



Sustainability Report 2009

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1 OUR COMPANY

Deutsche Bahn on its way to becoming a global leader

DB provides sustainable transportation solutions in Germany, Europe and around the world. As the leading mobility and logistics company, DB creates the basis for a sustainable society - for employees, customers, business partners and the environment.

1.1 Preface

Taking on responsibility and Moving the Future

Dr. Rüdiger Grube, CEO and Chairman of the Management Board of Deutsche Bahn AG, focuses on future viability and sustainability - particularly in times of crisis.

Dear Reader,

Anybody who today does not prepare for tomorrow is irresponsible. This applies as much to the individual as it does to politicians and companies. We cannot afford to lose sight of the future – particularly in times of crisis.

At Deutsche Bahn, this means that we are creating the basic conditions today that will enable us in future to be successful in the marketplace and to secure jobs. We are setting the course today to ensure that we will always have excellently qualified and extremely motivated employees, even in the face of demographic change. We are developing services today that will enable us to meet the continuously growing demand for mobility in a way that is friendly to the environment and easy on our resources. And we are accepting responsibility today for the society that all of us, and that means we at Deutsche Bahn, our customers and our business partners, intend to live in tomorrow.

We refer to this all-encompassing investment in the future as sustainability.

A company can only achieve sustainable success when it plays by the rules, both inside and outside the company. White-collar crime damages companies in the long term as much as do infringements of competition rules, data protection provisions or the code of conduct. Deutsche Bahn's view is that we are only fit for the future if we are a reliable and trustworthy employer and business partner, and a good corporate citizen. For this reason, my top priority following my appointment was a systematic investigation into the cases of data misuse. In future, there will be a member of the Group Management Board responsible solely for 'compliance, data protection and legal affairs'.

In terms of economic sustainability, we once again delivered a record performance in 2008, despite the overall difficult situation, and confirmed the capital market viability of the company. This means that we are able to invest further in the modernization of the infrastructure and rolling stock. We have also been affected by the economic crisis of course. And we are responding with an extensive action program – based on the responsibility we assume for the entire 240,000-strong DB workforce, for whom we intend to remain a dependable employer. We also understand sustainability to mean that, despite the crisis, we will continue to offer the same number of apprentice and trainee places. We are thus investing today to be fit for the period following the crisis.

In the case of ecological sustainability, in 2008 we included the entire non-rail logistics business in our climate protection goal for 2020. In other words: we also want to reduce the specific carbon dioxide emissions on road, sea and in the air by 20 percent by the year 2020. For rail, we are working on ways of reducing the energy demand of our vehicles even further. Our daring vision is carbon-free rail transportation. With our sustainability management system, we have declared future viable action to be a permanent mission – and have set clearly defined targets that we monitor on a regular basis to determine the progress we make.

In the Sustainability Report 2009, we show you all the facets of our concern for the future - the future of Deutsche Bahn, its employees and the world in which we move.

Yours sincerely,

Rüdiger Grube

1.2 Corporate Culture

1.2.1 Confidence

Consequences from the data misuse – a new beginning in corporate culture

DB has drawn far-reaching conclusions from the data scandal that was discovered in early 2009. Through comprehensive staffing and structural changes, we have ensured that in the future the highest standards of ethics and data protection will be respected.

A fresh start requires deep changes. Following the changes already made at the highest levels of management, the reorganization of the areas involved and the introduction of new guidelines and processes as a result of the dialog with interest groups are among the most urgent tasks of the newly created, Compliance, Data Protection and Legal Affairs Board division.

Consistent clarification and apology

Dr. Rüdiger Grube has been CEO and Chairman of the Management Board DB AG since May 1, 2009 and has made a personal commitment to a thorough and immediate investigation of the data misuse. Apart from the clarification, DB also wants to ensure that the employees affected and injured receive full details about the data violations. Dr. Grube has apologized to all employees who were affected by the improper screening of data. Violations of the Data Protection and the Employees' Representation Act, infringements of corporate guidelines, as well as violations of both criminal and stock corporation law will be prosecuted and the necessary conclusions drawn, up to and including top management.

A new beginning in corporate culture

A new and open corporate culture will ensure that such incidents will not recur. Executives and employees of DB must be honest and trust each other, and executives will be expected to set a good example. Deutsche Bahn has committed itself to fundamental values summarized in the following ethical principles: social responsibility, a trusting relationship based on partnership and mutual appreciation and respect, as well as the courage to question the existing situation and change it. A new corporate culture should animate those principles and ensure their constant updating.

Structural measures

In order to create the necessary basis to achieve this goal, the following structural measures have been implemented:

- **Establishing a comprehensive compliance organization at the highest management level:** A new Board division was established for Compliance, Data Protection and Legal Affairs in 2009 to ensure these areas are incorporated at the highest management level. This includes Corporate Security. In addition, a comprehensive compliance concept and a permanent compliance committee are being introduced with the involvement of external experts who, among other things, will be concerned with anti-corruption measures and data protection. The results of the compliance activity will be presented to the general public in an annual report. As a basis for successful work, this area will be strengthened in terms of personnel and allocated a higher budget in order to expand it into a functioning global compliance organization in accordance with international standards.
- **New standards in operational data protection:** In the future, Deutsche Bahn AG will be implementing the highest standards of operational data protection across the whole Group. For example, administrative rights will be clearly limited, new processes and guidelines will be stringently introduced and observed and managers and employees will be given more intensive training. Furthermore, Deutsche Bahn is analyzing and reviewing its IT structures and reassigning responsibilities.
- **Clear and transparent rules:** Deutsche Bahn will review all regulations and negotiate new corporate employer/works council agreements together with employee representatives. The special investigation has shown the need for clear and transparent controls to prevent and combat corruption, but any such rules must, however, observe the interests of the employees and any applicable laws. Through these measures, the Group is sending clear signals and is creating the conditions to establish a new corporate culture.

1.2.2 Values

Responsible action across the Group

New Group-wide guiding principles, a clearly structured management system and a focus on long-term and sustainable value creation: responsible action on the basis of common values supports the transformation of DB into an international Group

DB encourages and promotes responsible action through the common value system of the DB Group, which supports our employees in meeting the company's ethical and legal requirements when performing their duties. This in turn promotes our integrity and corporate culture in an increasingly complex legal and social environment. This is not only the basis of our transparent and efficient corporate management, but also the contribution of DB to sustainable social development.

The DB Group's guiding principles and the initiative "We are DB"

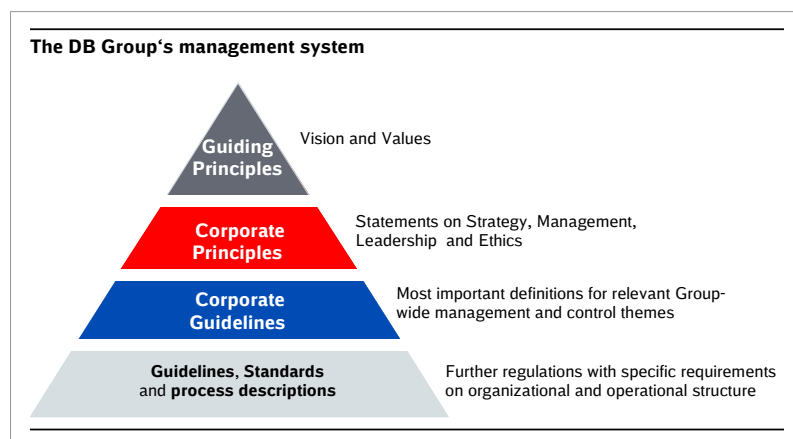
But how do you make more than 240,000 employees identify with a company that operates in over 130 countries and has nine business units? How can a common identity be forged when the company itself is constantly changing and meeting new challenges? How do you manage an international growth process?

On its way to becoming the world's leading mobility and logistics company, DB has developed guiding principles for the whole company that describe the DB Group's mission, vision and values. There are answers to the key questions: "Who are we?", "What is our goal?" and "How do we do this?" The values derived from the Group's guiding principles provide a framework how DB and each individual employee should behave and act. This makes the guiding principles a strong foundation for Group-wide cooperation and identification. At the same time it stands for the DB Group's strategic direction.

Defining values, however, does not mean that they are imbued. On the one hand, they must prove themselves in the company and become part of the self-understanding of the employees and the corporate culture. To achieve this, we launched a Group-wide initiative called "We are DB" in 2007, which aimed at the continuous development of the culture throughout the entire company. The guiding principles are presented to our employees from our business units and Group sectors in workshops and the common values given more concrete shape: What do they mean for the particular working environment of each employee? How can they be implemented there? And in the leadership programs at the DB Academy, dealing with our corporate values and reflecting on the importance of values for their own management decisions and actions play an important role.

The DB Group's management system

Besides a common self-understanding and the active involvement of staff, clear rules of the game are required to facilitate coordinated and targeted action in the spirit of the guiding principles across the entire DB Group. The development of the company in recent years, and in particular the internationalization of our operations, has led to new challenges for the management capability at the DB Group. The Group's regulations were therefore renewed and the DB Group's management system developed. It brings together the principles of managing the company and consists of several levels.



The DB Group's Management System

The aim of the management system is to achieve the Group's overall objectives, ensure that legal requirements are observed, reduce business risks and increase transparency in business processes.

The individual elements were adopted and put into effect in 2007 and 2008 by the Group Management Board and in 2009 summarized in a management handbook and distributed to some 3,000 Group executives all over the world who are responsible for their implementation and making their content known to staff.

Code of Conduct - Commitment to ethical values and sustainability

As one of the leading mobility and logistics companies, DB takes seriously its responsibility as employer and purchaser and is committed to high ethical standards throughout the DB Group. The Group's Code of Conduct sets down our ethical principles and standards, which are implemented in all business sectors worldwide. Core issues are the respect for and promotion of diversity and equality, the respect for recognized human rights (including the recognition of the right to freedom of assembly and the formation of interest groups), the outlawing of child and forced labor, a commitment to environmental management (including a commitment to ongoing improvement and the prevention of environmental pollution), the objection of corruption and unfair business practices, as well as a fundamental commitment to sustainability. All Group Management Board members, general managers, executives and employees worldwide are committed to these principles. Executives bear a special responsibility for teaching and implementing these guidelines. A special role model comes to them.

The Group's ethical principles are part of the world's most important rules and as such form the basis for management strategy and decision-making processes, as well as for day-to-day actions. The implementation of the ethical principles is managed and monitored by Compliance at the DB Group as part of the compliance-related regulations. Compliance is also responsible for the web-based whistleblower system introduced worldwide at the end of 2008, which enables employees or outsiders to report irregularities online.

On the basis of its Group ethical principles, DB participates in the United Nations Global Compact, a voluntary industry initiative of the United Nations with the aim of shaping globalization in a more social and environmentally-friendly way. Following the revision of the values and principles and the adoption of the resulting Group ethical principles, in 2009 the DB Group also officially announced its commitment to the ten principles of the United Nations Global Compact to the UN Secretary-General.

Corporate governance – management focus on creating long-term value

Corporate governance rules provide good and responsible corporate management and control focused on creating long-term value. Even as an unlisted company, Deutsche Bahn AG is expressly committed to the German Corporate Governance Code presented by a government commission in 2002, which was last amended on June 6, 2008. The German Corporate Governance Code should help make Germany's rules covering management and monitoring transparent for national and foreign investors and strengthen confidence in listed German companies.

