bahn Foundation Advisory Board.

Christina Rau has a special relationship with the railroad. "I grew up right by a four-track railroad in Bielefeld. Whenever my grandfather came to visit from Essen, we stood on the platform and waved to him," recalls the wife of Germany's former President Johannes Rau.

When she was asked to become patron of the Deutsche Bahn Foundation, Christina Rau agreed. "To be honest, I have to turn down more requests than I accept. I already work for several charities, including the children's rights organization Kindernothilfe, and I'm on the board of the welfare charity Bethel."

Out of conviction, she now wants to make a difference through the Deutsche Bahn Foundation as well. She is eager to do more than just act as patron though: "The patron should tell everyone: this organization does good work," explains Christina Rau.

"But I can only represent something if I'm well informed. That's why I'm on the Advisory Board too."

She says that pooling and expanding its CSR activities fits well with DB as a company. "There's much more to Deutsche Bahn than just trains." She lists the Deutsche Bahn Foundation's four strategic directions: education and culture, integration and social work, climate protection and conservation, and humanitarian aid. The running of the DB Museum forms part of the foundation's remit as well.

She believes that charity work is also important for the "railroader family." Projects where employees work together make the company more attractive as an employer and foster social cohesion, she says. An example is the provision of humanitarian aid following natural disasters – something a global logistics group like DB is virtually predestined to do.

In her view, DB's involvement with the Reading Foundation bridges the gap between integration and social work on one hand and education on the other. As part of this initiative, "employees don't just take part in a nationwide read-aloud day; they are also part of a read-aloud club. They work as reading partners, helping to give children at partner schools access to education."

The Deutsche Bahn Foundation's work to protect the climate and conserve nature complements the ambitious environmental targets DB has set itself as part of its DB2020 strategy, she adds. Children are particularly close to Christina Rau's heart, so she is delighted about DB's long-standing support of Off Road Kids and the successful launch of a project combating violence at schools. Rau is also considering expanding DB's activities in the field of higher education, for example by supporting students as part of the Germany Scholarship program.

Christina Rau comes back to her own personal relationship with the railroad and recalls her time at school in Scotland. From Germany to Scotland by train? "Yes, by train and a cross-Channel ferry, then a night train from London. It was nice when they served early-morning tea."

Providing sponsorship

As a sponsor and therefore a business partner, the company supports a large number of organizations whose work ties in with DB's CSR objectives.



DB actively uses sponsorship

In addition to its charitable CSR activities, DB supports various partners by means of sponsorship. The company intends to make strategic use of sponsorship in the future as well. Its aim here is to enhance visibility to the general public and important target groups, but also to help tackle social challenges.

Sport sponsorship to promote integration

DB's stance is illustrated by its role as a main sponsor of the school athletic competitions "Youngsters Training for the Olympics" since 2012 and "Youngsters Training for the Paralympics" since 2010, and by its position as co-sponsor of the National Paralympic Committee Germany – a partnership that has been in existence for over ten years. As well as supporting outstanding achievements, this work makes a valuable contribution towards the social integration of disabled schoolchildren and athletes.



Sponsorship strengthens identification with DB

DB's sponsorship activities also have an impact within the company. Sport sponsorship enables the firm to communicate values to staff through sports role models. These include dedication, team spirit, fair play, and social integration. As an employer, DB strives to integrate these positive attributes of sport into everyday work. In this way, sponsorship can increase staff loyalty.

Close partnerships with sports clubs

In Germany, soccer is more popular than any other sport. With this in mind, DB is active in Germany's soccer Bundesliga as the main sponsor of Hertha BSC and a premium partner of Eintracht Frankfurt. DB also has close partnerships with several clubs that have strong regional ties, such as the THW Kiel, HSV Hamburg, and SG Flensburg Handewitt handball teams.





Gerd Becht, Member of the Management Board responsible for Compliance, Privacy, Legal Affairs and Corporate Security, talking with DB Schenker employees Diana Stein and Bukuriye Bozaxhi

A man with grey hair, wearing a dark suit, a light blue shirt, a green tie, and a bright yellow high-visibility vest with the 'DB SCHENKER' logo, stands in a large industrial warehouse. He is gesturing with his hands as if speaking. The background shows high ceilings with industrial lighting, metal beams, and stacks of wooden pallets on the left. To his right is a workstation with a computer monitor and some papers on a table. A large, semi-transparent grey vertical bar is positioned behind the text on the right side of the image.

06

Upholding integrity

DB Group follows clear integrity principles as it has a far-reaching responsibility at both national and international level. In addition to good corporate governance, DB focuses on data privacy and compliance as key elements of risk management. With respect to procurement, the focus is more and more on environmental and social considerations, in addition to cost-effectiveness.

Defining targets and areas for action

DB is aware of its responsibility to society as a whole and to its stakeholders. It expects both its own employees and its business partners to comply with integrity principles. This does not just help the company to succeed economically – it also has a positive impact on society.

Obligation to act responsibly

DB has set itself the goal of becoming the world's leading mobility and logistics company. It aims to orient its leadership role based on economic, social, and environmental considerations (three dimensions). The company has a far-reaching responsibility both nationally and internationally on its way to becoming a profitable market leader.

In its mission statement, DB defines how it intends to fulfill its aims. The principle of integrity serves as an important cornerstone in this regard: "We act in an exemplary manner, based on the principles of integrity and concern for the needs of our stakeholders." Corporate governance guidelines, binding data privacy regulations, clear compliance requirements, and rules that apply to employees, business partners, and procurement alike are all strictly followed.

DB's actions as a company are based on various standards, including the principles of the UN Global Compact and the International Labour Organization (ILO) conventions: for DB, freedom of association and the right to collective-bargaining, the elimination of forced labor, the abolition of child labor, and the prohibition of discrimination in respect of employment and occupation are all non-negotiable. The company focuses on preventing corruption and other forms of white-collar crime before offenses are committed.

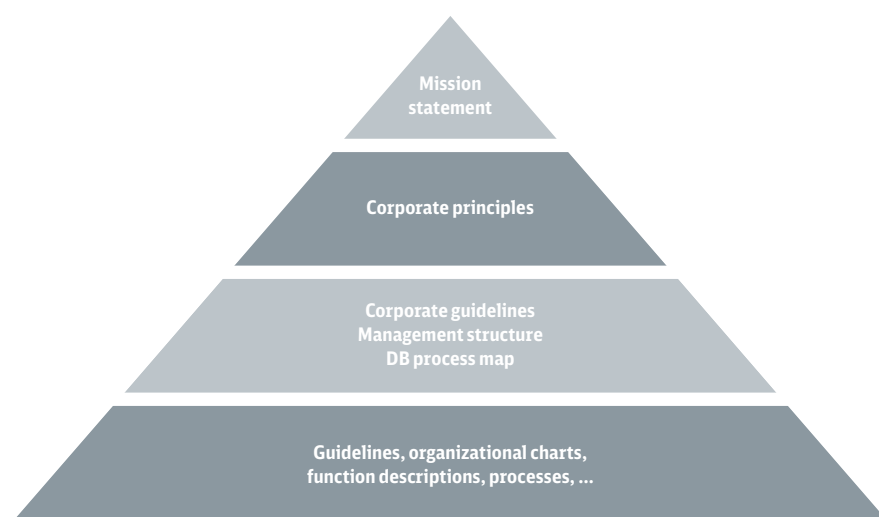
These are the fundamental benchmarks for DB employees' attitudes and behavior. The same applies

when choosing business partners. The company makes exacting, high demands of its business partners as regards integrity in business practices. In the future, DB will only work with suppliers who comply with its code of conduct or have pledged to comply with their own comparable codes. Furthermore, the company evaluates life cycles in the procurement process, taking both environmental and economic aspects into account when costs are calculated. This distinctly illustrates the planned realignment of DB's procurement system, which will transform it from an order handler into a strategic partner and ultimately a defining force.

Clear rules also apply to the way sensitive data is handled. The protection of employees', customers', and suppliers' data is anchored firmly within the whole DB Group. This is ensured by a Chief Privacy Officer and various bodies.

Integrity principles need to be upheld together and by means of dialog with all those involved. On one hand, this eliminates risks and safeguards DB's long-term success. On the other hand, it also benefits society, to whom DB has a responsibility. For this reason, the company's clearly defined objective is to observe unimpeachable ethics in its business activities.

Management system of DB Group



Together with the mission statement and the corporate principles, the management system at the DB Group forms the basis for responsible business practices.

Complying with corporate governance

DB is convinced that good corporate governance is fundamental to its success. Its aim is to safeguard the company's success while taking the interests of customers, business partners, investors, employees, and the general public into account. Moreover, it aims to maintain and expand the trust in DB Group.

DB applies the German Federal Public Corporate Governance Code

Corporate governance regulations are intended to ensure good, responsible, value-focused company management. DB has adjusted its regulations to the requirements of the Public Corporate Governance Code (PCGC), which outlines special provisions for the management of unlisted companies which are majority-owned by the Federal Republic of Germany. Furthermore, the PCGC comprises internationally recognized standards of good and responsible company management.

Compensation report discloses Management Board and Supervisory Board compensation

The total compensation for Management Board members consists of a fixed basic compensation, a performance-linked annual director's fee, and a long-term bonus program based on multi-year figures (long-term incentive

plan). The performance-linked component takes sustainability targets as defined in the DB2020 strategy into account. The compensation report outlining the compensation system and the individual compensation paid to the members of the Management Board and Supervisory Board can be found in the 2012 Annual Report.

Transparency fosters trust

DB sets great store by maintaining a high level of transparency. The company's annual statement of compliance with the PCGC and the compensation report can be downloaded from the Internet. DB's website also provides all important information about the consolidated and annual financial statements, the interim report, and the financial calendar.

Expanding data privacy

Treating data sensitively and confidentially is firmly anchored in all parts of the DB Group. A Chief Privacy Officer and various bodies ensure that information about employees, customers, and suppliers is kept secure.

Customer and staff data is treated sensitively

Clearly defined responsibilities ensure that data relating to employees, customers, and suppliers is treated confidentially at the DB Group. The main framework is based on national legislation such as the German Federal Data Protection Act, on EU regulations, international accords, and internal DB Group agreements. The Group Chief Privacy Officer's job is to ensure that these regulations are upheld. She receives support from data privacy officers at the subsidiaries, specially trained staff, and data protection representatives. A Data Privacy Advisory Board was established in May

2010 to analyze and assess the challenges associated with commendable Group-wide data protection and to discuss them with the Management Board. The independent body is made up of experts from academia, politics, impartial organizations, and staff representatives.

Protection of employees' data is constantly being enhanced

The Group signed an internal agreement regarding employee data privacy in November 2010. This laid the foundations for the exemplary protection of staff data. Work to implement the associated regulations continued in 2012.

DB abides by the principle that data protection is about protecting people's right to privacy, not data. This principle was also taken into account when considering how to maintain data privacy in conjunction with the Group-wide employee survey in 2012. Consultations are also constantly held in relation to internal agreements and projects affected by data privacy legislation. This ensures that data relating to DB Group employees is protected in day-to-day working practices.

Extensive data privacy training courses held

The company also displays information and empirical figures relating to data privacy by means of communication and training courses. In 2012, training was provided for a total of 9,200 course participants via 710 measures. The company will continue to provide employees with information about data protection in 2013 with the aid of Internet-based training. DB also completed basic training for key members of the decentralized data privacy organization. Further modules are planned for 2013.

Audits raise the standard of data privacy

Data privacy audits are regularly completed at the DB Group. The focus is on examining technical/organizational measures related to data processing and compliance with data protection legislations. In 2012, KPI-based Data Privacy Online Monitoring (DOM) was completed for the first time in the form of a self-audit for executives. The results of audits form the basis for data privacy training. Audits help to permanently raise the standard of data privacy by means of a defined procedure for measure development and control.

In 2013, a system will be developed for checking Group contractors as required by law.

Protecting customers' data fosters a positive attitude to DB

Exemplary management of personal details contributes towards DB's positive image as a modern, trustworthy provider of mobility and logistics services as well as a business partner.

The Customer Data Privacy Unit constructively accompanies and supports all data processing workflows to ensure that customers' right to privacy is upheld at all stages of data processing. This is essential given that innovative travel services such as the DB Navigator and ticketing processes like cellphone tickets rely on using personal details. Modern customer data management takes consumers' both heightened sensitivity and increasingly individual wishes into account.

DB has reacted to the growing need for interactive communication via social media by incorporating data

security measures and encryption into its processing and communication workflows. This enables customers to place their trust in the reliability of DB's privacy policy when they share their personal details with DB. Continual improvement in the use of automated deletion and archiving concepts enables the firm to uphold customers' right to erase data which is no longer needed.

A high level of transparency, ongoing improvements to information about data processing methods, prompt communication, and better contactability – via social media, for instance – all lead to increasing confidence among customers. Customer complaints about the way their personal details are handled have therefore fallen noticeably. Further improving the DB Group's external image remains one of the main focal points of activities of the Customer Data Privacy Unit.



Chris Newiger,
DB Group Chief Privacy Officer

Firmly anchoring compliance

The DB Group has a special responsibility at both national and international level. The company's complex structure and international business operations in particular mean that it needs a well-structured compliance organization.

The compliance work's objectives are behavior with integrity and prevention

Compliance means ensuring that all business activities conform to the relevant legislation and regulations. This includes the respective national laws, legal requirements of the EU and anti-corruption laws which apply internationally.

DB sees compliance as risk management with a focus on prevention. Its aim as a fair, trustworthy business partner is to prevent potential infringements before they happen. Compliance is therefore an essential part of the DB Group's risk management system.

However, it is impossible to dictate that people behave with integrity. Instead, a formative culture and mindset are needed. This holistic approach is based on the following rationale: it is only possible to achieve sustainable success if all employees and executives comply with the law in line with the company's values. They shall not take any unjustifiable risks and shall live out a value-based corporate culture.

The DB Group observes internationally recognized standards of good corporate governance. Its membership in various organizations shows just how important this issue is. For example, DB is a corporate member of Transparency International. The company is also actively involved in the "Federal Administration and Business Initiative Group: Tackling Corruption Together" (Initiativkreis Bundesverwaltung und Wirtschaft: Gemeinsam gegen Korruption). Furthermore, DB admits to the principles of the UN Global Compact and shares its experience in compliance issues with other multinational companies.

Preventive and comprehensive compliance in practical experience

Compliance activities focus on preventing corruption and other forms of white-collar crime.

Compliance work aims to achieve the following:

- Foster the compliance culture at the company
- Recognize compliance risks early on and initiate suitable countermeasures
- Conduct compliance programs and special programs
- Provide ongoing communication and training
- Manage and evaluate regular worldwide reporting
- Improve constantly the existing system

DB takes a holistic approach to compliance, which is presented in more detail below.

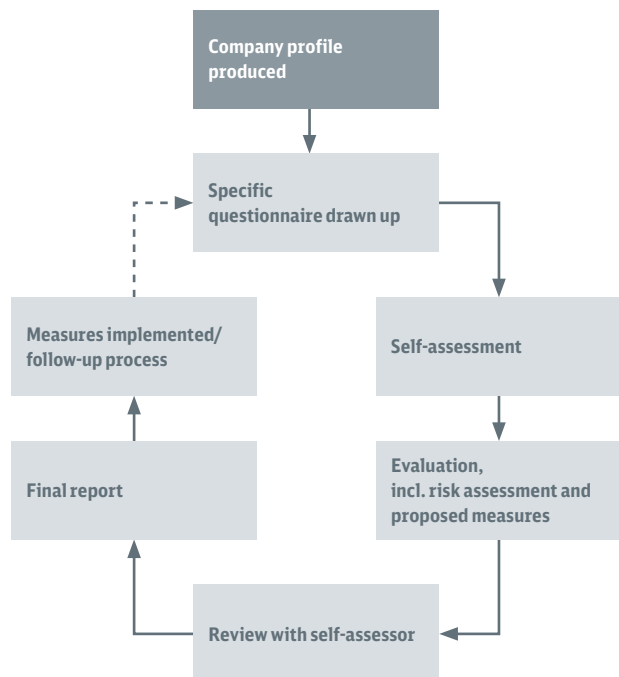
Compliance risk analysis is an effective instrument

The compliance risk analysis process is a central part of the compliance system. Its aim is to identify significant compliance risks. In addition to this, measures which have already been initiated to minimize risks at the DB Group are recorded and assessed. A high-level risk analysis covering all business units was conducted as early as 2010. The individual companies within the DB Group are also subject to specific risk analyses, which are conducted on an on-going basis and which are tailored to the entity in question.

Ever since DB started conducting risk analyses, issues relating to human rights have been integrated into the review, particularly at international level. This area is currently being expanded and systematized.