The Management and Supervisory Boards of Deutsche Bahn AG have voluntarily agreed to observe the German Corporate Governance Code and in 2003 issued their own corporate governance principles for the Deutsche Bahn AG. As an unlisted company, Deutsche Bahn AG thus introduced standards of conduct and behavior for the management and supervision of the company that have led to greater transparency and should thus promote the confidence of business partners, investors, employees and the public in the company's management and supervision. In March 2008, the corporate governance principles of Deutsche Bahn AG were updated following amendments made to the German Corporate Governance Code in June 2007.

1.2.3 Dialog

Deutsche Bahn – a partner in dialog

Deutsche Bahn maintains close contacts with government, other businesses and the public through numerous associations, forums and roundtables. This exchange of opinion is a vital part of its company policy.

1.2.3.1 Stakeholder dialogs

Success through communication

Deutsche Bahn sees dialog with other businesses, the public and the government as an opportunity to gain important insights and initiatives for its entrepreneurial actions.

The DB is a part of public life. It has millions of customers every day in Germany, Europe and around the world. The company is an important part of society and fulfills this responsibility. DB is faced with just as many demands from the social environment as from within the company itself. DB's key stakeholders include our customers, employees, the owner, politicians responsible for transport policy at the federal and state level, financial policy, other transport operators, regulatory authorities and the rail industry, as well as representatives from environmental and residents' interests. These groups define the environment in which DB's entrepreneurial actions take place. The stability of this environment, the early recognition of external demands, reacting to changes but also explaining our own needs and decisions make a significant contribution to our business success. DB therefore seeks a close dialog with its various stakeholders. DB sees this exchange as an opportunity to gain greater understanding for our positions and to create insights and impulses for our own entrepreneurial actions.

In dialog with our employees

- Strengthening identification with the Group: How can a common identity be forged in an enterprise that is as complex as DB and that has changed greatly in recent years? Our employees are actively involved in the long-term initiative **"We are DB."** The new guiding principles and corporate values are developed and acquired in joint workshops. But our values are also implemented together in daily practice. One of the first in 2008, for example, was a workshop conducted by teams from the business unit Passenger Stations on how values from the guiding principles can be implemented in their direct work environment.
- At the **"Meet the Manager"** events, employees have the opportunity to express their concerns, wishes or even praise to a member of the Board or a generally authorized representative in direct conversation. Several times a year, 50 employees from different professional or functional groups are invited by one of the Board members in the holding company to the BahnTower in Berlin. Five such meetings were held in 2008.
- The **"Occupational Employee Dialog DB,"** an initiative conducted as part of the "Social Dialog DB" to strengthen dialog between management and employees, as well as their social partners and stakeholders, aims to guarantee continuous and constructive dialog between employer and employees.
- Since 2006, DB has made available a neutral contact person for all employees who feel they are being discriminated against or treated unfairly in terms of the collective job security agreement. The **Ombudsperson** has the right of access and to meet with employees face-to-face and helps to resolve conflicts in a constructive manner. She has gained the respect of employees, human resources (HR) managers and works councils.

In dialog with customers

- In the first instance, clients express their requirements primarily through their **mobility behavior** and demand. A direct exchange with the passengers takes place in their **daily contact** with train attendants, customer support staff in local transport, in the DB travel centers and at numerous other places. The friendly relations with our customers and our readiness to meet their wishes and respond to their suggestions should be automatic for DB employees.
- In addition, the systematic and intensive dialog with customer representatives has proven to be very useful. A **customer advisory service** was therefore launched in 2004, which has since been meeting twice a year.

The bi-annual sessions bring together 32 passengers representing a cross section of customers for discussions with DB managers to discuss their views on what is good or needs to be improved.

- A constructive dialog with **passenger associations**: DB is also in regular contact with consumer and passenger associations.
- DB also wants to offer passengers with impaired mobility barrier-free access to mobility and tailor its offers as individually as possible to different needs. DB is therefore in dialog with different **disability organizations** and together has developed a program that should be implemented to realize the future vision of "barrier-free travel." This program is constantly being updated

In dialog with the government

- A permanent high-performance integrated transport system and the best possible division of labor between the different modes of transport in accordance with their respective strengths – these are the **common goals of DB and the government**. This requires fair competitive conditions and the right financial framework. DB has its own transport policies in order to represent its business interests and assume its responsibilities in the political sphere. This enables DB to support and deepen the process of ascertaining opinions and developing policies in a constructive manner in the political sphere and provides solid arguments to reach a good outcome for all parties concerned.
- The particular significance and appraisal of the political claims and contacts from the DB standpoint are also reflected in a separate **Economic and Political Affairs Board division**, which among other areas includes the areas "Political Affairs and Transport Policy" and "Competition, Regulation and European Affairs." The division, which functions as a contact for government and associations, pools and manages the implementation of advocacy for the entire Group.
- The political work is based essentially on two pillars: the strategic processing of **prioritized issues** and the **orderly exchange** with political interfaces and partners. Positioning in the most important topics is done in a clear process where political debates and legal initiatives are analyzed, external demands observed, and our own opportunities and risks assessed.
- A number of different **formats and media** are used to exchange ideas, in accordance with the requirements of the political partners. These range from regular interviews – for example with the Federal Ministry of Transport or the state groups of the large parties represented in the Bundestag – through lectures, position papers, informal inputs, contributions to external events and our events to our own regular publications – such as the "Competition Report" and the "Mobility" newsletter, which is addressed to the government and appears six times a year.

In dialog with experts and associations

- In order to gain independent advisors for the public debate and to position the company, the Group Board founded a **Rail Advisory Board** in 2002, a committee made up of well-known and renowned personalities from business, academia and public life. The DB Group carries out intensive discussions with the Rail Advisory Board on key corporate positions and concerns. In 2008, a sub-committee of the Rail Advisory Board with a remit on sustainability was set up.
- DB maintains a close dialog with **business and umbrella associations**: regular meetings on both the professional and top level contribute to mutual support in key social and political concerns, for example in the context of infrastructure policy, as well as interfaces with the public sector and other businesses. DB brings particular competence in sustainability to committees and dialog forums involving all types of transport. DB representatives are in demand as panelists in events held by umbrella organizations, such as the Day of German Industry 2008 on the theme "Solidarity needs Performance" and German Employers' Day, as well as at numerous conferences held by the Chambers of Commerce and Industry. Conflicts of the past, such as competition for market share between the between types of transport, are much less severe after benefitting from various joint initiatives.
- DB is also in intensive dialog with **environmental associations**: the two parties exchange views on numerous projects and initiate joint concrete improvements in the annual top-level meeting of the chairpersons of the environmental associations with the DB CEO and Chairman (since 2000) and also in the

annual two day “Workshop Environment and Transport” (since 1997). This has significantly improved the mutual understanding between DB and environmental organizations.

- **Science and higher educational institutions** are of special importance to DB from three standpoints: attracting young students and academics, research and development, as well as laying the basis for the political and strategic decision-making process. As such, they also play an important role in DB’s dialogs with its stakeholders. DB’s contacts with academia are manifold: the funding of university chairs and academic posts - at the Technical University (TU) of Berlin, TU Dresden and the University of Darmstadt; memberships and contributions in support of scientific societies - including the universities of Cologne, Münster and the Humboldt University of Berlin; expert reports; joint projects; joint specialized events; regular discussion forums - including the annual meetings of the Group Management Board with the German railway professors and with the Scientific Advisory Board at the Federal Ministry of Transport, Construction and Urban Development; the supervision of dissertations, students and trainees; participation in lectures; guest lectures; fireside chats and individual expert and specialized discussions.
- With regard to the development plan for train stations, DB is committed to an intensive dialog with federal, state and local governments. Building on **station conferences at the state level** and at **local station conferences**, DB and its partners are jointly developing and coordinating state-specific station development strategies, as well as specific station projects.
- In upgrading existing lines and building new ones, DB does not only draw on the **needs and wishes expressed by community groups and residents** within the framework of planning approval procedures, but also begins an intensive dialog with the broader community. One such example is the upgrading of the Rheintalbahn (Rhine Valley Railway) to four tracks, one of the most important rail projects in the coming years, where regional political representatives are also kept fully informed about the state of planning and procedures through regular talks.

1.2.3.2 Memberships

Association memberships

DB is a member of numerous business, industry and other associations, from the German Transport Forum to the Federation of the German Tourism Industry to the Community of European Railways.

A company the size of DB can operate only to a very limited degree without cooperating with other enterprises and stakeholders. DB is therefore heavily involved in numerous alliances, associations and chambers for a variety of reasons:

- Joint advocacy,
- Networking and industry and sector contacts,
- Collecting information,
- Services of the association, for example in education,
- Competent technical support in defining norms, standards and technical developments,
- Compulsory membership.

The first three reasons in particular are important for dialog with stakeholders. DB’s memberships in the following industry associations form the cornerstone of the Group’s involvement in Germany’s national associations:

- Association of German Transport Companies (VDV): The VDV is the largest German trade association for public transport and has over 500 members. DB is represented at all levels in the sector dialog, from state groups to technical committees and executive boards to the Executive Committee. DB representatives also provide support in terms of content and personnel to VDV’s sustainability committee, which was formed in 2008.
- The Deutsches Verkehrsforum: The DVF represents the interests of all modes of transport in the political arena and provides a cross-modal dialog platform. The CEO and Chairman of the Management Board, the Chairman of Logistics and the Chairman of Economic and Political Affairs are represented on the Executive Committee.

- The Pro-Rail Alliance (ApS): The ApS is a coalition of environmental and passenger associations, trade unions and transport and automobile clubs, as well as rail supporters and professional organizations that supports a stronger rail industry. The Pro-Rail Alliance is supported by various companies, including DB.

DB's other engagements include memberships in Chambers of Commerce and Industry, in the German Association of Transport Sciences (DVWG), the International Chamber of Commerce Germany and the Federation of the German Tourism Industry, as well as the Federal Association for Economic Development and Foreign Trade (BWA), which focuses on the discourse on ecological, social and economic contexts. Its chairman is also a member of the Rail Advisory Board.

Internationally, DB is a member of various organizations such as the International Union of Railways (UIC), where in particular joint projects and standards are developed. At the European level, DB's membership of the Community of European Railways (CER) allows the Group to make use of the joint advocacy of rail companies in pursuing their common interests vis-à-vis the European Union. DB is also heavily involved in organizations working on technical development in the rail sector. As a result, the standards set by various organizations are of major importance to the Group in the long term.

In recent years, DB has intensified its commitment to environmental protection initiatives and sustainable management and operation. DB was, for example, involved in the establishment of the Forum for Sustainable Development of German Business "econsense" and in the climate initiative "2Grad" (2Degrees). In addition to cooperation and dialog, membership includes a commitment to common principles of sustainable management.

A joint commitment to sustainability



Econsense is a Forum of German Business to promote sustainable management and operation. It offers its members a dialog platform, a think tank, a collection of good practice examples and a leadership forum.



The initiative 2Grad brings together well-known German entrepreneurs involved in climate protection. The stated social goal is to limit global warming to 2°C.



Deutsche Bahn is a member of the International Union of Railways (UIC). An important part of our international work takes place on UIC's environment platform. The "K-block" whisper brake was jointly developed through UIC, whose committees also develop sustainability indicators for the rail sector.



Sustainability reports, such as this one, are usually based on the indicators of the Global Reporting Initiative. DB Schenker Logistics was involved in the development of additional indicators in transportation and logistics.



Since 2009, DB has been taking part in the United Nations Global Compact, a voluntary industry initiative of the United Nations, with the aim of shaping globalization in a more social and environmental way.

Important memberships in the HR area:

- Employer Award for Training of the Federation of German Employers' Associations (BDA): The DB Group is committed to targeted and comprehensive quality improvement in the education and training of children, adolescents and adults. As part of its commitment, in 2007 and 2008 Deutsche Bahn, together with the Confederation of German Employers' Associations, presented the German Employers' Award for Education. This prize awarded prizes in five categories to beacons in the educational landscape, from pre-school education to general education institutions and vocational schools to businesses and universities.
- Employers' Association of Mobility and Transport Service Providers, Registered Society (Agv MoVe)
- HR Marketing Working Party
- Baden-Baden Talks Business, Society for the Promotion of Young Entrepreneurs
- European Foundation for Quality Management (Brussels)

- Fundraising Group of the Federation of German Employers' Association, Registered Society
- Social Policy Transport Association (SAV) in the BDA
- Stifterverband for the Association for German Science
- Association for the Promotion of the Foundation of German Industry for Qualification and Cooperation, Registered Society

1.2.3.3 Environmental dialog

In dialog with environmental organizations

DB wants to maintain its advantage as an environmentally friendly transport company over the long term. The environmental initiatives and associations support the company in its efforts. The two sides have been conducting an open dialog with each other for a considerable length of time.

Even if people agree on the goal “more traffic onto rail - (also) for environmental reasons”: the basic positions of DB and environmental organizations are not always congruent. As a result, the two sides have so far been unable to reach a consensus in the development of high-speed lines or taking bicycles onto our ICE trains.

On the other hand, DB and environmental organizations concur fully in their rejection of larger and heavier trucks, the GigaLiner, on German roads. For DB, the dialog with its stakeholders in the environmental field is both important and necessary because it strengthens the social acceptance of the Group's operations and entrepreneurial actions lends the company impulses and ideas.

For the dialog with environmental organizations, DB has established several forums that in some cases are now developing into institutionalized cooperation. One of these examples is the cooperative effort “Destination Nature,” which was set up in 2001 and now puts Deutsche Bahn, together with BUND, NABU and VCD, 17 German and now one large protected area in Switzerland at the center of a campaign for environmentally friendly tourism.

Annual "Summit" with environmental groups

Once a year the DB CEO and Chairman of the Management Board and the generally authorized representative for Integrated Systems Rail together with the chairpersons of the major environmental organizations, discuss current transport and the environmental issues. The focus is, among other areas, on promoting rail freight transportation, reducing noise levels and particle emissions, as well as the energy tax - and agreement to continue “Destination Nature.”

Workshop on the environment and transport

In its annual two-day workshop on environment and transport, which it launched in 1997, DB offers a wide range of participants drawn largely from environmental and transport organizations the opportunity to learn about current developments at DB in terms of climate and environmental protection. Up to 70 participants from environmental and transportation organizations, academia, trade unions, the Federal Environmental Office, the Federal Environment Ministry and foreign railroads attend the workshops. The momentum from the event has initiated or accelerated numerous projects within DB and at the same time promoted mutual understanding between DB and environmental groups.

Expert discussions and joint projects

Deeper discussions are also possible in meetings between experts, where DB responds to questions and proposals from environmental groups. For example, at the request of the associations, in 2008 the issue of pollutant emissions was discussed during an expert round at the Erfurt plant of DB Bahn Regio. At the same time, it is also DB's goal to inform people about the practical aspects of rail operations and create transparency about products and technology, as well as to bring together the environmental associations with the right specialists. DB benefits from the impetus it receives for its future work.

Project-related cooperation and dialogs in the environmental area are ‘business as usual’ for DB. DB works closely not only with environmental organizations, but also with public authorities, ministries and local government officials, whether it is a question of agreeing on common positions, project support or joint projects. Our collaboration aims at developing agreed solutions to make for an even more environmentally friendly and attractive rail system.

1.3 Strategy

1.3.1 Corporate strategy

Responsibility and business success depend on one another

DB's business model ensures sustainable mobility and logistics for both customers and society, for economic success and jobs.

The DB Group has developed its strategy on the basis of four mega-trends that will significantly shape DB's mobility and logistics markets. These are: globalization, climate change and resource scarcity, the liberalization of the European rail market and the demographic change in Germany and Europe.

The global flow of goods will increase in the future, and the international division of labor will continue to grow. People will also need affordable mobility in the future, but the mobility needs will change. The liberalization of rail transport in Europe offers new opportunities and leads to a significant change in the structure of competition. On the transport markets, climate and environmentally friendly products are experiencing increasing demand. Fossil fuels such as oil, gas and coal will become scarcer and more expensive. The competition for young professionals and managers is increasing, while the average age of DB staff is steadily increasing.

Set for the future

The DB Group is well equipped to meet these challenges. In recent years, DB has prepared for a secure and sustainable future by carrying out a series of exceptional reorganizational and modernization measures, transforming itself from a loss-making state-owned railway into one of the world's leading mobility and logistics companies. The DB Group has integrated the European rail freight and global transport networks in order to handle today's global flow of goods. DB thus adapts to changing requirements of markets, which are increasingly demanding efficient and ecologically optimized and integrated transportation and logistics solutions from a single source - whether by freight train, truck, ship or plane - from door-to-door and across the entire process chain. The DB Group also takes into account changing passenger needs by expanding high-speed networks and thus providing an alternative to the poor CO₂ balance of short-haul flights. At the same time, the DB's regional trains and buses also offer services in regional areas where the rail infrastructure is being upgraded and where increasing traffic volumes can be expected in the future.

Responsibility for climate protection

DB takes its social responsibility seriously, in particular by maintaining and expanding environmentally friendly rail transport. Our market share of rail transport, which has been rising for years, is evidence of our success in our commitment. By the intelligent combination of all modes of transport with a high proportion of environmentally friendly rail in the portfolio, DB is in a position to offer high energy and climate efficiency along the whole mobility and logistics chain in comparison to its competitors. Thus, with regard to rail transport, DB has in recent years managed to uncouple transport growth from the environmental impact. DB is thus setting a clear sign: sustainable mobility exists and can today already make a major contribution to achieving ambitious climate protection goals. Since 1994, the DB Group has reduced its CO₂ emissions from rail per passenger and ton-kilometers, the so-called specific CO₂ emissions, by around 33 percent. By 2020, the DB Group wants to cut the specific CO₂ emissions by a further 20 percent right across the Group: rail, road, air and sea. Our responsibilities as employer and purchaser

The most important resource of the DB Group is its employees because they all make a decisive contribution to the success of the company. Around 252,000 people work for the DB Group, including some 190,000 in Germany. The central concern of DB is to be successful on the market, safeguard jobs and make them attractive, as well as to position the company as a modern, socially responsible and sustainable employer. With a purchasing volume of around 23 billion euros, the DB Group is one of the largest purchasers and accounts for over 600,000 additional jobs in Germany, particularly in small and medium-sized firms.

Advantages of the integrated Group

DB sees itself as an integrated Group whose business units cooperate sensibly and efficiently. Only the close integration of infrastructure, passenger services, transportation and logistics, as well as engineering and

procurement, enables DB to develop the innovations that optimize the potential of rail transport and strengthen its competitiveness in comparison to road and air. On another level, the Group-wide labor market helps ensure that employees can switch to other jobs temporarily or permanently when necessary for operational reasons.

Sustainability as an integral part of corporate strategy

Commercial success and socially responsible actions do not contradict each other – in fact, they are interdependent. DB can only offer sustainable and secure jobs as long as its operations are commercially viable. No one disputes that trains are environmentally friendly – but even so, its products must hold their own in a competitive and price-sensitive market. DB has taken on this challenge and thus makes a substantial contribution to Germany's future viability. Internationally, Deutsche Bahn is seen as a model for the successful restructuring of former state-owned railways and the organization of climate-friendly mobility and logistics services.

The DB Group has a sustainable strategy and diversified and expanded its range of products and services. DB has the potential to successfully master the global economic crisis and emerge from it stronger than ever before.

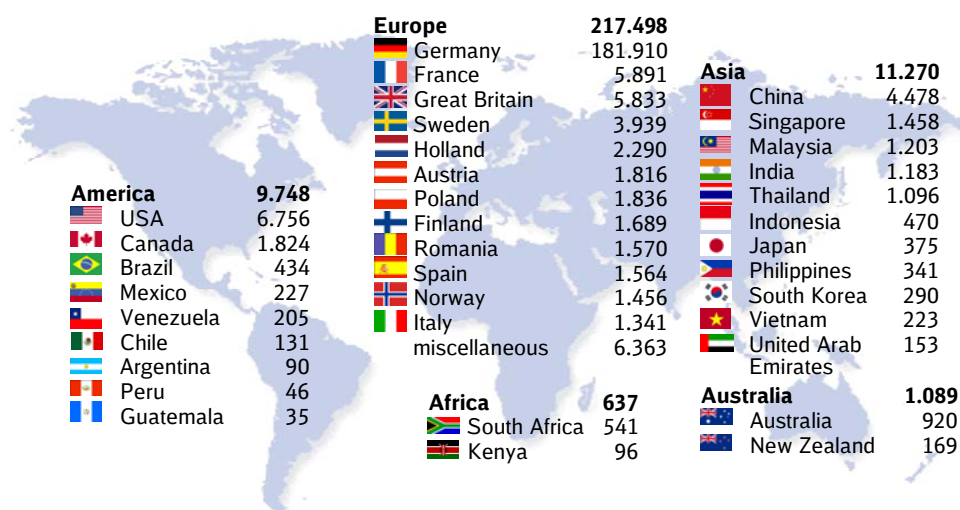
DB Group - facts and figures

Commercial success	
Turnover	33.45 billion euros
Adjusted EBIT	2.48 billion euros
Gross investment	6.77 billion euros
Ratings Moody's/ Standard & Poor's/Fitch	Aa1/ AA/ AA
Securing jobs in Germany	
Employees of the DB Group (physical persons)	252,547
Employees of the DB Group (converted into full-time staff)	240,242
Securing jobs in Germany in total (directly and indirectly)	approximately 600,000
DB's attractive rail and bus transport	
Operating performance on the network	1.0 billion train-path kilometers
Passenger transport (rail and bus)	2.7 billion
Passenger transport performance (rail and bus)	87.0 billion passenger-kilometers
Freight transported (rail)	378.7 million tons
Rail freight transport performance (rail)	113.6 billion ton-kilometers
Increase in transport performance by rail in Germany	
Increase in DB rail transport performance since 1994	+ 25 percent
Increase in DB rail passenger transport performance since 1994	+ 19 percent
Increase in DB freight transport performance since 1994	+ 29 percent
Reduction of energy consumption and CO2 emissions in rail transport	
Energy consumption (total) since 1994	- 15 percent
Energy consumption per person or ton-kilometers (specific) since 1994	- 32 percent
CO2 Emissions (absolute) since 1994	- 16 percent
CO2 Emissions per person or ton-kilometers since 1994	- 33 percent

As of financial year 2008

Employees of the DB Group worldwide by region and location

(in VZP, as of December 31, 2008)



Employees of the DB Group worldwide by region and location

1.3.2 Future Viability

Ready for the future

DB is well-equipped for future challenges: in the transportation and logistics sector as one of the world's leading providers that can combine all modes of transport, and in passenger transport, where it has more than held its own among the competition as a mobility service provider in the heart of Europe.

People's lives and society – and therefore the economy – will continue to change as a result of globalization, climate change, the scarcity of resources and demographic changes. The liberalization of the European rail market offers new opportunities in changing markets. Based on our analysis of these megatrends, the DB Group has positioned its structure and its products for the future. DB has thoroughly analyzed these trends against the background of the current global economic crisis and concluded that these long-term trends remain unchanged.