Compliance process analyses are completed with a risk-based approach. This means that processes are examined for potential risks and concrete suggestions for risk minimization are developed.

Compliance risk analysis process





DB brochures providing information for employees: the compliance guide “Compliance Wegweiser 2012”

Specific compliance programs aim to identify and minimize risks

The DB Group has firmly anchored various compliance programs within its organization. These include, for example, guideline management and compliance during corporate acquisitions and the integration process following company takeovers. Compliance programs also affect dealings with business partners, the procurement process, contract checking, and the debarment of contractors in the case of serious misconduct. In addition to this, special projects are initiated if the DB Group encounters increased risks in specific fields. For instance, a specially developed risk minimization program for the DB Netze division – the Infrastructure Compliance Offensive – was put in place in 2012 under the guidance of the Compliance department. Furthermore, DB has implemented an extensive compliance program relating to antitrust law throughout the Group. This also includes a system for the prevention of cartel damages which is designed to stop suppliers from forming cartels and take fast, effective action against collusion of this kind.

Creating sensitivity by means of communication and trainings

Internal and external communications relating to compliance form part of the company’s preventive work. Channels used include, for example, the intranet and the company’s website.

Special compliance e-learning training courses have been developed for the DB Group. These courses – which are now available in 13 different languages – concentrate on the “Corporate Principles – Ethics – Code of Conduct” (DB Code of Conduct) and therefore cover issues such as integrity (anti-corruption) and human rights. Executives are required to complete the e-learning courses. E-learning training is also compulsory for employees in selected companies and units, based on the risk position. Furthermore, in-person training has been held for 11,100 attendees.

Compliance reporting enhances transparency

Regular reports are produced throughout the year for compliance-related occurrences at the DB Group. They can be supplemented by special reports. The reports are produced by the decentralized compliance organization and cover incidents associated with white-collar crime. All of the reports are checked, summarized by the central compliance team, and finally presented to the member of the Management Board responsible for Compliance.

Whistle-blowing system available to employees and external partners

All DB employees have an obligation to report serious infringements of the law using the whistle-blowing system. This can, for example, be information about corruption or the reporting of violations of human

rights. The right to privacy of all those involved is strictly upheld and the identity of whistle-blowers is protected. This common understanding is laid down in an internal Group agreement between the employer and employee representatives in April 2013.

Reports can be submitted in a personal dialog, by email, by mail, or via ombudspersons, i.e. attorneys who have a legal obligation to confidentiality. In addition to this, from April 2013 the electronic whistle-blowing system is available again around the world in seven languages. Business partners and customers can also use this system to submit reports.

Dealing with incidents at the DB Group

As early as 2009, measures were taken to ensure that business practices throughout the Group comply with all the relevant rules and regulations. However, DB again had to deal with events relating to incidents predating this in the year under review.

At the subsidiary DB International, investigative proceedings by the district attorney which were initiated in 2010 continued in 2012. Two internal investigations conducted by the auditing firm KPMG and Corporate Security were completed in 2012. Furthermore, a number of remedial measures (immediate and long-term countermeasures) were put in place. DB itself supplied information to the district attorney as early as 2009 which revealed irregularities dating back to 2005. The investigation concerns the suspicion that payments were made to decision-makers abroad.

A number of DB Group companies were fined in 2011 and 2012 in the course of antitrust proceedings against global freight forwarding companies. Fines of € 34.9 million were imposed in the EU (the fines against DB are being challenged before the European Court of Justice) and DB was fined US\$ 23.3 million in the USA. The companies were accused of having violated competition law between 2002 and 2007 with respect to fees and surcharges for air freight. As a result, DB Schenker Logistics has established an extensive anti-trust compliance program which meets high international standards.

Suppliers pledge to observe the DB Code of Conduct for Business Partners

The DB Code of Conduct for Business Partners comes into effect on January 1, 2013, and means that suppliers and business partners of the DB Group are obliged to comply with ethical and legal standards. Like the DB Code of Conduct, it is based in part on the principles of the UN Global Compact and serves as an important basis for responsible collaboration founded on a spirit of partnership. The company expects its business partners to act with integrity in every regard. Suppliers and business partners pledge to comply with the Code's requirements.

New concepts introduced for checking business partners

Starting in early 2013, DB International will use software – the Business Partner Due Diligence Tool – to check the integrity of its business partners. Due diligence means assessing risks with the necessary care and attention. The objective is to provide support for integrity checks by means of an IT-based workflow when choosing business partners. Tests are currently under way to examine whether it can also be used in other parts of DB.

Furthermore, a manual integrity checking process is being piloted at DB Schenker Rail. There are plans to implement this at other DB units as well.



DB's ethical and legal standards are based on the principles of the UN Global Compact.

Partners and business practices with integrity

Chief Compliance Officer Dr. Werner Grebe talks about the Infrastructure Compliance Offensive



Dr. Werner Grebe, Chief Compliance Officer at DB

Because of its high level of annual capital expenditure, DB's Infrastructure division is particularly at risk of becoming a victim of white-collar crime. For this reason, DB launched its Infrastructure Compliance Offensive in 2012. "The offensive has made our employees more confident about taking action and increased their sensitivity to this issue," explains Dr. Werner Grebe, Chief Compliance Officer at the DB Group.

The approach was risk-based and tailored to the relevant target group. Own company insights and insights from the German Federal Criminal Police Office have been considered. Dr. Grebe: "We started off by working with the responsible persons of DB business units to analyze what risks there might be. One of the key questions was: Are our internal mechanisms and workflows suitable for minimizing risks in our collaboration with third parties?" To answer this question, processes were analyzed and risks in connection with the company's business activities were examined. "We proactively raised employees' awareness of risks in their day-to-day work." To achieve this, a broad communication campaign was launched as well.

The results of a survey by Martin Luther University Halle-Wittenberg provided evidence that there is a high level of acceptance for compliance work within the DB Group. 152 executives from the Infrastructure division took part.

DB also approached suppliers and made it clear to them "what standards we expect – i.e. that they need to comply with the principles of the DB Code of Conduct for Business Partners. Experts from DB acted as compliance ambassadors, interfacing with suppliers and industry associations. The aim was to achieve a common understanding of what fairness, sustainability, and integrity mean in the context of business relationships."

If non-compliance nevertheless occurs, DB takes decisive action. "We listen to those involved and take action appropriate to the severity of the case," explained Dr. Grebe. In serious cases, options include the termination of the business relationship, demanding compensation for damages, and the debarment of suppliers.

It is important that DB itself remains a pioneer in this regard. Every single person in the business unit is responsible for conducting business with integrity.



Sebastian Lange,
einer von 300.000 Kollegen
und Kolleginnen

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Developing procurement processes further

In the year under review, procurement at DB was brought in line with the DB2020 strategy, meaning that it takes economic, social, and environmental considerations into account. Growing internationalization presents both a challenge and an opportunity. Central Procurement has a special responsibility for managing this.

Procurement offers scope for action to increase DB's sustainability

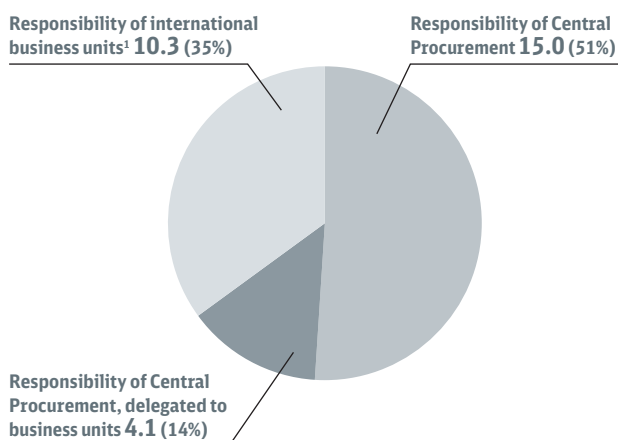
In the past, procurement focused primarily on process stability and economic aspects. With the introduction of the DB2020 strategy, the procurement team has also started to consistently gear its work towards sustainability criteria. The aim is to create harmony among economic, social, and environmental dimensions. Doing this will also prepare the procurement system to face the future challenges arising from growing internationalization at the DB Group.

Procurement plays a key role in consistently anchoring sustainability within the Group. On one hand, the department is expected to support the goals outlined in the DB2020 strategy and help the business units to achieve them. On the other hand, DB also wants to ensure that environmental and social standards are upheld outside of its own value chain in conjunction with its suppliers.

With a purchasing volume of € 29.4 billion in the 2012 reporting year, DB has a significant impact on the market situation and the competitiveness of the DB Group. Central Procurement is responsible for more than half of the purchasing volume, making it the most important interface with the external supply market.

Responsibility for purchasing volume at the DB Group

in € billion and in percent (%)



¹⁾ Freight and haulage services

Binding principles form the basis for supply relationships

DB is facing new challenges as regards its global supply relationships. More exacting requirements for compliance with environmental and social standards mean that suppliers also have to ascribe to these norms. This is ensured by means of a supplier management process which the company has been introducing step by step since 2010. In 2012, both the process and the system were developed further. All of the phases – from qualification and appraisal of suppliers to their development – are now computer-aided. This means that the range of products and services can now be constantly optimized in conjunction with suppliers for the first time.

The supplier management system enables DB to introduce regulations relating to sustainability criteria as compulsory standards for its 19,000 or so suppliers. It will come into effect on January 1, 2013.

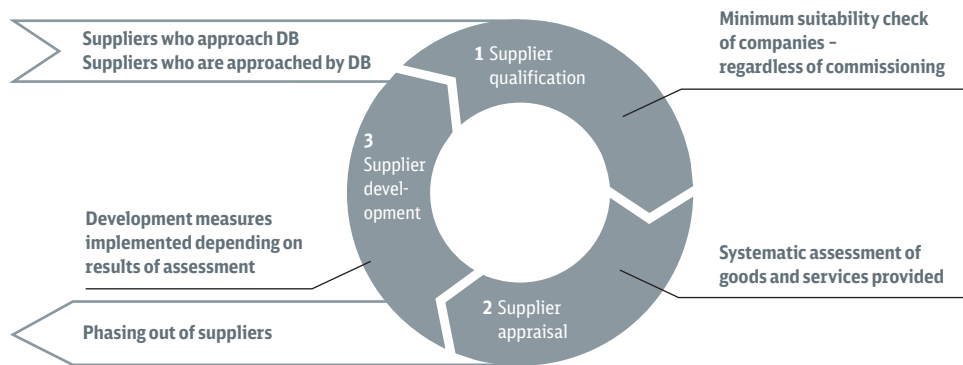
The DB Code of Conduct for Business Partners also forms part of the new system. Developed in 2012, the Code contains compulsory, binding principles regarding human rights, the treatment of employees and the community, and guidelines on environmental issues and compliance. In the future, DB will make clearly defined demands of its suppliers: they will have to accept the DB Code of Conduct for Business Partners or a comparable industry code of conduct (e.g. that of the German Association for Materials Management, Purchasing and Logistics [BME]) or show that they have their own code which fulfills the requirements. In addition, regulations such as the environmental management standard ISO 14001 and the ILO's key labor norms have to be fulfilled.

Central Procurement furthermore develops product group strategies for each important category of products and services. To do this, it analyzes all the relevant parameters – such as the market, environment, and clients – and derives recommended courses of action for the business units. These tailored strategies help the company to achieve its environmental objectives for the specific product group.

In addition to this, environmental standards are defined at all stages of the supplier management system:

- During the qualification stage suppliers must pledge to comply with minimum environmental criteria.
- During supplier appraisal, environmental criteria are incorporated into the questionnaire.

Phases of the supplier management process



- As part of the supplier development process, workshops dealing with a range of issues, including the environment, are conducted as necessary.

Greater focus on life-cycle costs

In the medium term, procurement can only achieve sustainable success by taking a holistic approach to optimizing life-cycle costs (LCC). This can be illustrated by looking at the way contracts for ICE wheels for DB Bahn Long-Distance were awarded to one Japanese and one Italian supplier. When selecting suppliers, the purchasers calculated the total cost of ownership, which showed that higher initial costs would pay off after just a few years due to considerably lower servicing expenses. The reason for this was a new material with a longer service life which requires less frequent servicing. As this example shows, it is possible – and necessary – to take a long-term view rather than a short-term one.

The LCC method does not just help to achieve economic goals. It is also important in attaining environmental targets. An assessment of life-cycle costs is already being used as the basis for decision-making regarding large-scale train investment projects. This takes factors such as servicing expenses, the cost of spare parts, and energy consumption into account, in addition to the purchase price. One example from 2012 is the procurement of the first series locomotive with a soot filter for DB Schenker Rail. As well as reducing the environmental impact by offering considerably higher air quality standards, its servicing requirements make it financially attractive.

As a next step this approach needs to be rolled out to procurement in other parts of the Group as well. Placing a greater focus on the LCC method is an important means of reconciling conflicts between economic and environmental criteria in line with the DB2020 strategy.

International procurement is gaining in importance

As DB becomes more and more international, Central Procurement is preparing to deal with an increasingly global supply structure.

✓ A differentiated selection of suppliers enables cluster risks to be avoided and thus plays a role in achieving sustainable profitability. Large national suppliers are normally used for complex technical system solutions, whereas products or services used locally – such as clearing ice and snow from platforms for DB Netze Stations – tend to be of greater interest to regional SMEs. SMEs and local suppliers accounted for approximately twelve percent of DB's total supply base – or a purchasing volume € 1.8 billion – in the 2012 reporting year. ✓

In 2012, the company was able to make targeted use of the benefits offered by emerging procurement markets – especially those in Asia and Eastern Europe – for specific product categories. Notable agreements included a contract with a Polish supplier for multiple-unit trains to operate DB Bahn Regional's local transport services and an order for industrial trucks for DB Schenker Logistics placed with a Japanese company.

When a product or service is needed Group-wide, it makes financial sense to pool the requirements of all relevant business units. For the international business units, Central Procurement already provides guidelines and stipulates processes with respect to governance. In addition to this, it has worked in international procurement teams around the world alongside the foreign business units to draft and supply valid master agreements. In 2012, one such agreement related to the procurement of office supplies from a global provider. All of the DB Group's business units benefit from this approach.

3	4.75	65.72	90.64	9.23	8.54	0.21
1/20	4.60	73.45	98.38	2.81	8.04	0.21
01/14	4.00	98.38	97.04	3.76	8.04	0.21
10/20	5.00	91.42	91.42	4.89	8.04	0.21
12/12	2.00	93.81	93.81	5.49	8.04	0.21
06/15	3.00	100.00	100.00	0.20	8.04	0.21
03/21	3.75	100.24	100.24	0.45	8.04	0.21
09/40	5.00	100.34	100.34	1.00	8.04	0.21
01/11	0.20	102.94	102.94	1.00	8.04	0.21
01/11	0.50	106.44	106.44	1.00	8.04	0.21
01/11	1.00	110.00	110.00	1.00	8.04	0.21
01/11	1.50	113.56	113.56	1.00	8.04	0.21
01/11	2.00	117.12	117.12	1.00	8.04	0.21
01/11	2.50	120.68	120.68	1.00	8.04	0.21
01/11	3.00	124.24	124.24	1.00	8.04	0.21
01/11	3.50	127.80	127.80	1.00	8.04	0.21
01/11	4.00	131.36	131.36	1.00	8.04	0.21
01/11	4.50	134.92	134.92	1.00	8.04	0.21
01/11	5.00	138.48	138.48	1.00	8.04	0.21
01/11	5.50	142.04	142.04	1.00	8.04	0.21
01/11	6.00	145.60	145.60	1.00	8.04	0.21
01/11	6.50	149.16	149.16	1.00	8.04	0.21
01/11	7.00	152.72	152.72	1.00	8.04	0.21
01/11	7.50	156.28	156.28	1.00	8.04	0.21
01/11	8.00	159.84	159.84	1.00	8.04	0.21
01/11	8.50	163.40	163.40	1.00	8.04	0.21
01/11	9.00	166.96	166.96	1.00	8.04	0.21
01/11	9.50	170.52	170.52	1.00	8.04	0.21
01/11	10.00	174.08	174.08	1.00	8.04	0.21
01/11	10.50	177.64	177.64	1.00	8.04	0.21
01/11	11.00	181.20	181.20	1.00	8.04	0.21
01/11	11.50	184.76	184.76	1.00	8.04	0.21
01/11	12.00	188.32	188.32	1.00	8.04	0.21
01/11	12.50	191.88	191.88	1.00	8.04	0.21
01/11	13.00	195.44	195.44	1.00	8.04	0.21
01/11	13.50	199.00	199.00	1.00	8.04	0.21
01/11	14.00	202.56	202.56	1.00	8.04	0.21
01/11	14.50	206.12	206.12	1.00	8.04	0.21
01/11	15.00	209.68	209.68	1.00	8.04	0.21
01/11	15.50	213.24	213.24	1.00	8.04	0.21
01/11	16.00	216.80	216.80	1.00	8.04	0.21
01/11	16.50	220.36	220.36	1.00	8.04	0.21
01/11	17.00	223.92	223.92	1.00	8.04	0.21
01/11	17.50	227.48	227.48	1.00	8.04	0.21
01/11	18.00	231.04	231.04	1.00	8.04	0.21
01/11	18.50	234.60	234.60	1.00	8.04	0.21
01/11	19.00	238.16	238.16	1.00	8.04	0.21
01/11	19.50	241.72	241.72	1.00	8.04	0.21
01/11	20.00	245.28	245.28	1.00	8.04	0.21
01/11	20.50	248.84	248.84	1.00	8.04	0.21
01/11	21.00	252.40	252.40	1.00	8.04	0.21
01/11	21.50	255.96	255.96	1.00	8.04	0.21
01/11	22.00	259.52	259.52	1.00	8.04	0.21
01/11	22.50	263.08	263.08	1.00	8.04	0.21
01/11	23.00	266.64	266.64	1.00	8.04	0.21
01/11	23.50	270.20	270.20	1.00	8.04	0.21
01/11	24.00	273.76	273.76	1.00	8.04	0.21
01/11	24.50	277.32	277.32	1.00	8.04	0.21
01/11	25.00	280.88	280.88	1.00	8.04	0.21
01/11	25.50	284.44	284.44	1.00	8.04	0.21
01/11	26.00	288.00	288.00	1.00	8.04	0.21
01/11	26.50	291.56	291.56	1.00	8.04	0.21
01/11	27.00	295.12	295.12	1.00	8.04	0.21
01/11	27.50	298.68	298.68	1.00	8.04	0.21
01/11	28.00	302.24	302.24	1.00	8.04	0.21
01/11	28.50	305.80	305.80	1.00	8.04	0.21
01/11	29.00	309.36	309.36	1.00	8.04	0.21
01/11	29.50	312.92	312.92	1.00	8.04	0.21
01/11	30.00	316.48	316.48	1.00	8.04	0.21
01/11	30.50	320.04	320.04	1.00	8.04	0.21
01/11	31.00	323.60	323.60	1.00	8.04	0.21
01/11	31.50	327.16	327.16	1.00	8.04	0.21
01/11	32.00	330.72	330.72	1.00	8.04	0.21
01/11	32.50	334.28	334.28	1.00	8.04	0.21
01/11	33.00	337.84	337.84	1.00	8.04	0.21
01/11	33.50	341.40	341.40	1.00	8.04	0.21
01/11	34.00	344.96	344.96	1.00	8.04	0.21
01/11	34.50	348.52	348.52	1.00	8.04	0.21
01/11	35.00	352.08	352.08	1.00	8.04	0.21
01/11	35.50	355.64	355.64	1.00	8.04	0.21
01/11	36.00	359.20	359.20	1.00	8.04	0.21
01/11	36.50	362.76	362.76	1.00	8.04	0.21
01/11	37.00	366.32	366.32	1.00	8.04	0.21
01/11	37.50	369.88	369.88	1.00	8.04	0.21
01/11	38.00	373.44	373.44	1.00	8.04	0.21
01/11	38.50	377.00	377.00	1.00	8.04	0.21
01/11	39.00	380.56	380.56	1.00	8.04	0.21
01/11	39.50	384.12	384.12	1.00	8.04	0.21
01/11	40.00	387.68	387.68	1.00	8.04	0.21
01/11	40.50	391.24	391.24	1.00	8.04	0.21
01/11	41.00	394.80	394.80	1.00	8.04	0.21
01/11	41.50	398.36	398.36	1.00	8.04	0.21
01/11	42.00	401.92	401.92	1.00	8.04	0.21
01/11	42.50	405.48	405.48	1.00	8.04	0.21
01/11	43.00	409.04	409.04	1.00	8.04	0.21
01/11	43.50	412.60	412.60	1.00	8.04	0.21
01/11	44.00	416.16	416.16	1.00	8.04	0.21
01/11	44.50	419.72	419.72	1.00	8.04	0.21
01/11	45.00	423.28	423.28	1.00	8.04	0.21
01/11	45.50	426.84	426.84	1.00	8.04	0.21
01/11	46.00	430.40	430.40	1.00	8.04	0.21
01/11	46.50	433.96	433.96	1.00	8.04	0.21
01/11	47.00	437.52	437.52	1.00	8.04	0.21
01/11	47.50	441.08	441.08	1.00	8.04	0.21
01/11	48.00	444.64	444.64	1.00	8.04	0.21
01/11	48.50	448.20	448.20	1.00	8.04	0.21
01/11	49.00	451.76	451.76	1.00	8.04	0.21
01/11	49.50	455.32	455.32	1.00	8.04	0.21
01/11	50.00	458.88	458.88	1.00	8.04	0.21
01/11	50.50	462.44	462.44	1.00	8.04	0.21
01/11	51.00	466.00	466.00	1.00	8.04	0.21
01/11	51.50	469.56	469.56	1.00	8.04	0.21
01/11	52.00	473.12	473.12	1.00	8.04	0.21
01/11	52.50	476.68	476.68	1.00	8.04	0.21
01/11	53.00	480.24	480.24	1.00	8.04	0.21
01/11	53.50	483.80	483.80	1.00	8.04	0.21
01/11	54.00	487.36	487.36	1.00	8.04	0.21
01/11	54.50	490.92	490.92	1.00	8.04	0.21
01/11	55.00	494.48	494.48	1.00	8.04	0.21
01/11	55.50	498.04	498.04	1.00	8.04	0.21
01/11	56.00	501.60	501.60	1.00	8.04	0.21
01/11	56.50	505.16	505.16	1.00	8.04	0.21
01/11	57.00	508.72	508.72	1.00	8.04	0.21
01/11	57.50	512.28	512.28	1.00	8.04	0.21
01/11	58.00	515.84	515.84	1.00	8.04	0.21
01/11	58.50	519.40	519.40	1.00	8.04	0.21
01/11	59.00	522.96	522.96	1.00	8.04	0.21
01/11	59.50	526.52	526.52	1.00	8.04	0.21
01/11	60.00	530.08	530.08	1.00	8.04	0.21
01/11	60.50	533.64	533.64	1.00	8.04	0.21
01/11	61.00	537.20	537.20	1.00	8.04	0.21
01/11	61.50	540.76	540.76	1.00	8.04	0.21
01/11	62.00	544.32	544.32	1.00	8.04	0.21
01/11	62.50	547.88	547.88	1.00	8.04	0.21
01/11	63.00	551.44	551.44	1.00	8.04	0.21
01/11	63.50	555.00	555.00	1.00	8.04	0.21
01/11	64.00	558.56	558.56	1.00	8.04	0.21
01/11	64.50	562.12	562.12	1.00	8.04	0.21
01/11	65.00	565.68	565.68	1.00	8.04	0.21
01/11	65.50	569.24	569.24	1.00	8.04	0.21
01/11	66.00	572.80	572.80	1.00	8.04	0.21
01/11	66.50	576.36	576.36	1.00	8.04	0.21
01/11	67.00	579.92	579.92	1.00	8.04	0.21
01/11	67.50	583.48	583.48	1.00	8.04	0.21
01/11	68.00	587.04	587.04	1.00	8.04	0.21
01/11	68.50	590.60	590.60	1.00	8.04	0.21
01/11	69.00	594.16	594.16	1.00	8.04	0.21
01/11	69.50	597.72	597.72	1.00	8.04	0.21
01/11	70.00	601.28	601.28	1.00	8.04	0.21
01/11	70.50	604.84	604.84	1.00	8.04	0.21
01/11	71.00	608.40	608.40	1.00	8.04	0.21
01/11	71.50	611.96	611.96	1.00	8.04	0.21
01/11	72.00	615.52	615.52	1.00	8.04	0.21
01/11	72.50	619.08	619.08	1.00	8.04	0.21
01/11	73.00	622.64	622.64	1.00	8.04	0.21
01/11	73.50	626.20	626.20	1.00	8.04	0.21
01/11	74.00	629.76	629.76	1.00	8.04	0.21
01/11	74.50	633.32	633.32	1.00	8.04	0.21
01/11	75.00	636.88	636.88	1.00	8.04	0.21
01/11	75.50	640.44	640.44	1.00	8.04	0.21
01/11	76.00	644.00	644.00	1.00	8.04	0.21
01/11	76.50	647.56	647.56	1.00	8.04	0.21
01/11	77.00	651.12	651.12	1.00	8.04	0.21
01/11	77.50	654.68	654.68	1.00	8.04	0.21
01/11	78.00	658.24	658.24	1.00	8.04	0.21
01/11	78.50	661.80	661.80	1.00	8.04	0.21
01/11	79.00	665.36	665.36	1.00	8.04	0.21
01/11	79.50	668.92	668.92			

07

Facts and figures

DB's economic, social, and environmental KPIs document its progress as it strives to become a profitable market leader, a top employer, and an eco-pioneer. Transparent measurement paves the way for sustainable business practices.

About this report

In this Sustainability Report, the DB Group provides information about the activities it undertakes to fulfill its economic, environmental, and social responsibilities. The report complies with international standards for sustainability reporting and has been audited by independent third parties.

The report is divided into six sections, which explain the DB Group's strategic approaches and measures. The structure reflects the areas for action as defined by the DB2020 strategy. In line with this holistic approach, the 2012 Sustainability Report is the result of many different specialist departments working together. The topics are based on the GRI 3.0 guidelines published by the Global Reporting Initiative. In addition to this, the requirements identified during dialog with stakeholders have also been taken into account.

The reporting year is the 2012 calendar year. For comparability reasons, figures from the 2011 and 2010 calendar years are also shown for the majority of key performance indicators (KPIs). The sustainability reporting system remains a work in progress, so in some cases it was only possible to provide figures for the 2012 calendar year.




The report covers all fully consolidated DB companies. Any deviations from this scope are stated in the report. The number of deviations will gradually be reduced over the coming years as sustainability reporting becomes more established.

Following its acquisition in 2010, DB Arriva was first consolidated on September 1, 2010. For this reason, complete sets of figures for DB Arriva are not available for certain non-financial KPIs for the year under review.

The methods and principles used to collect and calculate the data in the report are based on the applicable standards. In cases where estimates are used, an explanatory note is added.

The Sustainability Report complies with Application Level A+ of the Global Reporting Initiative (GRI) and the principles of the UN Global Compact. DB's commu-

nication on progress (COP) relating to the UN Global Compact and the GRI index with its indicators can be found on pages 135 and 136–142.

The report has also been audited by independent third parties. PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft (PwC) audited key indicators and passages of text for the 2012 reporting year. Audited report content is marked in the text with the following symbol . Symbols are used to mark the beginning  and the end  of individual statements which have been independently verified. For more details, see PwC's assurance report on page 144.

The 2009 Sustainability Report was DB's last comprehensive report on its sustainability activities. In the following years, the company used a brochure for reporting purposes. The most recent one was "Facts and Figures about Sustainability 2011." An increasing amount of information relating to sustainability was also included in the Annual Report. Sustainability reporting is now also being realigned in conjunction with the DB2020 strategy. The 2012 Sustainability Report marks the beginning of this reorganization. It has a broader scope and also uses a different method for collecting data in some cases. This means that some figures are not comparable with earlier benchmarks, e.g. in the annual report, the sustainability report, or as per the UN Global Compact. In the future, the company wants its reporting landscape to reflect the greater weight given to non-financial aspects by the DB2020 strategy. With this in mind, the next publication is due to be the 2014 "Integrated Report," which will then appear annually.

Key performance indicators and other factors

The DB Group has set itself clear targets for the implementation of its DB2020 strategy. Target achievement is gauged using KPIs and assessed at regular intervals. Key performance indicators are presented and explained here to supplement sections 02 through 06.

Achieving profitable market leadership

Heightening customer satisfaction

High-quality products are an important prerequisite for customer satisfaction. Punctuality is an important factor for assessing product quality. Good-quality products – and therefore high customer satisfaction – can also have a positive effect on the overall perception of the Group and its image. For more information, refer to pages 28–29.

Measuring the Group's image ✓

The Corporate Reputation Index (CRI) is used to measure the Group's image. The CRI incorporates the assessment of eight image attributes. These include customer focus, attractiveness, product/service quality, and profitability, among others. The CRI is calculated using the results of an ongoing survey with approximately 2,000 respondents, conducted by an independent market research institute. Equal weight is given to the scores for the eight underlying CRI factors, which ultimately result in a CRI on a scale of 0 (very low) to 100 (very high). DB's score improved considerably in 2012. To be specific, it climbed ten percent from 49 in 2011 to 54 in 2012. No data was gathered in 2010.

Providing more customer information

Customer information includes reliably communicating changes in the transport process as well as providing statutory product information. In addition to this, the Group's advertising complies with legal and ethical standards. For more information, refer to pages 31–32.

Statutory product information ✓

DB provides its customers with extensive product information as required by law. This information is published globally on the companies' websites for private and corporate customers. Prices and the terms and conditions which apply to contracts can also be downloaded from these websites. This information is also provided as part of DB's customer service. Furthermore,

the details are supplied when contracts are concluded, e.g. as part of the agreement. For instance, customers must agree to the company's terms and conditions when they buy tickets online.

Legally compliant, ethical advertising and business practices ✓

DB provides mobility and logistics services. All of the restrictions which apply to business operations of this kind – especially export control legislation – are observed.

DB's advertising activities fulfill the relevant legal requirements and comply with ethical standards. The "Corporate Principles – Ethics – Code of Conduct" (DB Code of Conduct), the Corporate Guideline Marketing, and the sponsorship guideline provide definitive orientation for these activities throughout the Group. Implementation at DB Arriva is currently also under way. This information can be accessed via the intranet and/or the Central Regulation Database. Furthermore, information about ethical standards forms a fixed part of the initial brief issued to advertising agencies. This means that illegal, discriminatory advertising is prohibited, along with any kind of advertising which could be considered offensive. The Group marketing team ensures that advertising concepts conform to the legal requirements and guidelines prior to publication.

Improving service quality

Service quality is largely defined by the reliability of DB's products, which the company strives to keep improving. For more information, refer to pages 33–34.

Measuring product quality at DB Netze Stations, DB Netze Energy, and DB Netze Track ✓

Product quality at DB Netze Stations and DB Netze Energy is measured using the parameters defined in the Service and Financing Agreement (LuFV) with the German government. The quality of facilities at passenger stations is used to judge the condition of the business unit's active facilities. As per the LuFV, the security of the traction current supply is used as a benchmark for

the reliability of the energy supplied for rail operations in Germany. It is calculated as the ratio between the total energy fed in nationwide and the volume of energy less supply outages. At DB Netze Track, product quality is measured as the arrival punctuality of services operated by all train-operating companies that use its network in Germany.

Product quality at DB Netze Stations, DB Netze Energy, and DB Netze Track

		2012	2011	2010
Quality of facilities Passenger stations ¹	Index ²	3.05	3.06	3.09
Security of supply Energy ¹	%	100.00%	99.99%	99.95%
Punctuality of all train-operating companies ³	%	94.3% ⁴	94.4% ⁴	– ⁵

Reporting year, Germany

¹⁾ Rounded figures, defined using the Service and Financing Agreement with the German government

²⁾ Scale of 1 to 6, 1 = best value

³⁾ Punctuality criteria for passenger transport < 6 min. delay and freight transport < 16 min. delay.

⁴⁾ Unlike in the Annual Report 2012, this includes S-Bahn suburban rail services using direct current (Berlin and Hamburg).

⁵⁾ Because a different method was used, no figure for 2010 available

Driving innovation forward

DB is constantly expanding its portfolio, particularly in the field of innovative mobility products. The number of BahnCard holders shows how many people use environmentally friendly rail services. Offerings such as Flinkster (car sharing) and Call a Bike enable customers to make flexible, eco-friendly journeys. The “China train” forms another innovative addition to DB Schenker’s portfolio. For more information, refer to pages 34–35.

BahnCard rail cards

in thousands

2012	4,942
2011	4,638
2010	4,281

As of Dec 31, Germany

Mobility services

Number	2012	2011	2010
Vehicles			
– of which Flinkster ¹	3,047	2,710	2,153
– of which e-Flinkster and Multicity ²	165	50	17
– of which Call a Bike	8,919	8,568	7,422
– of which pedelecs	131	77	0
Customers			
– of which Flinkster	211,643	171,683	130,659
– of which Call a Bike	536,535	435,316	301,527

As of Dec 31, Germany

¹⁾ Vehicles which can be booked by end-users in Germany, Austria, and Netherlands

²⁾ Excluding other cooperation partners’ electric cars

Raising safety standards

Safety standards are crucial preconditions for reliable transport and mobility services at DB.