Megatrends in the transport market

- **Globalization:** global trade flows will continue to increase. DB is well-equipped to cope with increasing globalization through its offer of integrated logistics networks - with the rail freight transport as its core business. DB has analyzed the impact of globalization on future trade and as a result has increasingly internationalized its portfolio. Through the successful integration of the Schenker transportation and logistics company into the DB Group, DB can realize sustainable freight transport globally for its customers by optimally combining all modes of transport. DB has successfully integrated national rail freight into European freight and international logistics networks. By combining all modes of transport, DB enjoys a decisive competitive advantage compared to other transportation and logistics providers and can provide its international customers with products from a single source along the entire logistics chain. This also strengthens national rail freight transport. An important issue for the future will be the development of infrastructure for traffic between seaports and their hinterlands in Germany in order to prevent bottlenecks.
- **Climate change and scarce resources:** The protection of the global climate and limiting global warming are the key challenges for the future. An essential factor behind the increase in CO₂ emissions is motorized traffic. The DB Group responded early and since 1994 has been setting and achieving ambitious energy and CO₂ reduction targets. Between 1994 and 2008, the DB Group reduced its specific CO₂ emissions from rail by approximately 33 percent. By 2020, specific CO₂ emissions should fall by a further 20 percent, right across the Group and across all business units. In addition, DB has developed innovative climate-friendly products such as completely CO₂-free business travel and rail freight by bringing additional renewable

energy into the rail traction current network, which in turn results in important competitive advantages in a market in which sustainable mobility and transport solutions are becoming increasingly important for customers. At the same time, society benefits from future-oriented mobility. With the rapid growth of the global economy in recent decades, finite resources are becoming scarcer, particularly fossil fuels such as oil. The DB Group has long since taken resource efficiency for granted: we have clearly demonstrated that we use energy in an efficient manner. About 95 percent of our track material such as rails, sleepers and ballast is recycled. During their long service life, many vehicles, for example our ICE-1-fleet, are modernized in such a way as to economize on resources.

- **Demographic change:** demographic change affects the DB Group in a number of ways. The change in the age structure is leading to changes in our environment. Germany's population will decline as a whole, but not everywhere: conurbations such as the Rhine-Main region and Greater Munich will continue to grow. At the same time, people's lives will be determined even more than today by occupational relocation and split households. As a result, the demand for mobility, both between cities and within metropolitan areas, can only increase. DB is already capable of operating complex local transport networks with optimal connections to the long-distance transport network. With its business units DB Bahn Long Distance, DB Bahn Regional and DB Bahn Urban, DB can give people an attractive and environmentally friendly alternative to cars and aircraft not only today, but in the future as well. On the labor market, the demographic change will lead to a shortage of young recruits and specialists. DB has therefore initiated programs to promote health and lifelong learning and to ensure to attract young workers.
- **Liberalization of the European rail market:** European rail freight transport has been fully liberalized since 2007, and from 2010 private rail passenger companies should also be able to offer cross-border connections. The German market for passenger transport and rail freight transport is considered to be liberalized and competitive compared to other EU countries. Today, over 300 competitors use DB's infrastructure - the DB Group has thus shown it can handle competition. The DB is exploiting its opportunities for international growth not only in order to expand its operations and secure markets as a result of the ongoing liberalization, but also to compensate for possible risks of increased competition on the German domestic market. For example, in 2008, the DB Group purchased Laing Rail in the United Kingdom to gain entry to one of the largest foreign passenger markets. With the acquisition of the largest British rail freight carrier EWS and other rail companies, DB Schenker Rail is building a European network for rail freight transport and as a result is also strengthening the railroad in Germany.

DB is a commercially successful company that in an exemplary fashion is combining its economic future with its responsibilities towards the environment and society. DB's strategy mix of sustainability, innovation and customer orientation has positioned the Group well for the future so that it will be able to offer environmentally sound, sustainable and efficient solutions in a growing market and thus secure and consolidate its market position and commercial success. This will also secure jobs for the future.

1.3.3 Commercial Development

Deutsche Bahn still on course for success

2008 was the most successful year ever for DB - despite the financial crisis and declines in the fourth quarter. As a result, our adjusted operating income, transport performance and sales increased for the sixth year in a row.

Despite the financial and economic crisis, in fiscal year 2008 the DB Group increased sales, transport performance and operating income for the sixth time in a row. In 2008, with its 240,000 employees, the DB Group recorded an increase of seven percent over the previous year and achieved a record turnover of 33.5 billion euros. The adjusted operating result rose by around five percent to 2.5 billion euros, a result that shows that DB is ready for the challenges of the crisis and that its business model is valid. The success of last year is mainly due to an increase in passenger transportation. In Germany and Europe, 2.7 billion passengers traveled on the DB Group's trains and buses last year, more than ever before. Increases were mainly achieved on rail, with long-distance transport passenger numbers up 3.8 percent, regional figures up 3.0 percent and rapid transit systems in urban transportation up 8.0 percent. The number of bus passengers fell slightly by 0.7 percent. Nearly 379 million

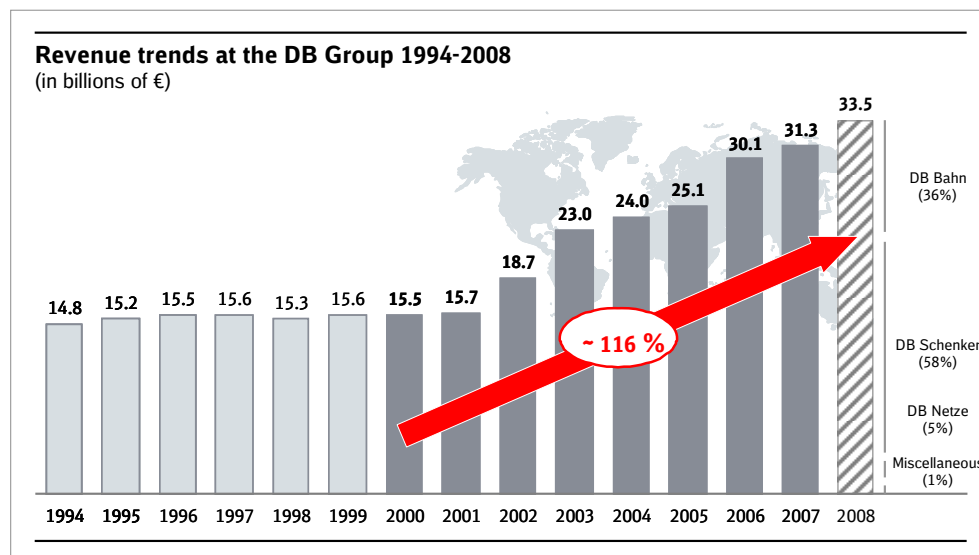
tons of freight was transported worldwide by DB in 2008. In rail freight transport, the amount of shipped goods grew by about 21 percent and transportation performance by 15 percent on account of our British subsidiary EWS, which was acquired at the end of 2007 and included in the Group's figures for first time. In European land transport, DB Schenker grew by four percent last year. Ocean freight volume remained stable, while airfreight fell by about 3 percent. Despite the declines in rail freight transportation and logistics due to the crisis, in 2008 the DB Group achieved a positive result overall. The Group is profitable and strategically well positioned, and all business units occupy top positions in their respective markets.

Deutsche Bahn's success story

The development of Deutsche Bahn AG since its foundation in 1994 is a success story. Due to extensive reorganization, increased efficiency and modernization programs, the Group has transformed itself from a loss-making state-run enterprise into a powerful and commercially and ecologically efficient company whose focus is on our customers and their interests. Only the privatized railroad once again made rail passenger and freight a competitive means of transport attractive to customers and, as a result, relieved the burden on the German taxpayer.

Combating the crisis, become more competitive

In the current global economic crisis it is not only important to consolidate past achievements, but also to take advantage of the opportunities that the crisis offers. To actively combat the crisis, our integrated Group will carefully follow the development of our markets, bundle the most important cost and market measures and implement them consistently.



Turnover at the DB Group

1.3.4 Company profile

The Deutsche Bahn Company

Founded in 1994, DB AG is today one of the leading mobility and logistics companies worldwide. In 2008, the Group changed its structure, but DB AG remains firmly committed to the principle of an integrated company.

With around 240,000 employees globally, DB provides national and international services through its sectors "Mobility, Network and Logistics," which are consolidated in the Group brands DB Bahn, DB Schenker and DB Netze. Nevertheless, DB's core business is and will remain rail. The DB Group has a diversified portfolio of products and services and with 2,000 locations in 130 countries is present all around the world. Our corporate headquarters are in Berlin.

New Group structure

In 2008, the DB Group changed its structure in preparation for the planned partial privatization. Since then, Deutsche Bahn AG (DB AG) and DB Mobility Logistics AG (DB ML AG) have assumed Group management functions in the integrated DB Group. DB AG manages the infrastructure business units, which will therefore remain wholly owned by DB AG even after a partial privatization of DB ML AG. All activities in the passenger sphere and in transportation and logistics, as well as the bulk of rail-related services (such as vehicle maintenance), are under the management of DB ML AG and form the Sub-Group DB Mobility Logistics. The basic principle of the integrated Group remains unaffected by this change. DB Mobility Logistics AG is a wholly owned subsidiary of Deutsche Bahn AG. Close agreement and coordination are facilitated by the Integration Committee and the joint function of the CEO and Chairman and the CFO. Only in this way can the technical developments and innovations necessary for rail be realized efficiently. And only in the integrated Group can the company's internal labor market function as efficiently as in the past.

Following the decisions of the German Federal Government and the Bundestag on partial privatization in early summer 2008, the DB Group had completed the preparations for the initial public offering of DB Mobility Logistics AG within a few months. Due to the dramatic developments on the stock exchanges all over the world however, the Federal Government, as the owner of the DB Group, decided in October 2008 to postpone the proposed initial listing on the Frankfurt Stock Exchange.

Passenger Transport division: seven million passengers a day

Mobility offers represent the core competence of the DB Group's Passenger Transport division under the brand name of DB Bahn. With a turnover of 12 billion euros, DB Bahn is the second-largest European rail passenger provider, with seven million people using its trains and buses every day. DB's performance in passenger transport, however, increased in 2008 by a total of some four percent to nearly 78 billion passenger-kilometers. The number of passengers rose by 4.6 percent to 1.9 billion.

- **DB Bahn Long Distance:** The business unit provides national and international long-distance rail services. Approximately 14,600 employees working at the DB Bahn Long Distance business unit achieved sales of around 3.5 billion euros in 2008. With fast and convenient direct links to cities at attractive prices, DB wants to convince its customers and consolidate its market share. In 2007, the Group opened a high-speed line between Frankfurt and Paris. In order to upgrade the European high-speed network, DB has teamed up with other rail companies to form RailTeam. This alliance includes DB, SNCF (France), NS Highspeed (The Netherlands), ÖBB (Austria), SBB (Switzerland), SNCB (Belgium) and the two international high-speed providers Eurostar and Thalys.
- **DB Bahn Regional:** The business unit DB Bahn Regional has around 25,000 employees and provides rail passenger services in an extensive regional network, including connections with major urban centers. In 2008, it recorded sales of around 6.7 billion euros. In order to expand its business base and exploit the opportunities offered by the opening up of the European rail market, DB acquired 100 percent of the British rail company Laing Rail and its stake in Chiltern Railways in 2008. In addition, the Group has a 50 percent stake in London Overground Rail Operations and Wrexham, Shropshire and Marylebone Railways. These steps mark the DB Group's entry into one of the largest European rail passenger transport markets
- **DB Bahn Urban:** The business unit DB Bahn Urban operates rapid transit systems in Berlin and Hamburg, as well as 22 bus companies in Germany. It employs some 12,000 people and in 2008 had a turnover of nearly two billion euros. DB Bahn Urban offers public road transport services on its own behalf or to cities and counties, mainly in overland transport. In order to secure sustainable growth, DB plans a systematic expansion of its urban lines. In 2007, it acquired the Danish provider Pan Bus and increased its business volume by winning public tenders. In addition, Busverkehr Ostwestfalen GmbH (BVO) won the contract to operate all bus services for British Forces Germany (BFG) in Germany after a pan-European tender.