Health and safety impacts of DB’s products

DB is striving to improve the health and safety impacts of its products and services throughout the product life cycle. The Integrated Management System (IMS) is used for this purpose in the Group’s rail, bus, and infrastructure divisions in Germany. DB’s IMS – which includes the Safety Management System (SMS) – is a management tool that is used to plan, steer, oversee, and constantly improve the services provided as regards occupational health and safety, hazardous substance management, emergency management/fire prevention, quality, safety, and the environment. Legal requirements and relevant standards are taken into account during the process. The SMS is obligatory for train-operating companies and rail infrastructure companies under EU regulations.

DB Schenker Logistics has set up a Global Occupational Health and Safety Management System, which also has a direct effect on customer and third-party safety by means of behavioral guidelines (e.g. for safe driving and safe loading/unloading).

Becoming a top employer

Strengthening cultural transformation - living diversity

Diversity is part of DB's corporate culture. The Group seeks to recruit and retain long-term qualified, enthusiastic employees and executives regardless of their gender, origins, age, and other social factors. DB is as diverse as society itself. After all, it employs almost 200,000 people from more than 100 different nations in Germany alone. Over 42,000 women work for DB. Almost 80,000 of its staff members are over the age of 50; approximately 20,000 are under 30. For more information, refer to pages 52–57.

Employees by age, gender, and origin

Headcount and in percent (%)	2012	2011	2010
< 30 years old	20,441	19,382	17,026
- of which women	29.2%	29.8%	32.3%
30–49 years old	87,608	88,124	88,629
- of which women	24.8%	24.2%	23.8%
≥ 50 years old	78,523	76,638	73,924
- of which women	16.9%	16.5%	16.0%
Total employees	186,572	184,144	179,579
- of which women ¹	22.0%	21.6%	21.4%
- of which migrants	7.4%	6.8%	6.2%

As of Dec 31, Germany (companies with approx. 95 percent of employees in Germany)

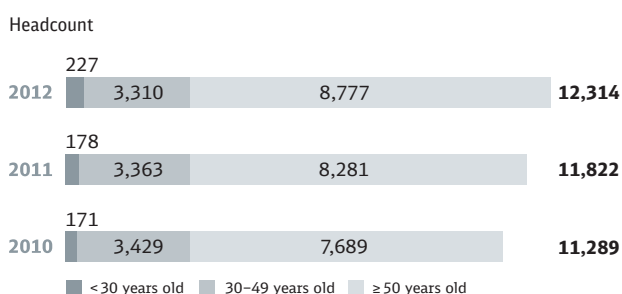
Migrants = foreign nationals and/or born in a country other than the one they work in

¹⁾ For your information: total percentage of women working in Germany: 22.1 percent (2012)

Relationship between the basic salary for men and the basic salary for women

DB has a single personnel policy: remuneration, professional development, and fringe benefits are determined based on the same uniform principles – largely collective-bargaining agreements – for men and women and for all groups of employees.

Severely disabled employees by age



As of Dec 31, Germany (companies with approx. 95 percent of employees in Germany), comprises employees with a severe disability or equivalent status

Managerial-level staff by age

Headcount	2012	2011	2010
Supervisory Board (DB AG, DB ML AG)	32	32	32
< 30 years old	-	-	-
30–49 years old	2	3	5
≥ 50 years old	30	29	27
Senior executives	223	213	204
< 30 years old	-	-	-
30–49 years old	102	104	96
≥ 50 years old	121	109	108
Upper management	789	773	744
< 30 years old	-	-	-
30–49 years old	477	484	478
≥ 50 years old	312	289	266
Middle management	2,094	2,002	1,916
< 30 years old	8	7	6
30–49 years old	1,290	1,230	1,180
≥ 50 years old	796	765	730
Total number of executives (excl. Supervisory Board)	3,106	2,988	2,864

As of Dec 31, Germany (companies with approx. 95 percent of employees in Germany)

Managerial-level staff by gender and origin

Headcount and in percent (%)	2012	2011	2010
Supervisory Board	32	32	32
- of which women	9.4%	9.4%	9.4%
Senior executives	223	213	204
- of which women	8.5%	8.9%	8.3%
- of which migrants	4.9%	5.2%	3.9%
Upper management	789	773	744
- of which women	13.9%	12.5%	13.4%
- of which migrants	3.7%	3.0%	3.0%
Middle management	2,094	2,002	1,916
- of which women ¹	18.2%	17.2%	17.4%
- of which migrants	2.5%	2.2%	1.5%
Total number of executives (excl. Supervisory Board)	3,106	2,988	2,864
- of which women ¹	16.5%	15.4%	15.7%
- of which migrants	3.0%	2.6%	2.1%

As of Dec 31, Germany (companies with approx. 95 percent of employees in Germany)

Migrants = foreign nationals and/or born in a country other than the one they work in
No data is collected on the migration status of Supervisory Board members.

¹⁾ For information: total percentage of female executives working in Germany: 16.4 percent (2012)

Shaping employment conditions

With its competitive, attractive employment conditions, DB offers staff prospects at every stage of their lives and careers. Its new collective-bargaining agreement designed to address demographic change includes a permanent job offer for all apprentices and cooperative education students who successfully complete their courses, a demographic model to reduce working hours for older employees, and a permanent job guarantee in Germany. For more information, refer to pages 58–61.

Employees by working time (full time/part time) and gender

Headcount and in percent (%)	2012	2011	2010
Full time	172,550	170,789	166,985
– of which women	18.0%	17.7%	17.5%
Part time	14,022	13,355	12,594
– of which women	70.1%	71.5%	72.6%
Total	186,572	184,144	179,579

As of Dec 31, Germany (companies with approx. 95 percent of employees in Germany)

Employees by contract type (temporary/permanent) and gender

Headcount and in percent (%)	2012	2011	2010
Permanent	179,269	177,062	173,771
– of which women	21.6%	21.3%	21.0%
Temporary	7,303	7,082	5,808
– of which women	29.9%	27.8%	31.5%
Total	186,572	184,144	179,579

As of Dec 31, Germany (companies with approx. 95 percent of employees in Germany)

External temporary employees

Headcount

2012	2,491
2011	2,967
2010	3,023

Average headcount in the reporting year, Germany (companies with approx. 95 percent of employees in Germany); figures for 2010 extrapolated based on revenues with external temping agencies.

Employees subject to collective legislation

Employment conditions for staff at DB supplement the legal regulations in each federal state, which are largely laid down in collective-bargaining agreements signed with the regional trade unions responsible.

The percentage of staff in Germany subject to respective collective-bargaining agreements includes civil servants because they are assigned to DB by law as stipulated in Art. 2 Sec. 12 of the German Rail Restructuring Act (ENeuOG). On this basis, the negotiated provisions apply analogously to civil servants in the same way as they do to other employees.

Employees by employment type

Headcount	2012	2011	2010
Employees with collective-bargaining agreements	145,145	141,113	135,005
Civil servants	32,510	34,627	36,544
Employees with individual contracts ¹⁾	8,917	8,404	8,030
Total	186,572	184,144	179,579

As of Dec 31, Germany (companies with approx. 95 percent of employees in Germany)

¹⁾ The figure for employees with individual contracts primarily includes managerial-level staff, staff on salaries above the union rate, and employees with individual contractual arrangements.

The number of civil servants is decreasing. Since DB AG was established no civil servants were hired or appointed. The increase in employees with individual contracts is primarily attributable to a rise in staff on salaries above the union rate (employees receiving payment over and above standard salary).

Number of employees subject to collective-bargaining agreement

Headcount and in percent (%)	2012	2011	2010
Number of employees with collective-bargaining agreements, absolute	177,554	175,653	171,490
Number of employees with collective-bargaining agreements, relative	95.2%	95.4%	95.5%

As of Dec 31, Germany (companies with approx. 95 percent of employees in Germany)

Minimum notice period regarding significant operational changes

DB observes statutory information obligations, the Group's values, and company practice by informing the employees affected about major changes at the company well in advance by means of suitable measures (such as staff meetings or detailed letters). Information about transfers of company units is regularly provided in writing at least one month in advance, not least for legal reasons.

In Germany, the company ensures that representatives of those affected are informed four to eight weeks prior to any major changes at the company which affect staff so that they can discuss the measure with the management team if appropriate. This approach is laid down in the relevant internal agreements. DB works in collaboration with staff representatives and sets great store by consensual solutions.

Staff turnover by age, gender, and reason for leaving ✓

Headcount and in percent (%)	2012		2011		2010	
	Departing	Turnover rate	Departing	Turnover rate	Departing	Turnover rate
< 30 years old	1,404	6.9%	1,394	6.3%	1,024	5.4%
- of which women	377	6.5%	501	7.5%	408	6.5%
- of which men	1,027	7.1%	893	5.8%	616	4.8%
30-49 years old	1,893	2.1%	1,732	1.9%	1,396	1.5%
- of which women	365	1.7%	229	1.1%	279	1.3%
- of which men	1,528	2.3%	1,503	2.1%	1,117	1.6%
≥ 50 years old	5,530	7.3%	4,480	6.2%	3,319	5.0%
- of which women	784	6.3%	472	4.1%	426	4.1%
- of which men	4,746	7.5%	4,008	6.6%	2,893	5.2%
Total turnover	8,827	4.8%	7,606	4.1%	5,738	3.2%
- of which other turnover	5,037	2.7%	4,719	2.5%	3,589	2.0%
- of which retirement-related turnover	3,790	2.1%	2,887	1.6%	2,149	1.2%

Reporting year, Germany (companies with approx. 95 percent of employees in Germany)

Figures relate to the turnover rate among established staff with permanent contracts. The turnover figure for retirees includes partial retirees.

Return to work and rates of departure after maternity/parental leave ✓

Headcount and in percent (%)	2012		2011		2010	
	Headcount of employees	Percentage	Headcount of employees	Percentage	Headcount of employees	Percentage
Returning employees	1,069	54.3%	1,286	56.8%	1,164	47.7%
- of which women	893	50.7%	1,065	53.1%	978	44.7%
- of which men	176	84.6%	221	85.0%	186	73.5%
Departing employees	104	5.3%	126	5.6%	132	5.4%
- of which women	94	5.3%	111	5.5%	127	5.8%
- of which men	10	4.8%	15	5.8%	5	2.0%
Retention on parental leave	796	40.4%	853	37.7%	1,146	46.9%
- of which women	774	44.0%	829	41.3%	1,084	49.5%
- of which men	22	10.6%	24	9.2%	62	24.5%

Germany (companies with approx. 95 percent of employees in Germany); figures refer to employees who were on maternity/parental leave on Dec 31 of the previous year.

Returning employees are those who return to work after maternity/parental leave.

Departing employees are those who leave the Group during or immediately after maternity/parental leave.

Employees who have neither returned to work nor left and were on maternity/parental leave on Dec 31 of the previous year are listed as "Retention on parental leave"

Health rate ✓

in percent (%)	2012	2011	2010
Germany, excl. DB Schenker Logistics ¹	95.1	95.1	95.1
Germany, DB Schenker Logistics only ²	96.0	96.0	96.0

Annual average for the reporting year; companies with approx. 95 percent of employees in Germany

Health rate = number of working days minus all illness-related absences (with continued pay)

¹⁾ Based on calendar days

²⁾ Based on no. of working days under contract

Agreements on occupational health and safety issues ✓

Occupational health and safety at DB around the world is based on the OHSAS 18001 standard. In many business units – including DB Schenker Logistics – it is established in line with this standard.

In addition to this, the company works closely with staff representatives, especially in Germany, to structure occupational health and safety in internal agreements and regulations. The main focus here is on the DB occupational health and safety management handbook and the health management handbook, both of which are wholly subject to co-determination involving staff representatives.

Occupational health and safety committees ✓

In Germany, there is a legal obligation to form an occupational health and safety committee at enterprises with 20 or more employees (Sec. 11 of the German Occupational Health and Safety Act). Relevant is the definition of an enterprise (production plant, place of business, collection of several sites which have elected to be viewed jointly as a single enterprise). In Germany, DB is largely made up of such enterprises with more than 20 employees, so the majority of staff (over 75%) are represented via occupational health and safety committees.

Occupational accidents and work-related road accidents ✓

Work accidents at DB in Germany are recorded and analyzed using the Group-wide Accident Management System (KUMaS) for the Group companies involved in the program. Minor injuries are not recorded in the KUMaS (they are only documented locally in the first-aid log book) and are therefore not included in the figures for occupational accidents. The most important KPI is the occupational accident rate, which is the figure most commonly used by accident insurers in Germany and within the field of occupational health and safety. It consists of notifiable industrial accidents leading to time off work in excess of three calendar days after the date of the incident plus fatal accidents.

Occupational accidents, work-related road accidents, and occupational accident rate ✓

Headcount and rate in percent (%)	2012	2011	2010
Total occupational accident rate and work-related road accidents	7,725	7,721	8,525
– of which fatal occupational accident rate	7	2	3
Occupational accident rate ¹⁾	3.35%	3.38%	3.65%

Reporting year, Germany (companies with approx. 95 percent of employees in Germany)

All accidents resulting in more than three days off

¹⁾ Occupational accident rate (excl. work-related road accidents) excluding DB Schenker Logistics

The track-side industrial accidents recorded in 2012 occurred at different Group companies and were all isolated incidents. The Group companies are individually responsible for investigating accidents in order to derive appropriate measures.

Health promotion programs ✓

DB offers its employees training courses, advice, and regular medical checkups to help them stay healthy.

In Germany, DB staff and their families have access to advice and training programs run by the company's welfare organizations (Stiftung Bahn-Sozialwerk [BSW] and Verband Deutscher Eisenbahner-Sportvereine [VDES]).

The firm's health management programs focus in particular on dealing with an aging workforce and preventing stress.

In Germany, DB completes a risk analysis (German Occupational Health and Safety Act) to identify the possible safety and health impacts associated with each kind of job and defines appropriate measures. These include ergonomic workplaces, training on handling hazardous substances or performing dangerous tasks, and general information about the hazards in a specific working environment. Each possible hazard which is identified is described to the employee in writing and face to face.

The firm is not aware of any roles within the organization which carry a particularly high risk of contracting a recognized occupational illness. Training and psychological support is provided to counteract the specific psychosocial risks associated with rail operations (shift work, third-party violence, and suicide on the tracks).

Personnel expenses ✓

€ million	2012	2011	2010
Wages and salaries	11,134	10,656	9,442
– Employees	9,822	9,298	8,051
– Civil servants assigned	1,312	1,358	1,371
Social security expenses	2,683	2,420	2,180
– Employees	1,817	1,667	1,511
– Civil servants assigned	277	277	282
– of which costs for adjusting staffing levels	315	211	226
– of which retirement benefit expenses	274	265	161
Total	13,817	13,076	11,602

Reporting year, Group worldwide

In the 2012 reporting year, personnel expenses at DB totaled € 13,817 million. The development in wages and salaries was primarily due to an increase in the headcount. Several other factors also affected personnel expenses, especially at the companies in Germany. Above all, these were the collective-bargaining agreements in spring 2011 and the collective-bargaining agreement with GDL in summer 2012. The figure reported for personnel expenses (social security expenses) includes defined-contribution plans (primarily pension insurance)

amounting to € 868 million (2011: € 836 million). Expenditure for pensions comprises payments to current employees and to individuals no longer employed at DB or their surviving dependants. They result primarily from service expenses, employer contributions towards supplementary company plans, and payments to Pensions-Sicherungs-Verein aG.

Detailed descriptions of the development in pension obligations can be found in the section on the KPI "Pension obligations."

Personnel expenses totaled € 13,076 million in 2011. The increase compared to 2010 stemmed primarily from acquisitions in 2010 (especially DB Arriva) and the collective-bargaining agreement for the German companies in spring 2011. The figure reported for personnel expenses (social security expenses) includes defined-contribution plans (primarily pension insurance) amounting to € 836 million (2010: € 744 million).

Pension obligations ✓

€ million	2012	2011	2010
Funded obligations	3,684	3,084	2,907
Unfunded obligations	2,596	1,992	1,937
Total obligations as of Dec 31	6,280	5,076	4,844
Fair value of plan assets as of Dec 31	-2,891	-2,597	-2,446
Unrecognized actuarial losses	-1,078	-305	-197
Effects due to cost sharing	-193	-129	-158
Effects due to franchise contracts	-106	-64	-109
Unrecognized past service cost	0	0	0
Amount not recognized as an asset due to limitation of IAS 19.58	0	0	0
Assets recognized in the balance sheet as pension assets	59	0	4
Net liability recognized in the balance sheet	2,071	1,981	1,938

Reporting date Dec 31, Group worldwide

For more information and explanations, refer to the DB Annual Report 2012 (p. 235 ff.).

Promoting staff development

DB intends to tailor its professional development activities more closely to the stage each employee is at in their career and their life, enabling them to spend their entire working life at the firm. The aim is to keep staff at DB long term and to ensure that they are able to keep performing well and remain in employment. For more information, refer to pages 64–65.

Ensuring employability ✓

A permanent job guarantee has been put in place for most employees in Germany as part of the new collective agreement designed to address demographic change. This rules out redundancies and dismissals due to the loss of, or a reduction in, an employee's productivity. Employees whose jobs are cut or who can no longer fulfill their responsibilities for health reasons are actively helped to find a new role within the Group, with the aid of training programs and mobility services if applicable. These measures are supported by compulsory regulations covering the way in which Group vacancies advertised externally are filled. DB JobService GmbH is the internal service provider responsible for internal placement.

Evaluating performance and planning development ✓

Evaluating and promoting performance as well as assessing and fostering skills, potential, and development are core elements of staff management at DB.

In order to set a systematic and consistent approach, there is an internal Group framework agreement in place in Germany which describes the minimum standards, tasks, objectives, and principles of the specific modules (management tools). These are performance reviews with/without target setting, skills assessments, potential evaluations, training/development, and managerial feedback. As a rule, employees with whom targets have not been agreed undergo a performance review at least every two years, while staff with set targets and executives discuss their progress every year.

Training and further education ✓

In the tables below, the DB Group reports on the average annual training and CPD (continuing professional development) costs for internal and external service providers. At present, the number of hours spent on CPD per employee each year are not recorded in a wholly standardized fashion. For more information, refer to pages 64–65.

Training and continuing professional development expenses (including apprentices and cooperative education students) ✓

in €	2012	2011	2010
Total	141,057,187	126,851,566	104,604,898
Per full-time equivalent (FTE)	719	659	558

Reporting year, Germany

Attracting employees

As it strives to become a top employer, DB is working hard to attract talents, skilled employees, qualified professionals and executives. The focus at DB is shifting from reorganization to growth. Over the coming years, there will be a rise in the number of employees retiring and therefore the need for new recruits. At the same time, there is increasing competition for young talents and well-trained professionals. For more information, refer to pages 68–69.

Recruiting staff locally ✓

DB provides national and international services on the mobility and logistics markets. Hiring and promoting the development of both male and female talents, skilled employees, professionals and executives from the countries it operates in is one of DB's fundamental principles and a business necessity.

New hirings by gender ✓

Headcount and in percent (%)	2012	2011	2010
< 30 years old	4,938	4,149	2,421
– of which women	32.4%	27.3%	33.0%
30–49 years old	4,981	3,930	1,824
– of which women	25.0%	21.7%	22.9%
≥ 50 years old	1,180	775	316
– of which women	21.1%	18.2%	16.8%
Total	11,099	8,854¹	4,561²

Reporting year, Germany (companies with approx. 95 percent of employees in Germany)

These figures do not include apprentices and cooperative education students who were hired or offered a permanent position after completing their courses.

¹⁾ No data available for DB Schenker Logistics for 2011

²⁾ No data available for DB Schenker Logistics and bus companies for 2010

The DB Group is not just one of the largest employers in Germany. With more than 11,000 apprentices, cooperative education students, and participants in the “Chance Plus” program, it is also one of the biggest training providers. DB's own training and cooperative education programs provide a sound basis for ensuring that sufficient qualified staff are available.

Junior employees by type of training ✓

Headcount	2012	2011	2010
Apprentices	9,807	8,908	8,338
Cooperative education students	998	846	731
Graduate trainees	187	186	124
Interns	507	465	377
“Chance Plus” participants ¹	315	400	400

Reporting date Dec 31, Germany (companies with approx. 95 percent of employees in Germany)

Comprises junior employees at all stages of training (usually apprentices and cooperative education students from three years, intake)

¹⁾ “Chance Plus” helps school leavers with limited chances of securing vocational training to prepare for working life.

Subsequent hirings of junior employees by type of training ✓

Headcount	2012	2011	2010
Apprentices	2,069	2,183	1,818
Cooperative education students	190	181	172

Reporting year, Germany (companies with approx. 95 percent of employees in Germany)

Apprentices and cooperative education students hired following completion of their courses

Being a pioneer in environmental protection

Expanding climate protection

DB has set itself ambitious goals in the field of climate protection. On one hand, these involve improving energy efficiency and thereby reducing energy consumption. On the other hand, the firm is changing the sources used to generate the power needed for its various vehicles. In 2012, renewable energy accounted for 24 percent of the traction current mix. For more information, refer to pages 74–77.

Method used to determine KPIs

Energy data is recorded for rail transport services in Germany. This data is then used to calculate CO₂ emissions and CO₂ equivalents. In the logistics area (land-based, air and ocean transport) fuel consumption of own vehicles is recorded (Scope 1, <5% of total emissions). Scope 3 emissions are calculated on the basis of carrier-specific parameters using EcoTransIT World. The allocation of data is consignment-specific and has been carried out in compliance with the new EN 16258 standard since as early as 2010. In the course of actualizing calculations, the data from 2010 and 2011 for air freight was extrapolated. The data for bus transport services was also extrapolated. The adjustments to the air and bus transport figures also relate to the way in which air pollutants are calculated.

Primary energy consumption of journeys and transport services, absolute

in terajoules (TJ)	2012	2011	2010
Total	321,582	330,783	303,730
- of which local passenger rail services	58,182	58,167	51,737
- of which long-distance passenger rail services	25,390	25,943	26,774
- of which bus transport	23,620	25,414	8,967
- of which rail freight	44,224	47,617	46,504
- of which road transport	43,288	45,504	47,559
- of which air freight ¹	80,861	80,725	83,892
- of which ocean freight ¹	44,496	45,903	36,867
- of which other transport ²	1,521	1,510	1,431

Reporting year, Group worldwide, 2010 excluding DB Arriva, Scope 1–3

¹⁾ Including pre-carriage and onward carriage

²⁾ Including DB Fuhrpark, internal traffic

Primary energy consumption stationary facilities, absolute

in terajoules (TJ) and in percent (%)	2012	2011	2010
Total	22,748	23,422	24,974
- of which heat ¹	17%	20%	24%
- of which electricity	83%	80%	76%

Reporting year, Group worldwide, DB Schenker Rail Germany only, 2010 excluding DB Arriva

¹⁾ Oil, gas, district heating

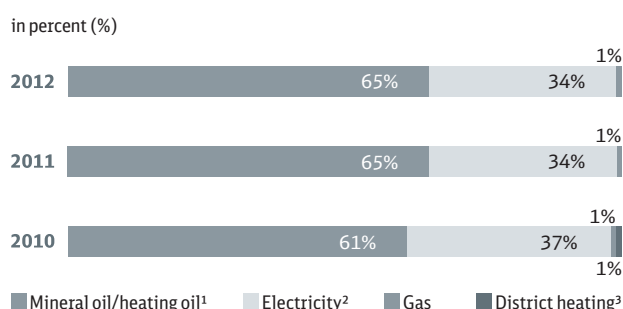
Primary energy consumption of journeys and transport services, specific

in megajoules/passenger-kilometer or megajoules/ton-kilometer (MJ/pkm or MJ/tkm)	2012	2011	2010
Local passenger rail services	1.09	1.12	1.25
Long-distance passenger rail services	0.68	0.73	0.74
Bus transport	1.25	1.30	1.10
Rail freight	0.39	0.40	0.41
Road transport	1.40	1.44	1.77
Air freight	8.77	8.76	8.84
Ocean freight	0.15	0.17	0.16

Reporting year, Group worldwide, 2010 excluding DB Arriva, Scope 1–3, excluding pre-carriage and onward carriage

DB further reduced the specific energy consumption of its travel and transport services in 2012. A comparison with previous years shows that the firm has been cutting its specific energy usage constantly for years.

Primary energy consumption of journeys and transport services, stationary facilities



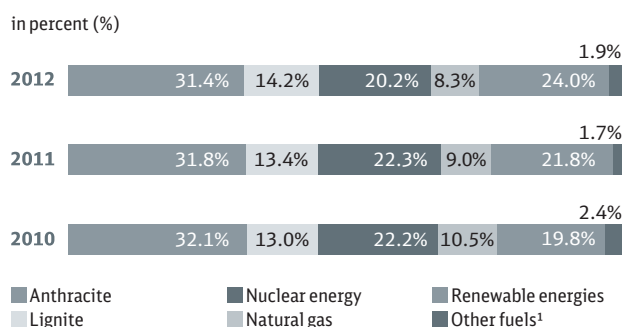
Reporting year, Group worldwide, 2010 excluding DB Arriva, DB Schenker Rail stationary facilities in Germany only, Scope 1–3

¹⁾ Including heating oil, diesel, heavy oil, kerosene

²⁾ In line with the Global Reporting Initiative guidelines, electricity is viewed as a primary energy carrier in its own right, even if a resource such as coal was used to generate the electricity. For a breakdown of the traction current mix, see below.

³⁾ Including district cooling

Traction current mix in Germany



Reporting year

¹⁾ Such as electricity from the public grid which cannot be categorized

DB is continuously increasing the percentage of renewable energy it uses. Its aim is for renewables to make up at least 35 percent by 2020. DB Netze Energy procures eco-friendly power for DB's green products separately. In 2012, these products accounted for 2.2 percent of the total traction current used.

Volume of electricity used for DB rail services with 100% green power, absolute ✓

in gigawatt-hours (GWh) and in percent (%)	2012	2011	2010
Total	283	275	235
- of which passenger rail ¹	93%	95%	96%
- of which rail freight	7%	5%	4%

Reporting year, tank to wheel (TTW)

¹⁾ Incl. business trips by DB employees

Energy regeneration during braking ✓

in gigawatt-hours (GWh) and in percent (%)	2012	2011	2010
Total	997	929	886
- of which local passenger rail services (LPRS)	566	505	468
- LPRS share of total electricity used	13%	12%	10%
- of which long-distance passenger rail services (LDPRS)	288	280	277
- LDPRS share of total electricity used	11%	10%	10%
- of which rail freight (RF)	143	144	141
- RF share of total electricity	5%	5%	5%

Reporting year, tank to wheel (TTW)

As much as 13 percent of the electricity used for rail traffic stems from the regeneration of braking energy. Every time a train brakes, the kinetic energy is converted into electrical energy, which is fed back into the traction current network and thereby saved. All modern rail vehicles are fitted with this technology.

Installed output of photovoltaic power facilities ✓

in megawatts peak (MWp)

2012	6.8
2011	6.03
2010	1.35

Reporting year, Germany

The figure for 2011 deviates from the Annual Report due to subsequent data collection.

DB provides investors with suitable sites for photovoltaic power facilities. The investors construct the facilities and the electricity generated is subsequently marketed. The largest photovoltaic power facility to date went operational in 2011 at a DB site in Wittenberge (Brandenburg). It was officially unveiled by DB, the town of Wittenberge, and the investment company Moser Baer Clean Energy in the year under review. The photovoltaic power farm is on the site of a former waste disposal facility. It

covers eight hectares and has a maximum output of 3.9 megawatts peak. The electricity it produces is fed into the public grid and is enough to supply the annual energy needs of approximately 900 homes.

Other energy-saving measures ✓

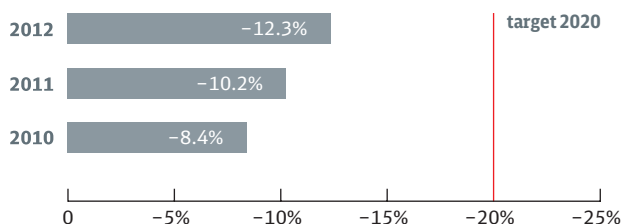
DB is already lessening its key environmental impacts by reducing the energy and CO₂ used by its travel and transport services. In addition to this, it is improving its efficiency in other areas. For instance, greater use is being made of teleconferences to avoid the need for business trips. A new guideline on company cars was finalized in the reporting year. This means executives can choose a network ticket instead of a company car to make their own personal contribution towards saving energy.

Challenges associated with climate change ✓

DB has considered the possible consequences of climate change in great depth. As part of its research, it has been involved in a number of projects to assess climate impacts along with various research bodies, the German Federal Environment Agency, and the German Federal Railway Authority. The results are constantly incorporated into the company's planning and the way it uses its production resources. This means that aspects of climate change also have to be taken into account when planning permission is sought for new infrastructure. DB continues to participate in expert bodies examining aspects of climate change so that it will be able to meet the associated challenges. Currently, the focus is on helping to check external technical rules and regulations with regard to adjustments which need to be made to vehicular and structural design parameters with a direct link to climate conditions, such as external temperature, the amount of rainfall, and wind loads.

DB's climate protection target ✓

in percent (%)

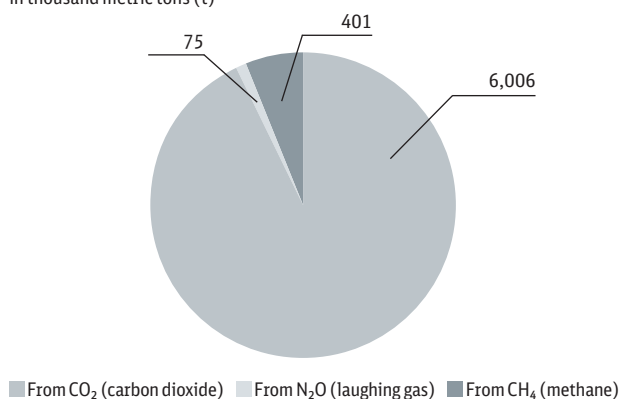


Reduction in comparison to 2006, Group worldwide, excluding DB Arriva

DB's climate protection target is to reduce carriers' specific CO₂ emissions by 20 percent between 2006 and 2020. Unlike the Annual Report, the KPIs quoted here include the CO₂ emissions generated by DB Schenker Rail's international companies. They were calculated using updated conversion factors.

CO₂ equivalents produced by DB's rail traffic in Germany by greenhouse gas ✓

in thousand metric tons (t)



Reporting year 2012, greenhouse gases produced during combustion, Scope 1-2

CO₂ equivalents produced by journeys and transport services plus stationary facilities, absolute ✓

in millions of tons (t)	2012	2011	2010
Total	23.17	23.88	22.72
- of which local passenger rail services	3.48	3.42	3.14
- of which long-distance passenger rail services	1.60	1.60	1.65
- of which bus transport	1.34	1.48	0.64
- of which rail freight services	2.84	3.05	2.98
- of which road transport	3.08	3.34	3.41
- of which air freight ¹	5.98	5.97	6.24
- of which ocean freight ¹	3.42	3.57	3.03
- of which other transport ²	0.11	0.11	0.10
- of which stationary facilities	1.31	1.34	1.53

Reporting year, Group worldwide, 2010 excluding DB Arriva, well to wheel (WTW), Scope 1-3, greenhouse gases produced during combustion

¹ Including pre-carriage and onward carriage

² Including DB Fuhrpark, internal traffic

CO₂ equivalents by Scope ✓

in million tons (t) and in percent (%)	2012	2011	2010
Total (Scope 1-3)	21.85	22.54	21.19
- of which Scope 1	14%	14%	11%
- of which Scope 2	28%	28%	29%
- of which Scope 3	58%	58%	60%

Reporting year, Group worldwide, 2010 excluding DB Arriva, excluding stationary facilities, greenhouse gases produced during combustion

Allocating CO₂ equivalents to the Greenhouse Gas Protocol scopes shows that a high percentage of greenhouse gas emissions – around 60 percent – are attributable to service providers under contract in the haulage and logistics business. This is particularly true for international logistics services and highlights just how complex managing reduction measures is. The data quality for the Scope 3 values is largely dependent on the information provided by service providers. DB is

working together with its service providers to improve available data.