Transportation and logistics: global networks and rail as core business

DB has a uniform market presence and under the brand DB Schenker positions itself as the leading provider of global transportation and logistics services. DB Schenker provides its customers from bulk cargo to general cargo global solutions across all modes of transport along the entire logistics chain. At the same time, the DB Group

combines its position in European rail freight transport and European land transport with its strong positions in global air and ocean freight, as well as in contract logistics and supply chain management. Since the successful integration of Schenker, the DB Group is not only the number one in European rail freight transport, but also the leader in freight forwarding and logistics. The basis of our success is the successful integration of rail freight transport in international logistics and transport networks. Despite the current economic crisis, we believe it is likely that global trade flows will continue to increase and that after declining, logistics markets will again grow significantly.

- **DB Schenker Rail:** With around 380 million tons shipped in 2008, the business unit DB Schenker Rail operates the largest rail freight company in Europe. DB Schenker Rail employs approximately 29,000 people and in 2008 achieved a turnover of 4.6 billion euros. In recent years, DB Schenker Rail has expanded its activities through cooperation agreements and investments in Italy, Switzerland, the Netherlands, Denmark and Sweden, allowing it to offer continuous shipments on the north-south axis from Scandinavia to Italy. The acquisition of the British rail freight company EWS, the majority takeover of Transfesa in Spain and the founding of East West Railways in Poland have now expanded DB Schenker Rail's portfolio to include Europe-wide transport from east to west. These developments open up new possibilities for DB Schenker Rail to develop innovative offerings in rail freight transport.
- **DB Schenker Logistics:** The business unit DB Schenker Logistics provides its customers with integrated logistics solutions to handle global trade flows by land, air and sea, as well as all the associated logistics services. In 2008, DB Schenker Logistics transported more than 72 million shipments by land in Europe, more than 1.2 million tons by air, and over 1.4 million TEUs (Twenty-foot Equivalent Units) by sea. With its more than 62,000 employees, DB Schenker Logistics achieved a turnover of approximately 14.7 billion euros in 2008. DB Schenker Logistics acquired the largest Romanian forwarding company Romtrans in 2008, and thus strengthened significantly its presence in land transport in Southeast Europe. In addition, DB Schenker Logistics provides global logistics and supply chain management (SCM) solutions, from material delivery to distribution of finished products, in order to support its customers before and after the actual transport.

Services: technology & engineering, maintenance, fleet management and security

- **DB Services:** The business unit DB Services provides traffic-oriented services and infrastructure-related services, mainly to DB Group companies, but also to external customers. In 2008, its 25,000 employees achieved a turnover of 112 million euros or total revenue amounting to some three billion euros from internal and external customers. DB Fuhrpark (DB Motor Vehicle Fleet) is the mobility and fleet manager of the interface between road and rail and operates with its subsidiary DB Rent the rental system Call a Bike and DB Carsharing. DB Fahrzeuginstandhaltung (DB Rolling Stock Maintenance) is responsible for heavy maintenance and the modernization of rail vehicles. DB Services provides all services relating to real estate and transport, from facility management to the interior and exterior cleaning of trains. DB Security bundles security and regulatory services at train stations and on trains. DB Systel is the DB Group's IT and telecommunications service provider, while DB Communications Technology is responsible for servicing and maintaining everything from network technology to passenger information systems.

Infrastructure

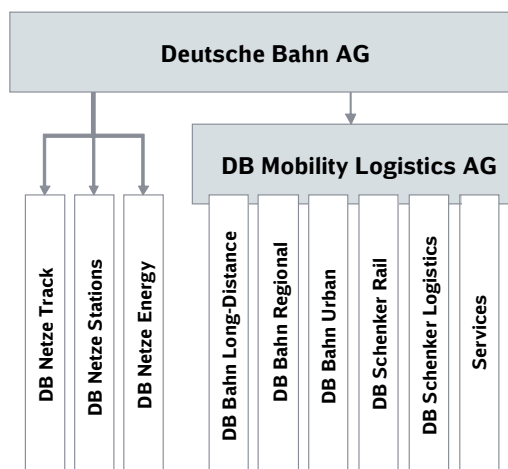
The DB Group has bundled the infrastructure competency of its business units Track, Stations and Energy under the brand name DB Netze. They offer a high quality and reliable infrastructure as the key prerequisite for efficient rail transport and thus for the long-term competitiveness of the rail system. DB's infrastructure in Germany is open to all licensed rail companies (RCs) on a non-discriminatory basis.

- **DB Netze Track:** In 2008, the business unit with some 41,000 employees generated a turnover of around 725 million euros or total revenues of around 5.5 billion euros from internal and external customers. Every day, 39,000 trains run in Germany on the 34,000 kilometers of lines on Europe's longest rail network, which DB Netze Track operates, maintains and continuously upgrades. At the same time, it is a service provider for 340 rail companies (RCs) - including 312 outside the Group. The transport performance of RCs outside the Group has been steadily increasing for years. DB Netze Track compiles the timetables for all the RCs and manages the construction, maintenance and operation of the rail network

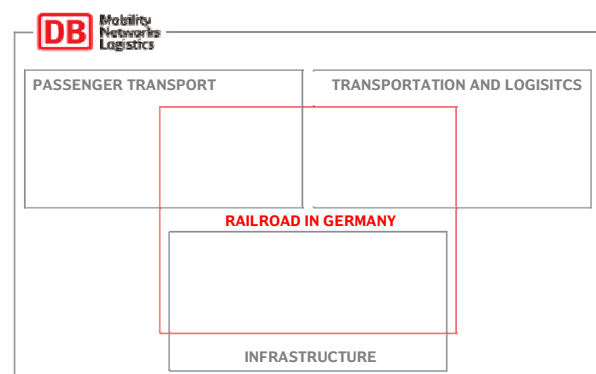
- **DB Netze Stations:** The 4,500 employees of the business unit DB Netze Stations are responsible for the operation of the 5,400 passenger stations as traffic stations and the development and marketing of train station areas. In 2008, the business unit achieved a turnover of 344 million euros or total revenues of nearly 1.3 billion euros from internal and external customers. Since the Rail Reform of 1994, many stations have been thoroughly modernized. DB is also receiving 300 million euros from the economic stimulus program of the German government, which the Group will use to modernize more than 2,000 small and medium-sized stations by 2011.
- **DB Netze Energy:** the technical know-how and the responsibility for supplying the rail companies with traction current and diesel are bundled in the business unit DB Netze Energy. In addition, the more than 1,500 employees at DB Netze Energy are responsible for the planning, maintenance, marketing and operation of DB's technically sophisticated energy networks. In 2008, the business unit generated sales of 554 million euros or total revenue of over two billion euros from internal and external customers. The business unit also provides energy services to customers from industry, trade and the service sector.

The integrated DB Group

Operational and technical components interact and influence each other in the rail system. Integrated Systems Rail therefore manages these interactions in the operational process across all business units. "A central function of Integrated Systems Rail is to efficiently coordinate and optimize the technical and economic aspects of the rail system and to drive technical innovation," says Dr. Lutz Bücken, the generally authorized representative for Integrated Systems Rail, who reports directly to the Management Board. Integrated Systems Rail carries out the task in the DB Group of bringing together experts from the specialized departments with the aim of shaping our integrated rail operations so as to meet customer needs in a safe, innovative, environmentally friendly and economical manner.



Organizational structure of the DB Group



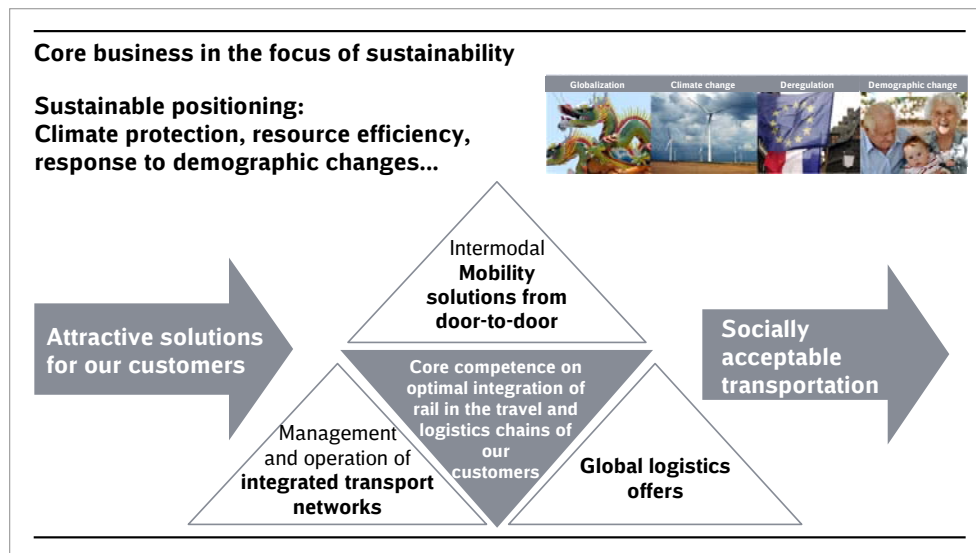
Self-understanding of the integrated Group

1.3.5 Sustainability management

Sustainable performance requires systematic management

At the DB Group sustainable management assesses both social requirements and their impact on the company.

For the DB Group, sustainability means successfully combining social responsibility and securing an economic future. Sustainability is an important competitive advantage in the transport sector in particular. Climate protection and a responsible use of resources in the transport market are relevant social requirements that have to be met. At the same time, however, these requirements create new market opportunities for the DB Group, with the rail mode and its intermodal transport chains. The sustainability of DB's business units and their products – mobility, transportation and logistics, infrastructure – is therefore the focus of our sustainability management.