CO₂ emissions produced by journeys and transport services plus stationary facilities, absolute ✓

in millions of tons (t)	2012	2011	2010
Total	22.32	23.01	21.72
- of which local passenger rail services	3.25	3.19	2.91
- of which long-distance passenger rail services	1.48	1.47	1.51
- of which bus transport	1.33	1.47	0.63
- of which rail freight services	2.67	2.86	2.80
- of which road transport	2.97	3.22	3.18
- of which air freight ¹	5.93	5.92	6.12
- of which ocean freight ¹	3.39	3.54	3.00
- of which other transport ²	0.11	0.11	0.10
- of which stationary facilities	1.21	1.25	1.46

Reporting year, Group worldwide, 2010 excluding DB Arriva, well to wheel (WTW), Scope 1-3

¹ With pre-carriage and onward carriage

² Including DB Fuhrpark, internal traffic

CO₂ emissions produced by travel and transport services, specific ✓

in grams/passenger-kilometer or grams/ton-kilometer (g/pkm or g/tkm)	2012	2011	2010
Local passenger rail services	60.7	61.4	70.4
Long-distance passenger rail services	39.7	41.4	42.0
Bus transport	70.5	75.0	77.5
Rail freight	23.7	23.8	24.6
Road transport	103.9	101.8	102.0
Air freight	643.0	643.0	645.2
Ocean freight	11.5	13.0	13.5

Reporting year, Group worldwide, 2010 excluding DB Arriva, well to wheel (WTW), Scope 1-3, excluding pre-carriage and onward carriage

Improving noise protection

DB aims to reduce rail traffic noise by half between 2000 and 2020. To this end the company is implementing a variety of measures on both tracks and vehicles. Reducing noise produced by freight cars is a particular focus. For more information, refer to pages 80-81.

Implementation of the track-side noise remediation program ✓

		2012	2011	2010
Noise barriers constructed	km	55	55	53
Apartments with passive measures	number	2,000	2,550	3,500
Total track length with noise remediation measures ¹	km	1,335	1,095	960

¹ Completed sections of track as per Appendix 1 of the overall concept for the noise remediation program with extensions, cumulative

DB has been implementing the German government's voluntary noise remediation program since 1999. Every year, some € 100 million is made available for active and passive noise protection measures.

Implementation of the track-side noise prevention program ✓

		2012	2011	2010
Noise barriers constructed	km	28	21	6
Apartments with passive measures	number	8,229	278	1,679

Reporting year, Germany

Steps are taken to prevent noise in conjunction with newbuild projects and extension work in line with the 16th German Clean Air Act. The specific measures depend on the building works undertaken in the relevant year and therefore vary.

Use of composite brake blocks on DB freight cars ✓

number	2012	2011	2010
Total number of DB freight cars with composite brake blocks	7,624	6,885	6,347
- of which new DB freight cars with composite brake blocks	7,472	6,885	6,347
- of which retrofitted DB freight cars with composite brake blocks	152	0	0

Reporting date Dec 31, Germany, cumulative

Since 2001, DB has only bought freight cars with composite brake blocks (K and LL brake blocks). The existing freight cars need to be retrofitted to reduce noise across the board. DB began the retrofitting process in 2012.

Enhancing material and resource efficiency

DB aims to boost its resource efficiency by recycling a large percentage of its waste, using more recycled materials, and extending the service life of materials in vehicles. In 2012, it already recycled 94 percent of its waste. For more information, refer to pages 84–85.

Use of materials for the rail infrastructure ✓

in tons (t) and in percent (%)	2012	2011	2010
Total	5,162,814	4,645,827	4,454,339
- of which ballast	3,865,739	3,662,879	3,490,419
- of which recycled ballast	17%	14%	15%
- of which concrete cross-ties	729,406	982,133	962,169
- of which recycled concrete cross-ties	9%	6%	11%
- of which wooden cross-ties ¹	1,441	815	1,751
- of which steel ²	566,228	-	-

Reporting year, Germany

¹⁾ Recycled wooden cross-ties are not available on the market due to the legal requirements for their disposal (thermal utilization).

²⁾ No data collected in 2011 and 2010.

The majority of materials at DB are used for infrastructure. An evaluation in 2011 showed that infrastructure accounted for more than 80 percent of the materials used at the Group. DB is therefore concentrating on this figure in its ongoing reporting. The material quantities depend on the building works undertaken and may therefore vary.

Total amount of waste by disposal type ✓

in tons (t) and in percent (%)	2012	2011	2010
Total waste	5,838,972	5,610,949	5,623,660
- of which recycling	94%	94%	93%
- of which thermal utilization	4%	4%	3%
- of which disposal	2%	2%	4%
Percentage of hazardous waste in the total amount of waste ¹	15%	17%	15%

Reporting year, Group worldwide, excluding DB Arriva, DB Schenker Rail Germany only, 2010 and 2011 excluding DB Schenker Logistics and reorganization management

¹⁾ As per the Regulation on the European Waste Catalog, e.g. used oil

Total amount of waste by waste type ✓

in tons (t)	2012	2011	2010
Total waste	5,838,972	5,610,949	5,623,660
- of which construction waste	5,115,708	4,983,021	4,918,965
- of which scrap metal	557,659	516,735	599,636
- of which waste electronic equipment	3,146	4,563	1,634
- of which municipal waste ¹	119,381	60,979	58,441
- of which paper	9,827	12,013	9,924
- of which used oil	9,884	9,563	11,826
- of which other waste ²	23,367	24,075	23,234

Reporting year, Group worldwide, excluding DB Arriva, DB Schenker Rail Germany only, 2010 and 2011 excluding DB Schenker Logistics and reorganization management

¹⁾ Change from 2011 to 2012 due to improved data collection

²⁾ Such as paint, varnish, sludge, and other maintenance-related waste

Reducing air pollutants

Reducing air pollutants is important to DB as well as cutting CO₂ emissions. The focus here is on using modern vehicles which comply with high Euro standards and therefore emit fewer pollutants. As a result of this strategy, 28 percent of DB's own buses complied with the Euro V and VI standards, while no less than 92 percent of its cars met the Euro 5 norm, for example. For more information, refer to pages 86–87.

Non-methane hydrocarbon emissions (NMHC) produced by journeys and transport services, absolute ✓

in tons (t)	2012	2011	2010
Total	12,590	12,715	11,721
- of which local passenger rail services	539	559	583
- of which long-distance passenger rail services	118	126	137
- of which bus transport	228	262	264
- of which rail freight	1,648	1,889	1,719
- of which road transport	1,717	1,922	1,948
- of which air freight ¹	2,777	2,770	3,149
- of which ocean freight ¹	5,522	5,146	3,883
- of which other transport ²	41	41	38

Reporting year, Group worldwide, excluding DB Arriva, produced during combustion, well to wheel (WTW), Scope 1–3; total non-methane hydrocarbons, methane emissions (CH₄) are included within greenhouse gases (see CO₂ equivalents).

¹) With pre-carriage and onward carriage

²) Including DB Fuhrpark, internal traffic

Nitrogen oxide emissions (NO_x) produced by journeys and transport services, absolute ✓

in tons (t)	2012	2011	2010
Total	168,425	165,418	147,776
- of which local passenger rail services	8,962	9,271	9,469
- of which long-distance passenger rail services	1,922	1,993	2,062
- of which bus transport	3,470	4,123	4,324
- of which rail freight	15,393	15,769	14,726
- of which road transport	16,025	18,395	19,773
- of which air freight ¹	24,368	24,448	26,264
- of which ocean freight ¹	97,873	91,007	70,765
- of which other transport ²	412	412	393

Reporting year, Group worldwide, excluding DB Arriva, produced during combustion, well to wheel (WTW), Scope 1–3

¹) With pre-carriage and onward carriage

²) Including DB Fuhrpark, internal traffic

Sulfur dioxide emissions (SO₂) produced by journeys and transport services, absolute ✓

in tons (t)	2012	2011	2010
Total	78,767	75,098	63,479
- of which local passenger rail services	2,752	2,712	2,827
- of which long-distance passenger rail services	1,519	1,504	1,533
- of which bus transport	333	363	341
- of which rail freight	2,939	2,981	2,892
- of which road transport	4,024	4,361	4,284
- of which air freight ¹	8,140	8,125	8,460
- of which ocean freight ¹	59,000	54,992	43,085
- of which other transport ²	61	60	57

Reporting year, Group worldwide, excluding DB Arriva, produced during combustion, well to wheel (WTW), Scope 1–3

¹) With pre-carriage and onward carriage

²) Including DB Fuhrpark, internal traffic

Particulate emissions produced by journeys and transport services, absolute ✓

in tons (t)	2012	2011	2010
Total	10,773	10,276	8,331
- of which local passenger rail services	229	232	240
- of which long-distance passenger rail services	80	82	84
- of which bus transport	58	70	74
- of which rail freight	523	516	452
- of which road transport	473	547	570
- of which air freight ¹	643	645	674
- of which ocean freight ¹	8,761	8,174	6,223
- of which other transport ²	6	10	14

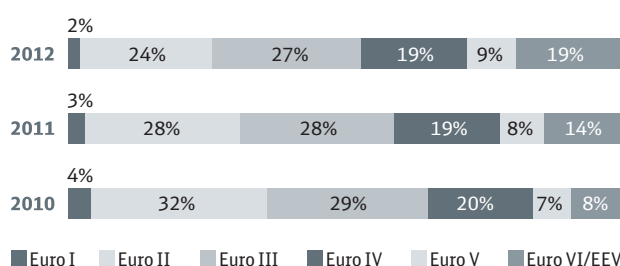
Reporting year, Group worldwide, excluding DB Arriva, produced during combustion, well to wheel (WTW), Scope 1–3

¹) With pre-carriage and onward carriage

²) Including DB Fuhrpark, internal traffic

Breakdown of DB's fleet of buses by Euro standard

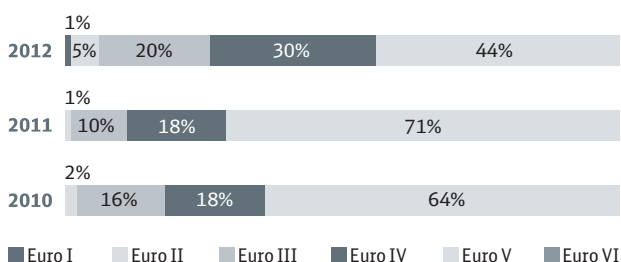
in percent (%)



Reporting year, Germany, figures for 2010 and 2011 extrapolated

Breakdown of DB's fleet of trucks by Euro standard

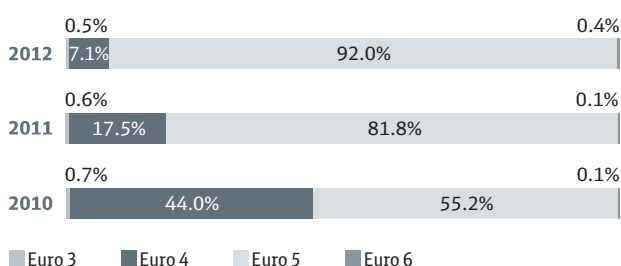
in percent (%)



Reporting date Dec 31, Group worldwide, main carriage; the percentage of Euro V trucks fell between 2011 and 2012 because DB Schenker Sweden sold a number of such vehicles.

Breakdown of DB's fleet of cars by Euro standard

in percent (%)



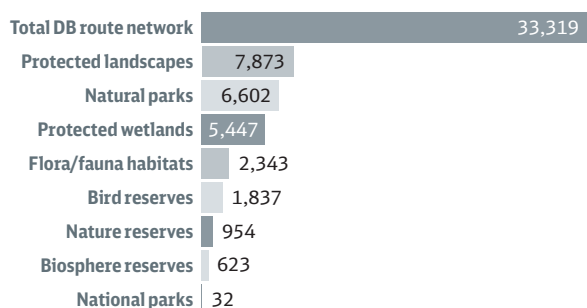
As of Dec 31, Germany

Protecting nature and biodiversity

Protecting nature and the environment is of great importance to DB. Nature conservation issues are relevant to everyday operations, the construction of new lines, and the extension of existing routes. The firm tries to minimize its impact on nature and biodiversity. For more information, refer to pages 88–89.

DB routes with contact to protected areas

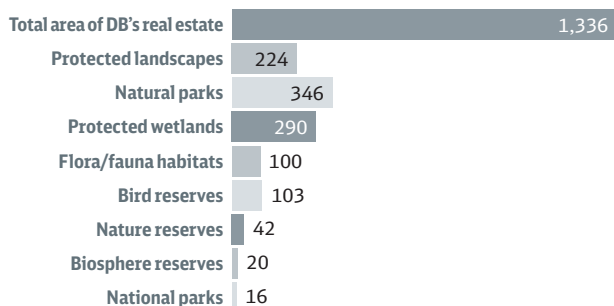
in kilometers (km)



Reporting date Dec 31, 2012, Germany, site within 25 meters of the center line of the track, protected areas may overlap

DB real estate with contact to protected areas

in square kilometers (km²)



Reporting date Dec 31, 2012, Germany, protected areas may overlap

Nature conservation measures in conjunction with building projects – an example

DB always completes screening and environmental compatibility studies as well as checking for nature reserves and protected species when it plans to undertake building work and projects. In this way, the DB Group incorporates the impact of building projects on the natural world into the planning process at an early stage and initiates compensatory measures. For instance, the following steps were taken along the Waren (Müritz)–Vollrathsrue–Lalendorf sections of track when the Berlin to Rostock route was repaired:

- Provision of several otter access routes
 - Erection of fences to protect reptiles and amphibians
- The building work was also limited to certain times of day in order to protect grass snakes, otters, cranes, black and red kites, and red-backed shrikes.

Compensatory measures in line with nature conservation legislation – an example

The DB Group puts compensatory measures in place for flora and fauna in line with nature conservation legislation. This means that substitute land is made available whenever soil is sealed. For example, a total of five grade crossings were renewed on route 6446 (Bützow–Rostock) during implementation of the warning light program. In total, approximately 5,000 m² of soil was sealed in conjunction with this construction work. To compensate, semi-natural landscaping work was undertaken on a plot of land spanning around 5,000 m² in the district of Schwaan. A typical biotope was created along the field edges (1,325 m²); shrubs and trees were also planted (3,705 m²). This work offsets the impact of all five grade crossings.

Other environmental issues

Climate and noise protection, material and resource efficiency, clean air, and nature conservation are DB's priority issues for which it has set targets. However, the company is also looking at other areas with regard to the environment where action is needed in order to take a holistic approach.

Companies in the DB Group with an environmental management system certified according to ISO 14001 ✓

in percent (%)	2012	2011	2010
Total percentage ¹	27	14	16
Percentage in Germany	31	20	20
Percentage in Europe (excl. Germany)	21	11	12
Percentage worldwide (excl. Europe and Germany)	50	14	18

Reporting date Dec 31, Germany

Increase in 2012 due to more certifications at DB Schenker; slight decline in 2011 due to Group restructuring

¹ In total, 49 percent of active DB Group companies have an environmental management system, of which 27 percent are certified as per ISO 14001.

DB's environmental geo-information system – ISU LENA

The DB Environment Center has been using the ISU LENA information system for environmental protection (noise, emissions, nature) since 2011. This IT system combines information regarding noise, harmful emissions, and environmental protection with each other and thus aids companies in their environmental management activities. Before it was introduced, the DB Environment Center had a variety of systems in use to determine environmental impacts. The ISU LENA links data that is relevant from an environmental protection standpoint to DB's track network and its trains' travel. The aim of ISU LENA is to identify the affects of rail traffic on the environment geographically so that the most effective action can be taken in the right places.

Fines and legal proceedings for non-compliance with environmental regulations ✓

There were no fines or legal proceedings for non-compliance with environmental regulations with a monetary value in excess of € 1 million in the year under review.

Emissions of ozone-depleting substances ✓

No ozone-depleting substances are released during DB's production processes.

Major spillages ✓

As a logistics service provider, spillages which occur during the transportation of hazardous goods are relevant for DB. If certain quantities are exceeded and/or the incident is particularly serious, such spillages have to be reported in line with the European agreement on the carriage of dangerous goods by rail and road (RID/ADR). In 2010, DB Schenker Rail in Germany and DB Schenker Logistics Land Transport in Europe each recorded one notifiable incident. There were no reportable accidents in 2011 or 2012.

Water usage ✓

in millions of cubic meters (m³)

2012	8.23
2011	8.79
2010	7.23

Reporting year, Group worldwide, 2010 excluding DB Arriva, DB Schenker Rail Germany only, public-supply water use

Playing a responsible role in society

In the reporting year, the DB Group upped its expenditure in Germany for social projects to over € 1 million (excluding donations) and increased the number of initiatives it supports to more than 70. In addition, numerous grants were awarded to schoolchildren and students. For more information, refer to pages 92–95.

Expenditure for social projects/partnerships ✓

€ thousand	2012	2011	2010
Expenditure	1,228	884	494

Reporting year, Germany, expenditure excluding donations

Social projects/partnerships ✓

Number

2012	75
2011	51
2010	47

Reporting year, Germany, number of projects/partnerships which were not supported solely by means of donations

Awarding grants ✓

Grants were primarily awarded in Germany as part of the Germany Scholarship program (various subjects). In addition to this, the company awarded DAAD travel grants, Off Road Kids grants, and scholarships in conjunction with various universities. These disclosures relate exclusively to Germany.

Upholding integrity

Firmly anchoring compliance

Among other things, DB's compliance work includes recognizing compliance risks at an early stage and initiating appropriate countermeasures. It also involves the implementation of compliance programs, ongoing communication, and compliance training. For more information, please refer to pages 107–109.

Risk analysis at the business units ✓

As early as 2010 a compliance risk analysis at business unit level was conducted throughout the Group covering all business units.

Individual analyses were completed at 58 companies between 2010 and 2012. This means that a coverage in excess of 90 percent on average was achieved at the business units analyzed (the coverage is calculated as the income and the average number of employees at the

companies analyzed in the financial year 2012 in relation to the total income and the total average number of employees at the relevant business unit in the financial year 2012). There are plans to conduct individual on-site analyses at the business units which have not yet undergone individual analyses (DB Schenker Logistics, DB Arriva), respectively to integrate them into the business unit-specific system of identifying risks starting in 2013.

In addition to risk analysis, measures were in place and support was offered at all business units within the DB Group – such as compliance advice, special communication measures, and process analyses, aimed at minimizing corruption risks.

Human rights issues integrated into risk analyses ✓

Since DB started conducting risk analyses, issues relating to human rights have been integrated into risk analysis, especially at international level. This area is currently being expanded and systematized. The indicator “Risk analysis at the business units” explains the Group-wide coverage with risk analyses in the reporting period.

Complaints relating to human rights ✓

DB is very aware of its responsibility to society. Adhering to internationally recognized human rights and basic freedoms – as laid out in the United Nations’ Universal Declaration of Human Rights – is therefore indispensable for all employees.

Complaints relating to human rights can be filed with line managers and local HR executives anytime. The central whistle-blowing system is also open at all times. DB is not aware of any concrete incidents relating to violations of human rights to date.

Anti-corruption training ✓

Integrity (anti-corruption) is one of the focal points of the training courses (e-learning) about the “Corporate Principles – Ethics – Code of Conduct” (DB Code of Conduct). Executives are required to complete the e-learning courses. This e-learning training is also compulsory for all other employees in selected companies and units, based on the risk position. The e-learning courses are freely accessible to all employees. Due to an internal data privacy agreement, it is not possible to determine how many employees have used the e-learning program throughout the Group. Therefore, the total percentage of employees who took part in training (e-learning or in-class) cannot be reported.

For this reason, the following table shows the data for in-class training courses. In total, in-class compliance training on the subject of integrity, including the training on anti-corruption guidelines and procedures, was held for 11,100 employees between 2010 and 2012.

In-class compliance training courses on integrity

number	2012	2011	2010	2010-2012 ¹	Total
Employees	6,134	3,009	1,247	710	11,100

Reporting year, Group worldwide (mainly Europe)

Training courses for executives and employees, participants selected based on a risk profile

¹⁾ Additional training courses spanning more than one year

Training courses for employees focusing on human rights ✓

The section “Corporate Social Responsibility” is a key part of the “Corporate Principles – Ethics – Code of Conduct” (DB Code of Conduct). This includes, for example, the subjects human rights, child labor, forced labor, equal opportunities, and collaboration. The “Corporate Principles – Ethics – Code of Conduct” (DB Code of Conduct) are covered via an e-learning course. The e-learning courses are freely accessible to the employees. Due to an internal data privacy agreement, it is not possible to determine how many employees have used the e-learning program throughout the Group. Therefore, the total percentage of employees who took part in a training course cannot be presented.

A “Global Ethics Survey” was conducted at DB Schenker Logistics, which also includes human rights issues. The results of this survey are currently being analyzed.

Anti-corruption measures ✓

The number of substantial reports of corruption received centrally via the whistle-blowing system ran into double digits. The reports were duly examined. Remedial action was taken wherever necessary. As part of its work, the “Debarment Decision-Making Committee” (Entscheiderkreis Vergabesperre) regularly makes decisions on the exclusion of supplier firms involved in cases of corruption.

Fines for violating legal regulations and non-monetary penalties ✓

A number of DB Group companies were fined in 2011 and 2012 in the course of antitrust proceedings against global freight forwarding companies. Fines of € 34.9 million were imposed in the EU (the fines against DB are being challenged before the European Court of Justice) and DB was fined US\$ 23.3 million in the USA. The companies were accused of having violated competition law between 2002 and 2007 with fees and surcharges for air freight. As a result, DB Schenker Logistics has established an extensive antitrust compliance program which meets high international standards.

Two major cases are to be mentioned in the context of non-monetary sanctions. First, two companies were marked as restricted contractual partners (debarment from contract awarding) by the US Department of the Air Force. This step was taken as a result of the above-mentioned antitrust proceedings. The debarment was lifted following an administrative agreement with the US Air Force in April 2012. Second, in another business unit, a business relationship was temporarily suspended by

a business partner in connection with investigation proceedings. This business relationship has since been resumed, however.

Fines in connection with products/services ✓

No major fines were imposed in the reporting period due to violations of the legal requirements relating to products and services.

Developing procurement processes further

In the course of implementing the DB2020 strategy, sustainability will be anchored more firmly in the procurement process. A key aspect of this is the code of conduct for business partners, which will be introduced on January 1, 2013. For more information, refer to pages 112–113.

Contracts with suppliers ✓

In the past, the majority of external suppliers used by Central Procurement were based in Germany. As the DB Group became increasingly international, the percentage of external suppliers from abroad rose at the same time. In particular, greater use was made of the emerging procurement markets, especially those in Asia and Eastern Europe. A large number of contracts were awarded to suppliers in these markets in the 2012 reporting year. Because of this trend, the issue of clauses regarding human rights aspects, freedom of association,

child labor, and forced/compulsory labor is also increasing in importance. With this in mind, the Compliance and Central Procurement Group functions introduced a code of conduct for business partners at the end of 2012, which comes into effect on January 1, 2013. This serves as a binding guideline on social integrity and is used as a benchmark to assess suppliers' suitability when initiating a business relationship. The supplier can either accept DB's code of conduct or produce evidence that they comply with adequate cross-industry guidelines (such as BME) or their own code of conduct.

In the 2012 reporting year and the preceding years, DB's quality assurance team completed on-site supplier audits on behalf of Central Procurement. Systems, processes, and products were checked in the case of suppliers whose products are subject to mandatory quality testing and manufacturers who must be approved before they can supply certain products. Any discrepancies arising from these audits are reported to Central Procurement. In the 2012 reporting year, the audits and other inspections did not find any indication of human rights violations, prevention of freedom of association, child labor, or forced/compulsory labor.

Central Procurement also began analyzing sustainable responsibility using a recognized external procedure in the year under review. 55 suppliers were assessed during a pilot phase. Within this procedure, the sustainability of the supply chain is evaluated by an external service provider using defined criteria. The results are forwarded to the procurement team.

Awards

In the year under review, DB received awards for its work in various divisions and business units. The awards listed here are a selection relating to sustainability.

DB Schenker again named "Best Road Haulier – Asia" and "Best Green Service Provider – Logistics Operator" in the Asia-Pacific region

The Asian Freight & Supply Chain Awards are considered one of the leading accolades for the freight transport industry in Asia. The prizes honor DB Schenker's environmental standards and investments in green technology as well as its expertise, service standards, and innovations. Both awards went to DB Schenker for the second time.

Vehicle maintenance subsidiary wins the German Ideas Award

DB Fahrzeuginstandhaltung GmbH took third place in the "Best Idea Management" category for the transport, logistics, and aviation sector. The German Ideas Award is presented by the German Business Management Institute (Deutsches Institut für Betriebswirtschaft, dib).

Call a Bike number one in Germany in ADAC test

The motorists' association ADAC tested bicycle rental systems in 40 European cities. Its criteria were: access to the system, customer information, ease of use, and the quality of the bikes. Call a Bike was rated highest out of three operators in Germany.

Personnel policy wins HR Excellence Awards

DB was commended for creative, innovative projects in three categories within the scope of its personnel policy: the South German regional area at DB Netz AG received an award for its “DB Netz Camps,” DB Services GmbH was given a prize for its “Technology Mentors,” and the regional recruitment team at DB Munich won an award for its concept “Next-generation Recruiters.” The awards were presented by the magazine Human Resources Manager in 2012 for the first time.

DB Services receives special jury award for corporate social responsibility (CSR)

The initiative Hauptstadt Berlin e.V. commended the “DB Future Camp” run by DB Services as part of its capital city award for integration and tolerance. The prize encourages individuals and companies to foster integration and help create a cosmopolitan capital city.

Memberships

As a member of numerous national and international organizations, DB is actively driving dialog on sustainability issues forward. Together with its partners, it is promoting initiatives for future-proof development.

Involvement in national organizations with a sustainability focus

DB stepped up its involvement in important national and international organizations with a sustainability focus in 2012. In Germany, for example, DB is a member of econsense – the Forum for Sustainable Development of German Business – and the 2° Initiative, which consists of German business owners committed to protecting the climate. DB also endorses the German Council for Sustainable Development’s definition of sustainability. DB has made this clear by issuing a declaration of conformity with the German Sustainability Code. On top of this, DB’s corporate membership of Transparency International and its involvement in the German Federal Ministry of the Interior’s Initiative Group for the Prevention of Corruption underlines the special importance DB attaches to combating corruption.

Involvement in international organizations with a sustainability focus

At international level, DB has pledged to uphold the principles of the UN Global Compact since 2009. DB presents its progress in a report based on these ten principles every year. This Sustainability Report also comprises the principles and therefore serves as a communication on progress (COP) in this sense.

The company intends to become a member of the World Business Council for Sustainable Development (WBCSD) in 2013.

Memberships of industry associations

In addition to this, DB uses memberships of industry associations to discuss future challenges and sustainable potential solutions. For instance, the Group is actively driving the discussion about the respective sectors’ forward-looking development as a member of the International Union of Railways (UIC) and the German Logistics Association (Bundesvereinigung Logistik, BVL).

UN Global Compact communication on progress

By joining the UN Global Compact in 2009, DB has pledged to uphold the organization's ten principles. It produces a regular progress report containing information about its activities and achievements. This was integrated into this publication as part of the sustainability reporting system.



UN Global Compact	Description	Reference
Human rights		
Principle 1	Supporting and respecting internationally proclaimed human rights	p. 55-61, 64-65, 68-69, 92-97, 104-113, 118-124, 131-133
Principle 2	Making sure that the firm is not complicit in human rights abuses	p. 55-61, 104-109, 112-113, 119-120, 122, 131-133
Labor		
Principle 3	Upholding freedom of association and the right to collective bargaining	p. 58-61, 104, 112, 120, 122, 132-133
Principle 4	Elimination of all forms of forced and compulsory labor	p. 104, 112, 132-133
Principle 5	Abolition of child labor	p. 104, 112, 132-133
Principle 6	Eliminating discrimination	p. 18-20, 33-34, 52-61, 92-94, 104, 119-120, 123-124
The environment		
Principle 7	Taking a precautionary approach to environmental challenges	p. 16, 72-75, 80-81, 87-88, 112-113, 126-128, 130
Principle 8	Undertaking initiatives to promote greater environmental responsibility	p. 16, 34-35, 72-89, 112-113, 125-131
Principle 9	Developing and diffusing environmentally friendly technologies	p. 16, 34-35, 72, 75-79, 81, 85-87, 126, 128-129
Anti-corruption		
Principle 10	Working against corruption	p. 21, 104-105, 107-112, 131-132

For more information, see www.unglobalcompact.org.

GRI index

This Sustainability Report is based on version 3.0 of the international guidelines published by the Global Reporting Initiative. The GRI index in the table below lists the page numbers where detailed disclosures relating to each GRI indicator can be found.


















GRI	Disclosure	Reporting status	Reference	Comments
Strategy and analysis				
1.1	Statement from the most senior decision-maker of the organization	●	p. 3	
1.2	Description of key impacts, risks, and opportunities	◐	p. 12–13	For confidentiality reasons, details such as the assumptions used for financial planning are not published.
Organizational profile				
2.1	Name of the organization	●	p. 8	
2.2	Primary brands, products, and/or services	●	p. 9–10	
2.3	Operational structure of the organization	●	p. 10–11	
2.4	Location of organization's headquarters	●	AR 2012: p. 55	
2.5	Number of countries where the organization operates	●	p. 9–11	
2.6	Nature of ownership and legal form	●	p. 8	
2.7	Markets served	●	p. 9–11, 26–27	
2.8	Scale of the reporting organization	●	p. 8	
2.9	Significant changes during the reporting period regarding size, structure, or ownership	●	p. 116	
2.10	Awards received in the reporting period	●	p. 133–134	
Report parameters				
Report profile				
3.1	Reporting period for information provided	●	p. 116	
3.2	Date of most recent previous report	●	p. 116	
3.3	Reporting cycle	●	p. 116	
3.4	Contact point for questions regarding the report or its contents	●	p. 147	
Scope and limits of report				
3.5	Process for defining report content	●	p. 116	The DB Sustainability Report 2012 addresses the company's key stakeholder groups. These main stakeholder groups are listed on p. 19.
3.6	Boundary of the report	●	p. 116	
3.7	Limitations on the scope or boundary of the report	●	p. 116	All key economic, environmental, and social factors are covered by the reporting.

Core indicator *Additional indicator* ● Fully reported ◐ Partially reported

GRI	Disclosure	Reporting status	Reference	Comments
3.8	Basis for reporting on joint ventures, subsidiaries, and outsourced operations	●	p. 116	
3.9	Data measurement techniques and the bases of calculations	●	p. 116	
3.10	Re-statements of information provided in earlier reports	●	p. 116	
3.11	Changes in the scope, boundary, or measurement methods	●	p. 116	
GRI content index				
3.12	GRI index	●	p. 136–142	
Audit				
3.13	External assurance for the report	●	p. 143–145	
Governance, commitments, and engagement				
Corporate governance				
4.1	Governance structure of the organization	●	p. 8, 16–17; AR 2012: p. 55–56	
4.2	Independence of the Chair of supervisory body	●	p. 8; AR 2012: p. 37–39	
4.3	Independence of the company management	●	p. 8	The DB Group has two separate oversight bodies with different members and remits: the Management Board and the Supervisory Board.
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	●	p. 56; AR 2012: p. 37–39	DB Group is wholly owned by the German government.
4.5	Linkage between compensation for members of the highest governance body and the organization's performance	●	p. 105; AR 2012: p. 40–41	
4.6	Processes in place to ensure conflicts of interest are avoided	●	p. 14–15	
4.7	Qualifications and expertise of the members of the highest governance body	●	p. 17	
4.8	Internally developed statements of mission or values, codes of conduct, and principles	●	p. 17, 104–105, 107, 109, 112	
4.9	Procedures of the highest governance body for overseeing the organization's performance with respect to sustainability	●	p. 14–16, 107, 135–142	
4.10	Processes for evaluating the highest governance body's own performance with respect to sustainability	●	p. 105; AR 2012: p. 40–41	
Commitments to external initiatives				
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	●	p. 107–109	
4.12	Externally developed charters, principles, or other initiatives to which the organization subscribes or endorses	●	p. 134–142	
4.13	Memberships in associations and/or advocacy organizations	●	p. 134	

GRI	Disclosure	Reporting status	Reference	Comments
Inclusion of stakeholders				
4.14	List of stakeholder groups engaged by the organization	●	p. 19	
4.15	Basis for identification and selection of stakeholders with whom to engage	●	p. 18–20	
4.16	Approaches to stakeholder engagement	●	p. 20–21	
4.17	Key topics and concerns that have been raised through stakeholder engagement	●	p. 19	
Economic performance indicators				
DMA EC	Management approach	●	p. 26–27, 38–40	
Economic performance				
EC1	Direct economic value generated and distributed	●	p. 39, 41–43, 45–47, 92, 131; AR 2011: front inside flap, p. 105, 107, 109, 115–118, 121, 123, 125, 129–131	
EC2	Financial implications and other risks and opportunities due to climate change	●	p. 74, 126	
EC3	Coverage of the organization's defined-benefit plan obligations	●	p. 59–61, 122–123; AR 2012: p. 235–236	
EC4	Significant financial assistance received from government	●	p. 8, 39; AR 2011: p. 136; AR 2012: p. 114	The financial assistance provided to the DB Group by the government primarily takes the form of investment subsidies for infrastructure projects as well as fare subsidies for regional transport services.
Market presence				
EC6	Policy, practices, and proportion of spending on locally based suppliers	●	p. 113	
EC7	Procedures for local hiring	●	p. 53, 124	
Significant indirect economic impacts				
EC8	Infrastructure investments and services provided primarily for public benefit	●	p. 44	
Environmental performance indicators				
DMA EN	Management approach	●	p. 16, 72, 74, 80, 84, 86, 88	
Materials				
EN1	Materials used by weight or volume	●	p. 85, 128	
EN2	Percentage of materials used that are recycled input materials	●	p. 84–85, 128	
Energy				
EN3	Direct energy consumption by primary energy source	●	p. 74–75, 77, 125–126	
EN4	Indirect energy consumption by primary energy source	●	p. 125–126	
EN5	Energy saved due to conservation and efficiency improvements	●	p. 76–77, 126	