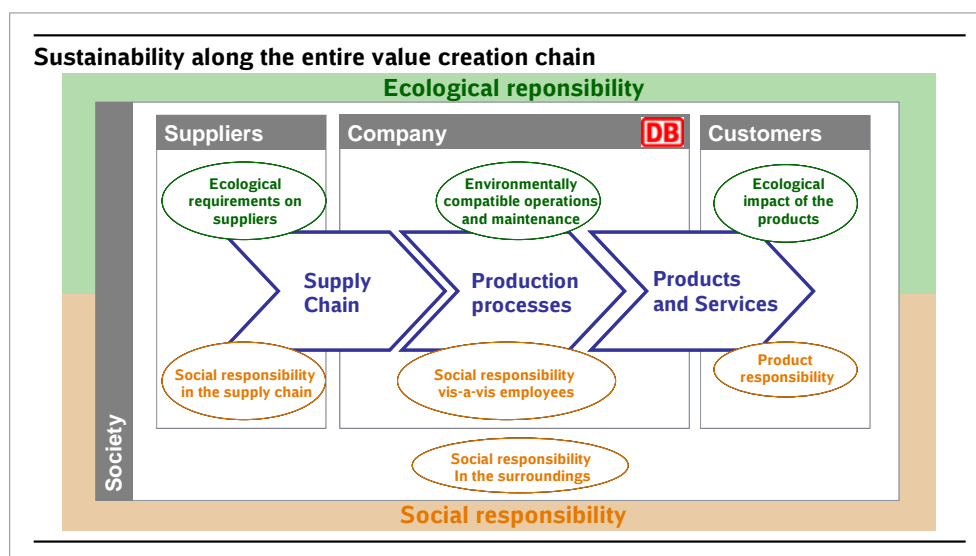
DB will enjoy long-term success by shaping the transport of the future in a sustainable way

Sustainability steering committee

Sustainability is top priority: Since 2005, our Sustainability steering committee has been driving the establishment and implementation of sustainability issues in the relevant areas at the highest level in the Group. Dr. Lutz Bücken chairs the Sustainability steering committee and is the representative for Sustainability Management, as well as the generally authorized representative for Integrated Systems Rail. He reports directly to the CEO and Chairman of the Management Board, Dr. Rüdiger Grube, and in addition takes part in all meetings of the Group Management Board and reports to it on sustainability issues. The heads of the Group sectors Environment, Human Resources (HR), Strategy, Organization, Marketing, Transport Policy, Corporate Governance, Compliance and Communications are also members of the Steering Group, with coordination carried out by the DB Environmental Center. Organization and management are constantly tested and adapted to needs and requirements.

Sustainability management and sustainability strategy

Sustainability includes a whole range of issues resulting from social change and which have an impact on the company. The DB Group is affected by all aspects of sustainability due to its size and the complexity of its processes.



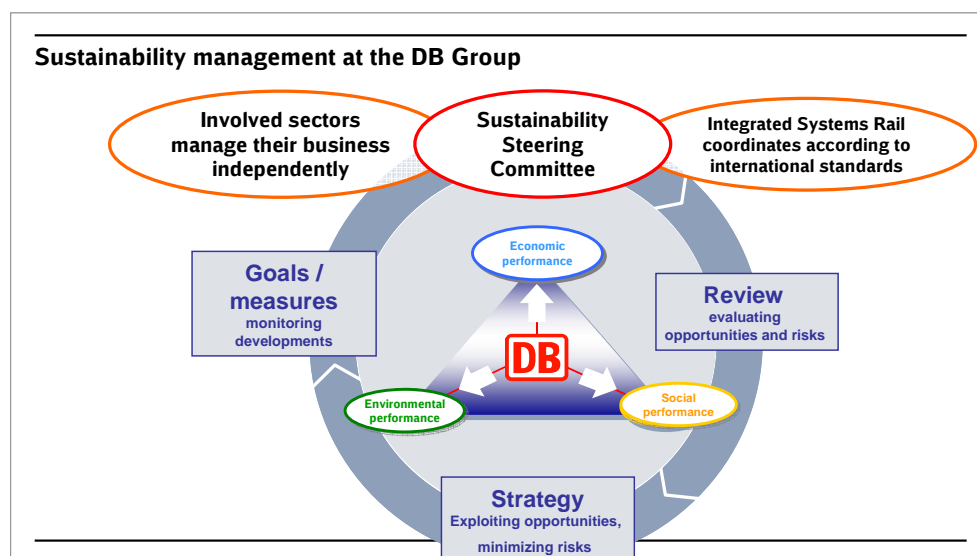
DB focuses on its core business, but we take into account the entire value creation chain.

Priorities are identified using the sustainability management introduced in 2005. The Sustainability steering committee analyzes society's ecological and social expectations and evaluates the associated risks and opportunities for the company. The following priorities for the sustainable development strategy are defined jointly after taking into consideration the mega-trends that exert a major influence on developments in the mobility and logistics markets – globalization, climate change, resource scarcity, liberalization and demographic trends:

- positioning as the leading mobility and logistics company in sustainable transport with the themes of climate change / resource efficiency and noise control
- corporate social responsibility with the themes of internationalization, job security and competitiveness against the background of demographic change and strengthening identification with the company.

Management and implementation of sustainability issues

At DB, the management and implementation of sustainability-related issues are done within our existing management systems and responsibilities within the Group with the respective goals and programs of the areas involved. The main sustainability goals and measures are also anchored in the DB Group's Strategic Management Process (SMP), which is the central platform for creating and setting common strategies for Group management and business units. The members of the Sustainability steering committee ensure a consistent orientation in accordance with our sustainability strategy.



Sustainability is systematically anchored in the DB Group

With the topic of sustainability now successfully integrated in the DB Group, it is now mainly a question of applying and implementing the DB Group's sustainability advantages in its business operations.

The most important sustainability goals and measures are presented in the strategy sections of the Sustainability Report.

1.4 Responsible business

Taking responsibility for our business environment

1.4.1 Anti-corruption

Combating corruption at DB

DB made serious mistakes in the past in its fight against corruption. In 2009, far-reaching conclusions were drawn and a fresh start was made in combating corruption and ensuring compliance.

As one of the biggest purchasers in Germany, with contracts worth well over 20 billion euros, the DB Group, like all large companies, is vulnerable to corruption. Cases of corruption occur in all corporate sectors to a greater or

lesser degree, and in particular on large building projects and in the low-wage sector. Quite apart from the purely material losses caused, corruption also results in great damage to the company's reputation.

Mistakes in combating corruption

Even though combating corruption at Deutsche Bahn was for years seen as exemplary in Germany, it became painfully clear in the wake of the data affair that serious mistakes were made in the investigations. At the time of writing this final report, it was still too early to see how far criminal action might be initiated. On May 13, 2009, Dr. Rüdiger Grube, CEO and Chairman of the Management Board at Deutsche Bahn AG, together with Dr. Werner Müller, Chairman of the Supervisory Board, announced to the public the results of a special investigation carried out by the auditors KPMG and lawyers Professor Herta Däubler-Gmelin and Federal Minister Gerhart Baum Rtd. from the law firm Baum, Reiter & Collegen. The investigation revealed that, among other breaches, there were violations of the Federal Data Protection Act, the Employees' Representation Act and the Telecommunications Law, as well as breaches of internal guidelines. Although no active participation of the Board in the violations was found, consequences have been drawn with regard to top management, thus enabling a fresh start.

Implementing compliance at the board level to achieve sustainable changes in values

To continue a comprehensive change in values, DB has created a new Compliance, Data Protection and Legal Affairs Board division and thus raised these issues at the highest management level. This Board division is also responsible for Corporate Security, where the task is to introduce the highest standards in data protection and the fight against corruption at DB. Furthermore, a new permanent compliance committee with the involvement of outside experts will above all be concerned with combating corruption and data protection and also issue an annual progress report.

1.4.2 Competition

Fair competition

Deutsche Bahn is taking on the competition. Whether by rail, road, sea or air – a level playing field and responsible management play an important role.

Deutsche Bahn proved once again in fiscal year 2008 that it can compete in the marketplace. The Group's turnover, transport performance and operating income increased for the fourth consecutive year. Our rail operations made a major contribution to the positive figures despite – or perhaps because of – a competitive market.

Non-discriminatory access to our rail network

Over 300 rail companies (RCs) are already operating on the German rail network - more than in other European countries. The DB Group's infrastructure sector guarantees all customers non-discriminatory access to the rail network. This is supervised by the Federal Network Agency. The Rail Liberalization Index, which has been underpinning the transport policy debate in Europe with an independent and scientific basis since 2002, made it clear in 2007 that the access conditions for competitors in Germany were exemplary - in both passenger and freight transport. Rail's market share has been growing since the beginning of this decade, year after year: never before have so many people traveled by train in Germany, and never before have so many goods been transported by rail as in 2008. As a result, competitors in the rail sector have been able to consolidate their market share and steadily increase their operating performance - on average by more than 20 percent annually since 2004.

Opening the rail market in Europe

As part of the ongoing liberalization, the European rail freight market was fully opened in 2007. DB has used this opening to expand its network through cooperation agreements and acquisitions. As a result, it can now offer integrated continuous transportation on the north-south axis and, more recently, on the east-west axis. Rail freight transport has therefore become an even more attractive and more environmentally friendly alternative in Europe.

European cross-border passenger transport services are due to be opened up to competition from 2010, opening up for DB opportunities in the European rail sector that other international carriers have been exploiting in Germany for years. Germany opened up its rail passenger market many years ago to competitors. European

competition is leading to new ideas and innovative concepts for customers and is strengthening rail's position in the transport market, stimulating further growth in the European rail sector. The harmonization of the regulatory and technical framework is facilitating this process.

Tenders and competition in German local transport

With regard to regional transport, DB competes with its rivals for transport contracts put out to tender by the individual German states or their ordering bodies. By 2021, all German regional transport operations will again be put out to tender at least once. The Group cannot always compete in such tenders because wage levels reached through collective bargaining agreements with DB staff are often higher than at our competitors. DB is therefore striving for the adoption of decisive measures against wage dumping in the form of a collective agreement covering the whole industry that will apply to all competitors. In addition, the growth prospects in the European local public transport market should be used to become more independent from developments in any one market.

1.4.3 Transport policy

DB in dialog with the government

DB is at the center of the transport policy discussion like no other company. One of the Group's main tasks is to promote transparency vis-à-vis the federal and state authorities, associations and academia and to gain support for the company's strategy.

An important goal is to strengthen the railroad in the overall transport system. The successful implementation of this goal not only requires corporate efforts on the part of DB, but also suitable transport, regulatory, environmental and energy policy frameworks.

Cooperation between different modes of transport by intelligent economic and ecological linking

Deutsche Bahn's corporate strategy aims not only at consistently expanding rail's environmental advantage and strengthening its competitive position in the overall market; rather, the DB Group has early on aimed at bringing all modes of transport into the Group, thus making it possible to network the different modes of transport intelligently to suit customer needs and use them only where we can best exploit their individual strengths, both commercially and ecologically. The integrated Group is thus committed to the combination of different types of transport, not competition between them. As a result, DB's corporate strategy is in harmony with the aims of German and European transport policy. DB has the expertise to organize first-class transportation and logistics services worldwide, and at the same time to do so in an energy-efficient and climate-friendly manner through the tight integration of rail in the transport chain. The implementation of the policy goal of "more traffic onto rail" requires an appropriate regulatory framework in addition to DB's own efforts.

A level playing field for all modes of transport - transport policy must deliver

A strengthening of rail's competitive position in both passenger and freight transport is becoming increasingly important for energy-efficient, environmentally friendly and thus sustainable transport. The transport sector has great potential to reduce CO₂ emissions in view of the medium and long-term improvement expected in transport performance. The success of rail in conjunction with other modes of transport will largely be determined by the efficiency and customer orientation of the Rail companies (RCs) themselves. Fair competition between the modes can effectively support the entrepreneurial efforts of the railroads to move a large proportion of the growth in transport to rail. Appropriate fiscal, tax and regulatory frameworks can consolidate the market success achieved by rail and public transport in the last few years. This meets both transport and climate policy goals.

DB takes the burden off the roads and the environment

- passengers traveling by trains every day **reduce the number of cars on Germany's roads by 3.4 million every day and as a result cut CO₂ emissions by 16,000 tons**. Furthermore, specific CO₂ emissions from long-distance rail transport are on average only about one third of those from road traffic and an astonishing 75 percent less than those from air transport.
- the goods transported by DB Schenker Rail every day by train **reduce the number of trucks on Germany's roads every day by 100,000 and thus cut CO₂ emissions by 23,000 tons**. And at 23 grams of CO₂, the

amount of CO₂ emissions per ton transported and per mile in freight transport is only one quarter compared to trucks (40 tons) and only 1/34 compared to aircraft.