Core indicator *Additional indicator* ● Fully reported ● Partially reported

GRI	Disclosure	Reporting status	Reference	Comments
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives		p. 34–35, 76–77, 126	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved		p. 34–35, 76–77, 126	The amount of power saved as a result of individual measures to cut indirect energy consumption is not currently recorded. However, the quality of energy reductions is included in reporting.
Water				
EN8	Total water withdrawal		p. 131	The DB Group uses water from water suppliers and an insignificant amount of rainwater.
Biodiversity				
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas		p. 88–89, 130	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas		p. 88–89, 130	
EN13	Habitats protected or restored		p. 88–89, 130	The DB Group is currently setting up a compensation register to record the steps it takes to redress its impact and provide substitute habitats.
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations		p. 88–89, 130	DB always completes screening and environmental compatibility studies as well as checking for nature reserves and protected species when it plans to undertake building work and projects. The individual species are not recorded centrally.
Emissions, water discharged and waste				
EN16	Total direct and indirect greenhouse gas emissions		p. 76–77, 127	The DB Group has been reporting greenhouse gas emissions in line with the EN 16258 standard since 2010.
EN17	Other relevant indirect greenhouse gas emissions		p. 127	
EN18	Initiatives to reduce greenhouse gas emissions		p. 74–77, 126	
EN19	Emissions of ozone-depleting substances		p. 131	
EN20	NO _x , SO _x , and other significant air emissions		p. 129–130	All relevant emissions produced during combustion in connection with the provision of transport and mobility services are disclosed. No POP emissions are produced by standard processes and the level of VOC emissions is insignificant. VOCs are produced during cleaning and coloring processes. They are within the legal limits and are emitted both directly and diffusely.
EN21	Total water discharge		p. 131	The total volume of water supplied and discharged is reported together under water usage because there is no notable difference between supply and discharge at the DB Group due to the production processes used.
EN22	Total weight of waste		p. 85, 128	
EN23	Total number and volume of significant spills		p. 131	
EN24	Weight of transported waste deemed hazardous under the terms of the Basel Convention		p. 85, 128	DB is a transport and logistics service provider so it does not export or import its own waste to any significant extent.
Products and services				
EN26	Initiatives to mitigate environmental impacts of products and services		p. 74–81, 85–87, 127–128	Products to save water and dispose of waste are not currently recorded.
Core indicator Additional indicator  Fully reported  Partially reported				

GRI	Disclosure	Reporting status	Reference	Comments
EN27	Percentage of products sold and their packaging materials that are reclaimed by category		p. 85	DB offers transport services. As a result, it does not plan to record the quantity of packaging materials reclaimed.
Compliance with legal statutes				
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		p. 131	
Social performance indicators				
Labor practices and decent work				
DMA LA	Management approach		p. 52–54	
Labor practices and employment				
LA1	Total workforce by employment type, employment contract, and region broken down by gender		p. 52–53, 57, 120, 124	
LA2	Total number and rate of employee turnover		p. 52–53, 121	
LA3	Benefits provided to full-time employees		p. 58–63, 122–123	The social security benefits provided by DB apply to all employees, regardless of their labor time.
Employer-employee relationship				
LA4	Employees subject to collective legislation		p. 120	
LA5	Minimum notice period regarding significant operational changes		p. 120	
Occupational health and safety				
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees		p. 61, 122	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities		p. 60–61, 121–122	No data is recorded for self-employed contractors for materiality reasons.
LA8	Education, training, counseling, prevention, and risk-control programs in place to provide assistance regarding serious diseases		p. 60, 122	
LA9	Health and safety topics covered in formal agreements with trade unions		p. 122	
Training and further education				
LA10	Average hours of training per year per employee		p. 58, 60, 64–65, 123	It is currently impossible to collect complete data on the number of hours spent on training and CPD per employee and employee category. There are plans to record this information in 2018.
LA11	Programs for skills management and lifelong learning		p. 60–61, 123	
LA12	Percentage of employees receiving regular performance and career development reviews		p. 65, 123	
Diversity and equal opportunities				
LA13	Composition of governance bodies and break-down of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity		p. 56–57, 119	
LA14	Ratio of basic salary of men to women		p. 119	

Core indicator Additional indicator Fully reported Partially reported

GRI	Disclosure	Reporting status	Reference	Comments
LA15	Return to work and retention rates after parental leave	●	p. 59, 121	
Human rights				
DMA HR	Management approach	●	p. 104	
Investment and procurement practices				
HR1	Percentage and total number of significant investment agreements and contracts that include human rights clauses	●	p. 133	
HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening	●	p. 133	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights	●	p. 108, 132	Training on human rights issues is provided in the form of an e-learning program. As due to an internal data privacy agreement, it is not possible to determine how many members of staff have used the e-learning program throughout the Group, no hourly figure is reported.
Non-discrimination				
HR4	Total number of incidents of discrimination and corrective actions taken	●	p. 56–57	
Freedom of association and right to collective bargaining				
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	●	p. 133	
Child labor				
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	●	p. 133	
Forced or compulsory labor				
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	●	p. 133	
Human rights				
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	●	p. 131–132	
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms	●	p. 132	
Society				
DMA SO	Management approach	●	p. 92	
Local community				
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	●	p. 18–21, 92–101, 131	

Core indicator Additional indicator ● Fully reported ● Partially reported

GRI	Disclosure	Reporting status	Reference	Comments
Corruption				
S02	Percentage and total number of business units analyzed for risks related to corruption	●	p. 107, 131-132	
S03	Percentage of employees trained in organization's anti-corruption policies and procedures	●	p. 108, 132	
S04	Actions taken in response to incidents of corruption	●	p. 109, 132	
Public policy				
S05	Public policy positions and participation in public policy development and lobbying	●	p. 19, 21	
Anti-competitive behavior				
S07	<i>Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes</i>	●	p. 132-133	
Non-compliance with laws and regulations				
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	●	p. 109, 132-133	
Product responsibility				
DMA PR	Management approach	●	p. 26-29	
Customer health and safety				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed	●	p. 118	As a service provider, product-related disclosures are irrelevant and in some cases inapplicable. Nevertheless, service processes are constantly monitored, managed, and improved in relation to health and safety impacts on employees and customers. IMS, SMS, and the Health and Safety Management System form the basis for this process.
Product and service labeling				
PR3	Type of product and service information required by procedures	●	p. 31-34, 117	As a service provider, product-related disclosures are irrelevant and in some cases inapplicable. Nevertheless, information is published about DB's services online, made available following requests submitted to the provider/business unit, and provided whenever contracts are concluded.
PR5	<i>Practices related to customer satisfaction</i>	●	p. 28-29	
Marketing communications				
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications	●	p. 117	
Compliance				
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	●	p. 133	

GRI statement



Statement GRI Application Level Check

GRI hereby states that **Deutsche Bahn AG** has presented its report "Sustainability Report 2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 10 July 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint, large watermark of the GRI logo in the background.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because Deutsche Bahn AG has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 13 June 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

Independent Assurance Report¹

To Deutsche Bahn AG, Berlin

We have been engaged to perform a limited assurance engagement on selected data of the Sustainability Report of Deutsche Bahn AG, Berlin, (the “Company”) for the business year 2012.² The sustainability information selected by the Company and evaluated by us has been marked with a check mark (✓).

Management’s Responsibility

Company’s Management Board is responsible for the proper preparation of the sustainability report in accordance with the criteria stated in the Sustainability Reporting Guidelines Vol. 3.0 (pp. 7 to 17) of the Global Reporting Initiative (GRI):

- | | |
|------------------------------|---------------------|
| ■ Materiality, | ■ Clarity, |
| ■ Stakeholder Inclusiveness, | ■ Accuracy, |
| ■ Sustainability Context, | ■ Timeliness, |
| ■ Completeness, | ■ Comparability and |
| ■ Balance, | ■ Reliability. |

This responsibility includes the selection and application of appropriate methods to prepare the sustainability report and the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the sustainability report.

Practitioner’s Responsibility

Our responsibility is to express a conclusion based on our work performed as to whether anything has come to our attention that causes us to believe that the data of the sustainability report of the Company for the business year 2012 marked with a check mark (✓) has not been prepared, in all material respects, in accordance with the criteria stated in the Sustainability Reporting Guidelines Vol. 3.0 (pp. 7 to 17) of the GRI. Within the scope of our independent assurance engagement we did not perform an audit of product- and service-related data (e.g. emission-free services) set out in the sustainability report as well as of data referred to external documents or expert opinions.

We also have been engaged to make recommendations for the further development of sustainability management and sustainability reporting based on the results of our assurance engagement.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000. This Standard requires that we comply with ethical requirements and plan and perform the assurance engagement, under consideration of materiality, to provide our conclusion with limited assurance.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement (for example, an audit of financial statements in accordance with § (Article) 317 HGB (“Handelsgesetzbuch”: “German Commercial Code”), and therefore less assurance is obtained than in a reasonable assurance engagement.

The procedures selected depend on the practitioner’s judgement.

Within the scope of our work we performed amongst others the following procedures:

- Inquiries of personnel responsible for the preparation of the sustainability report regarding the process to prepare the reporting of sustainability information and the underlying internal control system;
- Inspection of documents regarding the sustainability strategy as well as understanding the sustainability management structure, the stakeholder dialog and the development process of Company’s sustainability program;
- Inquiries of personnel in the corporate functions that are responsible for the individual chapters (sub-projects) of the sustainability report;
- Recording of the systems and processes for collection, analysis, validation and aggregation of sustainability data and its documentation on a sample basis;
- Performance of site visits as part of the inspection of processes for collecting, analyzing and aggregating selected data at
 - DB Schenker AG – business unit: DB Schenker Logistics (Essen, Germany),
 - Schenker Deutschland AG (Dortmund, Germany),
 - DB Netz AG (Frankfurt, Germany),
 - DB Energie GmbH (Frankfurt, Germany),
 - DB Fernverkehr AG (Frankfurt, Germany);

¹⁾ Our engagement applied to the German version of the sustainability report.
This text is a translation of the Independent Assurance Report issued in German language – the German text is authoritative.

²⁾ Our engagement refers to the German version of the CR-Report.

- Analytical procedures on sustainability data of the sustainability report;
- Comparison of selected data with corresponding data in the Company's Annual Report 2012;
- Gaining further evidence for selected data of the sustainability report due to inspection of internal documents, contracts and invoices/reports from external service providers.
- Enhancement of IT systems implemented in the context of the sustainability management and transforming into a standard process;
- Extension and further harmonization of sustainability reporting processes, in particular including foreign companies to provide all material sustainability data worldwide.

Berlin, July 12, 2013

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the data of the sustainability report of the Company for the business year 2012 marked with a check mark (✓) has not been prepared, in all material respects, in accordance with the criteria stated in the Sustainability Reporting Guidelines Vol. 3.0 (pp. 7 to 17) of the GRI.

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Michael Werner

ppa. Aissata Touré
Wirtschaftsprüferin
(German Public Auditor)

Emphasis of Matter – Recommendations

Without qualifying our conclusion presented above, we make the following recommendations for the further development of the Company's sustainability management and sustainability reporting:

- Further formalization of the internal controls system for sustainability information with view to the planned implementation of Integrated Reporting starting in the reporting period 2014;

Glossary

Bus-kilometer (buskm)

One bus-kilometer denotes a bus traveling the distance of one kilometer.

Capital employed

Comprises property, plant, and equipment (including intangible assets) and net working capital.

Compliance

Compliance means ensuring that all business activities conform to the relevant legislation and internal regulations. This includes national legislation, EU directives, and anti-corruption laws which apply internationally.

Corporate governance

The body of rules, regulations, values, and principles which apply to a company and determine how it is managed and overseen.

Decibel dB (A)

A unit of measurement for volume. The volume is stated in relation to the lower limit of hearing. "A" stands for "adjusted" and denotes a filter which takes into account the human sense of hearing in relation to the frequency of a sound.

Earnings before interest and taxes (EBIT)

The operating result before interest and taxes are deducted.

Ecological balance sheet

The effect of a product on the environment through various stages of its life cycle (e.g. production, transportation, disposal).

Full-time equivalents (FTE)

An indicator used in human resources management to render employee numbers comparable. Natural persons are converted into full-time equivalents by taking into account part-time employees' share of regular annual working time accordingly.

German Renewable Energy Sources Act (EEG)

Legislation which systematically promotes electricity generated using renewable sources. The regulations mean that operators of facilities which produce power from renewable sources receive a fixed rate of remuneration. The feed-in payment depends on the type of electricity production, the site, and the size of the plant.

Global Reporting Initiative (GRI)

A foundation which develops guidelines for the production of sustainability reports. These contain principles and indicators which the majority of national and international companies use for their sustainability reporting.

Intermodal transport

A multi-stage mobility or logistics chain involving the use of at least two different modes of transport, e.g. truck and train for freight haulage or bicycle and train for passenger transport.

International Labour Organization (ILO)

A specialized United Nations (UN) agency which promotes social justice and internationally recognized human and labor rights.

Interoperability (technical compatibility)

The ability of trains to adjust to different technical standards (e.g. gauges or power systems), allowing them to travel between different countries' rail networks end to end as far as possible.

ISO 14001 standard

Definition of globally recognized requirements for environmental management systems. To comply, a firm needs to specify a corporate environmental policy, environmental targets, and an environmental program. It also needs to set up a corresponding management system to help it achieve these goals.

Passenger-kilometer (pkm)

Unit of measurement for the volume sold in passenger transport services. One passenger-kilometer corresponds to one person traveling a distance of one kilometer.

Return on capital employed (ROCE)

Key performance indicator for value-based management. Denotes the return on the capital employed by a company. The figure is given as a percentage, defined as (adjusted) EBIT in relation to capital employed.

Track bonus

Correction factor for evaluating rail traffic noise. The assessment level is 5 dB (A) lower than for road traffic.

Scope (Scope 1, Scope 2, Scope 3)

The Greenhouse Gas Protocol (GHG Protocol) categorizes direct and indirect emissions into three broad scopes:

Scope 1 covers all direct emissions, such as those produced by fuel combustion in a firm's own vehicles and at its facilities.

Scope 2 comprises all indirect emissions, such as those produced by the use of purchased electricity and heat.

Scope 3 includes all other indirect emissions, such as the emissions generated by subcontractors.

Tank to wheel (TTW)

Key performance indicator for measuring the energy consumption and emissions relating directly to vehicles.

Ton-kilometer (tkm)

Unit of measurement for the volume sold in freight transport services. One ton-kilometer corresponds to one ton being transported a distance of one kilometer.

Train-path-kilometer (trkm)

Unit of measurement for the distance covered by train-operating companies on the rail network (volume produced).

Twenty-foot equivalent unit (TEU)

Standardized container unit measuring 20 feet in length (1 foot = 30 cm).

UN Global Compact

A strategic initiative of the United Nations (UN) for companies. These companies commit themselves to orienting their business activities and strategies around ten universally recognized principles from the areas of human rights, labor standards, environmental protection, and anti-corruption practice.

Well to wheel (WTW)

Key performance indicator for a holistic analysis of energy consumption and vehicle emissions from the point where the fuel is produced ("well") to its transformation into kinetic energy in the vehicle ("wheel").

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This Sustainability Report and other information about sustainability at the DB Group are also available online at www.deutschebahn.com/nachhaltigkeit

The Sustainability Report was published in September 2013 in German and published in November 2013 in English.

Forward-looking statements

This Sustainability Report contains statements and forecasts relating to the future development of the DB Group, its business units, and individual companies. These forecasts are estimates based on all the information available to DB at the current point in time. Should the assumptions on which the forecasts are based prove incorrect or should risks arise, the actual developments and results may differ from those currently anticipated. The DB Group accepts no obligation to update the statements made in this report.

Imprint

Cover picture

Berlin Central Station: The figures symbolize the three dimensions of the DB2020 strategy – profitable market leader, top employer and eco-pioneer.

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131.3 million

passengers used DB Bahn's long-distance services in 2012.

DB reduced its specific CO₂ emissions by

12.3%

between 2006 and 2012.

The DB Group hired

11,000

new employees in 2012.

1,200 km

of track

were overhauled in 2012 as part of the noise remediation program.

€ 39 bn

in revenues were generated by the DB Group in 2012.

4.9 million customers

have a BahnCard rail card.

1.1 million

tons of air freight are transported annually by DB Schenker Logistics.

400,000

times a day a train stops at one of DB's platforms.

1.4 bn

passengers were transported by DB Arriva in 2012.

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