- Emissions of nitrogen oxides and particles from the passenger sector is in particular much lower compared to aircraft and from rail freight much lower compared to trucks.

A comparison of rail with cars and aircraft shows that as before, rail performs well with regard to climate change, energy consumption and specific air pollutant emissions, and is in both passenger and freight transport the most environmentally friendly means of transport.

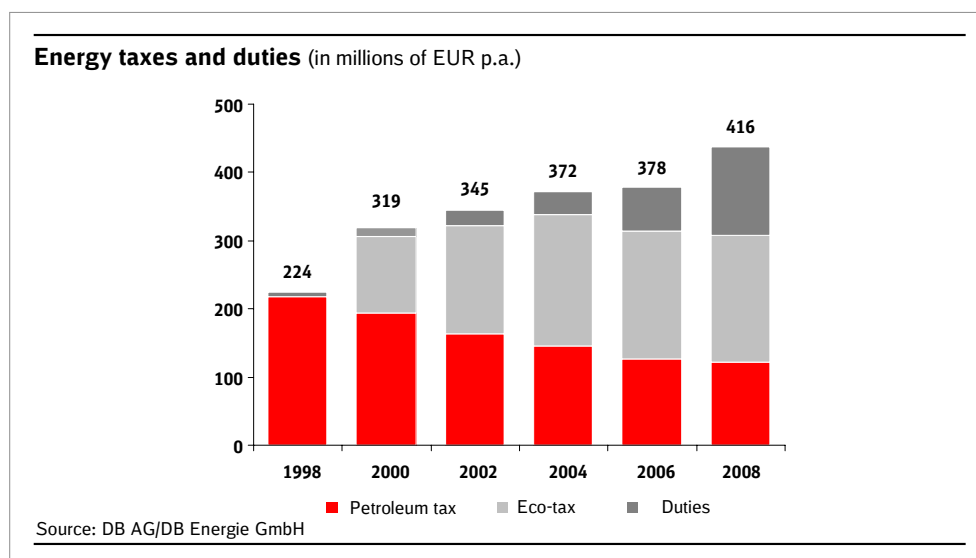
Rising burden of energy taxes despite a significant improvement in the climate footprint

The railroad has a heavy burden due to taxes and duties on energy. The incomplete structure of the European emissions trading system leads to the paradoxical result that in addition to existing energy taxes, climate-friendly rail transport is the only mode of transport burdened with high costs due to emissions trading. At the same time, inland waterways and air travel are completely exempt from the oil tax, which in the price-sensitive transport market is particularly important in terms of competition. Furthermore, air travel will only be included in emissions trading from 2013 – and at much more advantageous conditions compared to rail.

The high and somewhat disproportionate burden on rail as a result of taxes and duties on energy is the result of several factors:

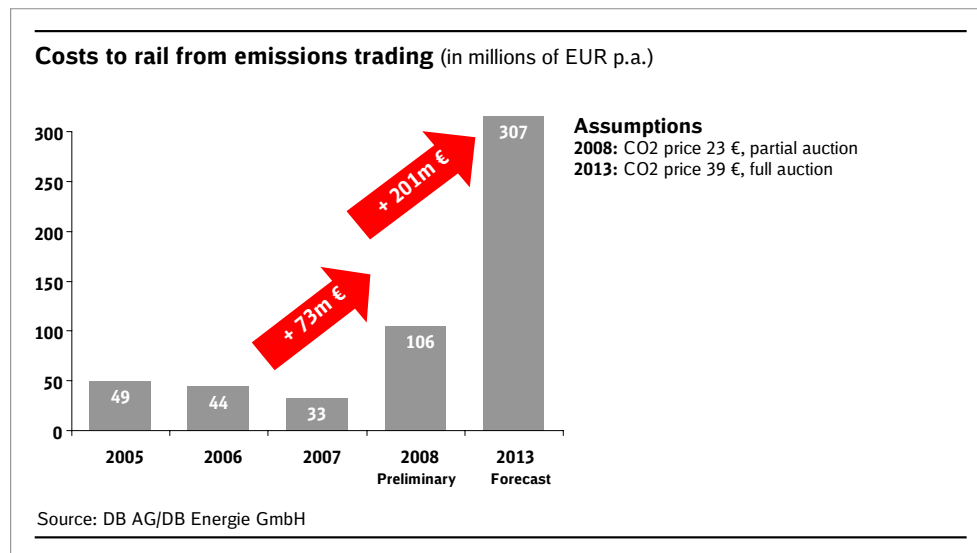
- **Eco-tax:** DB alone paid over **180** million euros in eco-taxes in 2008, while inland waterways and aircraft are exempt from this tax.
- **Mineral oil tax:** DB alone paid over **120** million euros in oil taxes in 2008. Again, airplanes and ships are exempt.
- **Emissions trading,** which so far only affects rail significantly due to the power consumption of electric locomotives, led to an additional cost of over **100** million euros for electricity procurement in 2008 alone.

In total, DB paid over 400 million euros in taxes and duties on energy in 2008:



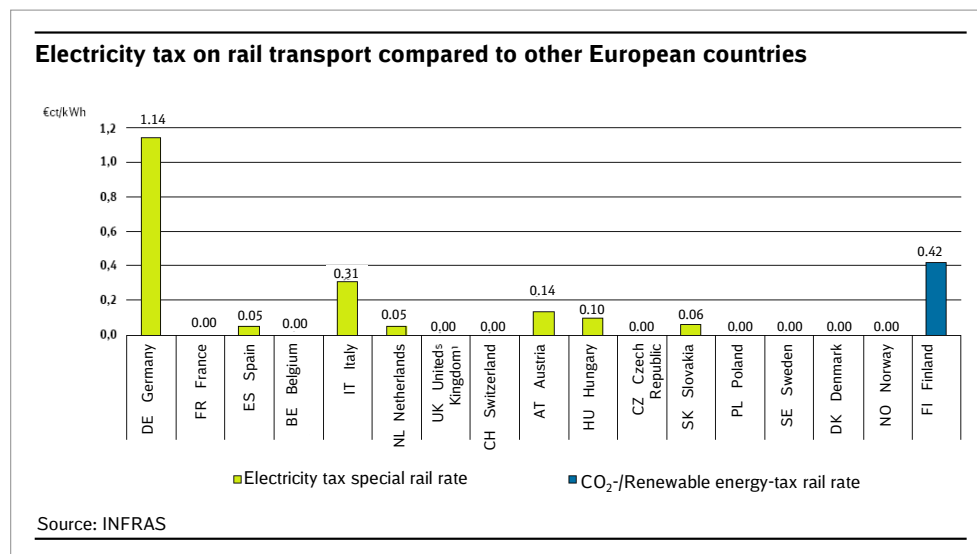
Over 30 percent of DB's energy costs in rail transport are due to taxes and duties

From 2013, further charges amounting to millions loom as a result of emissions trading. The decisions made at the European level to introduce the full auctioning of emission rights for the energy sector will from 2013 lead to additional costs in excess of 300 million euros for electrically powered rail transport. Air transport should be included in the trade from 2012, but its reduction targets are less strict, thus increasing the competitive distortion at the expense of rail even more. Overall, this instrument of climate policy provides no impetus to strengthen climate-friendly rail travel on the transport market. On the contrary, the structure of emissions trading will ultimately lead to shipments being shifted to less climate-friendly modes of transport and thus – contrary to the aim of emissions trading – more CO₂ emissions.



The structure of emissions trading from 2013 threatens to continue to discriminate against rail

As long as no harmonized integration of all modes of transport in emissions trading is achieved, a way must be found to reduce the burden on rail, which already suffers doubly due to the extra costs resulting from the emissions trade. The interrelation between the EU emissions trading system and other climate protection instruments such as the eco-tax should be subject to a thorough study. This also applies to intramodal competition. Many European countries either refrain entirely from imposing a tax on electricity, such as France, Britain, Poland, the Czech Republic and Denmark, or apply much lower rates, such as Spain, Italy, the Netherlands, Slovakia, Norway and Austria.



Germany imposes the highest electricity taxes on rail transport in Europe

The same applies to taxes on rail diesel: once again, German railroads pay significantly higher taxes than in other European countries.

In addition to the taxes and duties on energy, the application of value added tax also disadvantages rail. At 19 percent, Germany is the EU leader in value added tax on long-distance rail passenger tickets, whereas VAT rates for rail customers in western European countries, for example, lie between 0 to 10 percent. Cross-border air travel is also exempt from VAT – as with the mineral oil and eco taxes. A return trip Berlin-Paris-Berlin makes clear how much the different taxes affect prices. The rail passenger must pay 19 percent VAT to the border. On the round trip, the passenger has to pay VAT of around 57 euros. The air passenger on the other hand pays no VAT at all. These charges are reflected in the prices and influence the customer's choice of transport. The transport policy goal to shift more traffic onto rail is thus contradicted by tax policy.

Continued growth on rail - investment in transport infrastructure

Between 1993 and 2008, rail increased its market share of passengers from 7.1 percent to 9.9 percent and of freight from 16.6 percent to 17.4 percent. The forecasts for rail transport in 2015, as contained in the Federal Transport Infrastructure Plan published in 2003, have already been achieved. And despite the current economic crisis, rail transport will increase in the medium term.

To ensure that rail will continue to grow, make increasingly important contributions to transport, the environment and energy policy and relieve the roads, permanent and stable funding is necessary from the federal budget for rail infrastructure amounting to 2.5 billion euros a year for the existing network and at least 1.7 billion euros a year for new construction and upgrading projects. DB also considers it desirable to simplify planning permission for new construction and upgrading measures.

1.4.4 A broad presence in the regions

Responsibility to provide a broad presence in the regions

Deutsche Bahn is not retreating from the regions. On the contrary: with the DB Regio Networks, DB Regional Networks and DB Bahn Urban, it also makes local transport attractive in sparsely populated regions.

Local transport in Germany is provided by public authorities such as the states, municipalities and counties or by companies and transport associations commissioned by them. The public authorities define exactly what range and kind of transport services should be provided. A look at Germany's future settlement pattern shows that regional transportation around large urban areas will continue to grow until 2020, while in rural and remote areas, the population will fall. These trends will also affect the volume of municipal orders. DB is already responding to these trends and with its Regio networks and regional networks for rail transport, and DB Bahn Urban's bus services has developed business models in order to provide the regions with attractive public transport.

DB RegioNetz: an innovative concept for branch lines

In order to offer competitive local transport in sparsely populated regions, DB launched its SME campaign in 2000 and working with the Regio networks built up profitable medium-sized organizations, which are now once again making rail passenger transport in rural areas attractive to customers. The Regio networks are characterized by a special feature: they run transport infrastructure and operations from a single source. Management is provided by DB RegioNetz, which consists of an infrastructure company (Infrastruktur GmbH) and a Transport Company (Verkehrs GmbH). The line network and the stations are leased by the Regio networks. Investment decisions, vehicle use and timetables are agreed locally in consultation with the ordering organizations.

The founding of the first Regio networks in 2002 took place in coordination with the Federal Ministry of Transport and the regional ordering organizations in the states involved. This enabled the resumption of local transport services on several lines where no trains had run for years or even decades. The Kurhessenbahn (KHB) now runs through North Hesse, the SuedostBayernBahn (SOB) operates in Bavaria and the WestFrankenBahn (WFB) between Baden-Wuerttemberg and Bavaria. The Oberweissbach Berg- und Schwarzatalbahn (OBS) runs through the Thuringian Forest and the Erzgebirgsbahn (EGB) through southern Saxony. Together, the trains of these Regio networks cover about 13 million train kilometers every year.

Prior to the establishment of the regional networks, DB made losses in the double-digit millions in these regions each year. With medium-sized structures, a more effective staff deployment and orientating the work to regional and local requirements, we are now not only in the black. DB RegioNetz has increased customer satisfaction considerably since its creation. Today, 17.9 million passengers use the Regio networks annually, almost 40 percent more than before they were set up in 2002. DB RegioNetz has thus established itself as one of the leading providers of local rail passenger services on branch lines in Germany. We have demonstrated that in this case, operating a rail company with such a business model can also be done in customer-oriented and cost-effective manner. This success is an important step towards more sustainable local transport.

DB Regional Networks: medium-sized structures, greater efficiency

In 2000, DB Netze, once again in the context of the SME campaign, created regional networks in order to secure over the long term efficient rail operations for passengers outside metropolitan areas with another SME-oriented business model. With the regional networks, small, flexibly operating medium-sized structures also developed networks within DB Netze. They manage, optimize and market the rail infrastructure locally from a single source and with a high degree of independence and responsibility for results in order to target the different local needs of users in the region concerned. The regional presence also makes for intensive contacts with the public authorities and municipalities. The regional networks are business segments within DB Netze and are limited solely to the infrastructure. Currently, 29 regional networks with about 10,700 line kilometers are successfully managed locally. The regional management of the networks, with their flat hierarchies and short decision-making processes, has proven itself. The regional networks have sustainably reduced the costs for the provision of the lines while at the same time holding quality at a consistently high level. Investment in the infrastructure of the regional networks and technical modernization will continue. The SME organizational form of the regional networks has proved to DB that it can manage the regional infrastructure flexibly, competently and successfully and as a result make the lines on the periphery more attractive.

DB Bahn Urban: buses complete the DB mobility chain

DB Bahn Urban completes the Group's strategy to offer its customers a complete mobility chain. At the same time, sustainable urban transport means the Group must offer systematically networked travel chains with rail and bus for customers who not only use public long-distance and regional transport, but also who do not want to use their cars in the surrounding urban areas and for overland transport. This is especially true in regions where buses provide a good alternative to rail. DB has therefore given particular thought to linking the networks in rural regions: coordinated train and bus connections and additional services such as hailed buses are more links in DB's travel chain.

1.4.5 Commitment

Corporate citizenship – associated cultural and social projects

DB sets standards: whether promoting children's literacy or tolerance and diversity. The Group also takes on responsibility in a broader social context.

The young generation is the focus of the company's social commitment, which is based on sustainability, integration and education. For Deutsche Bahn, "Moving the Future" is not only the guiding principle behind the company's business development, but also its social responsibility. Encouraging children and adolescents is particularly dear to DB, with the Group concentrating its efforts on education and sports. Social engagement has a long tradition at Deutsche Bahn, from railroad sports clubs to training young professionals beyond its own needs.

To Deutsche Bahn it is particularly important to show the outside world the commitment of our employees and the values such as respect, tolerance, openness to new ideas, an aptitude for learning, flexibility and the courage to stand up for one's beliefs. The focus of our social commitment is therefore on education and the social sphere. Two excellent examples are our internship program "Chance Plus," which every year qualifies 500 young people for vocational training readiness, and the "Deutsche Bahn Trainees Against Hatred And Violence," in which DB trainees can address issues of tolerance, diversity and courage.

DB even supports numerous cultural, academic and athletic facilities, initiatives and activities outside the Group, where again the focus is on children and adolescents. In the knowledge-based society of today and tomorrow, education is the biggest asset, and providing it is a global responsibility in which Deutsche Bahn is actively involved. Since 1996, it has been supporting the improvement of literacy and reading in Germany in its capacity as a partner and member of the Reading Foundation. Since reading ability improves educational prospects, DB aims its initiatives such as the nationwide "Reading Day" and "Book Boxes for Children's Homes" at young children. The annual Reading Day in November is marked by events all over Germany, while rail employees read to children in schools and homes. As part of the initiative "Book Boxes for Children's Homes," 1,200 children's homes and youth centers throughout Germany received Book Boxes by the end of 2008. Other joint projects include the joint development of teaching materials, for example, on safety at railroad facilities.

The social integration of children and young people in need is the goal of national “Off Road Kids Foundation,” which Deutsche Bahn has been supporting for fifteen years which allows street workers to travel throughout Germany by train because mobility is essential for the successful care of street children and homeless youth. The second DB Kids Camp, which DB held together with the Off Road Kids Foundation in August 2008, enabled 60 children from various homes to spend a holiday week in Bad Duerheim.

Promoting sport also enjoys a high priority at Deutsche Bahn since it provides the joy of movement and values such as motivation, team spirit, fair play and social inclusion in equal measure. As a long-term official mobility partner of “Youth Training for the Olympics,” Deutsche Bahn arranges the cost-effective arrival and departure of participants in the National Finals and their accommodation. Another indication of DB’s commitment to sporting values is the partnership the company began in 2002 with the German Sports Association for the Disabled. Mobility with as few barriers as possible is the goal for athletes and sport fans alike, with and without disabilities. In August 2008, Deutsche Bahn, together with the German Football League (DFL) and the German Disabled Supporters Association published a Bundesliga travel guide to enable football fans with impaired mobility to make effective preparations for traveling to the stadiums.

Responsibility for children and young people

- Encouraging young people
- Reading Foundation
- Events
- Internship program
- Off-Road-Kids
- School cooperation
- Safety campaign
- Teaching materials on climate protection
- Employers’ Educational Prize

Our staff in action

- Deutsche Bahn Trainees against Hatred and Violence
- DB seeks its superstars
- Voluntary commitment

Supporting national and international sports

- DB supports football at both the grass roots and top level
- DB provides transport services for the sporting community both nationally and internationally
- Supporting popular sports

1.4.6 Corporate history

A young company with a long tradition

While Deutsche Bahn AG was only founded in 1994, the history of railroads in Germany goes back to the nineteenth century. The role of railroads in society has changed much since then.

Deutsche Bahn AG is still a very new company that was only founded in 1994 as a result of the Rail Reform. Its predecessors, however, look back on a long tradition: in the nineteenth century a rail network was developed and was linked to growing economic prosperity, giving people a hitherto unknown degree of mobility. The large central stations used to be called “cathedrals of progress.” Today, Deutsche Bahn is an international mobility and logistics company that offers its passengers and freight customers integrated transport services.

But DB sees itself not only as a company aware of the enormous wealth creation in which it has been involved, but is also very conscious of the dark side of its history. DB offers a variety of ways to address the history of railroads in Germany. The company’s own DB Museum in Nuremberg has a permanent exhibition on the history of railroads in Germany from its beginnings in the nineteenth century to the present. Some temporary exhibitions

are devoted to a closer examination of specific economic, political, cultural and historical aspects on rail transportation and logistics. The museum library and the company's collections in Nuremberg and Berlin are open to both employees of Deutsche Bahn AG and the general public.

The most depressing chapter in the history of railroads in Germany is its role in National Socialism. Since its foundation, Deutsche Bahn AG has made a commitment to remember this history in particular. The DB Museum's permanent exhibition on the role of the Deutsche Reichsbahn under National Socialism, the memorial Platform 17 at Grunewald train station, the support of the Foundation "Erinnerung, Verantwortung und Zukunft" (Remembrance, Responsibility and Future), and the annual award for the competition "Deutsche Bahn Trainees Against Hatred and Violence" are just several examples of this commitment.

Touring DB exhibition: "Special Trains to Death"

In January 2008, the touring exhibition "Special Trains to Death - Deportations with Deutsche Reichsbahn" opened at the Potsdam Square train station in Berlin. The initiative for this exhibition came from Serge and Beate Klarsfeld, and was redesigned against the background of Deutsche Bahn AG's previous exhibition experience. The exhibition reminds us of the immeasurable suffering people underwent, recounts the fate of individual men, women and children who were transported from their hometowns to their death and illustrates through documents and pictures the role of the Deutsche Reichsbahn in the deportation transports. The exhibition on the history of the Reichsbahn under National Socialism is based on the permanent exhibition in Deutsche Bahn's museum in Nuremberg. Historians of Deutsche Bahn AG curated the exhibition in cooperation with the Berlin Centrum Judaicum and the German Technology Museum in Berlin. The photos and biographies of Jewish children deported from France were compiled by Serge and Beate Klarsfeld from the organization "Fils et Filles des Déportés Juifs de France." Over 100,000 people visited the exhibition in 2008 at nine train stations, including Berlin, Frankfurt, Cologne, Dresden, Munich and Mannheim. Due to the great interest in the exhibition, it will remain free of charge to cities, museums and memorial sites in 2009.

Comprehensive information on rail history, the collections of the DB Museum and the company archives, as well as opening times, can be found at:

http://www.deutschebahn.com/site/bahn/en/db__group/corporate__group/history/history.html.

2 OUR CUSTOMERS

Customers today and tomorrow

Rising passenger numbers in Germany and rising global freight volumes over the long-term show that the DB Group has responded successfully to the needs of its customers.

2.1 Customer strategy

Attractive solutions for different customer needs

DB focuses all offers on the needs of our customers because if our mobility and transport services are attractive to as many customers as possible, we can be commercially successful and ensure sustainable transport.

DB will only be able to attract even more people as passengers if in the future it manages to meet its customers' demands for cheaper, more comfortable and more environmentally friendly mobility. DB will enjoy long-term success on the logistics market if it offers global, reliable, flexible and competitive transport chains for industry and commerce.

The DB Group systematically analyzes the specific needs of its passengers and freight clients based on the daily contact between staff and customers, regular surveys, studies and market research and the customer advisory board. In analyzing the results, DB also takes into account the national and international impact of the mega trends in the transport market identified by the Group, which also form the basis of the Group's entire strategy. These analyses are then used to develop tailor-made products.

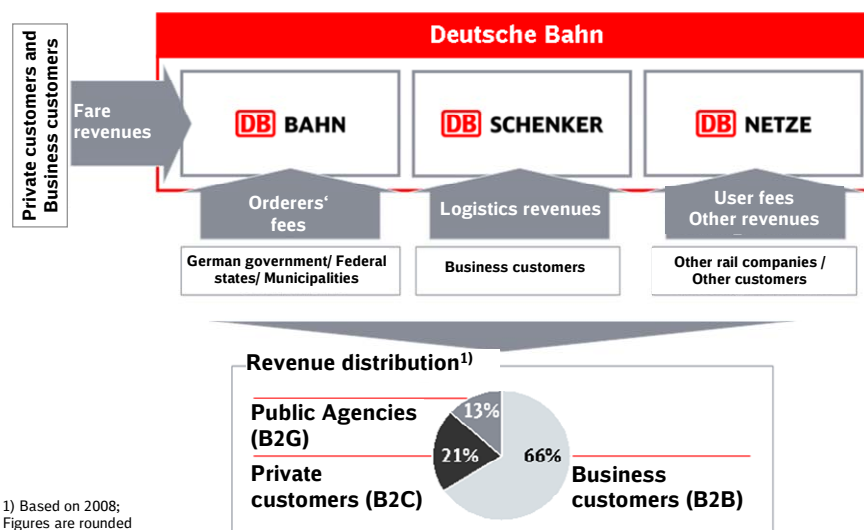
DB compiles climate footprints for its customers

In choosing their mode of transport, more and more business and private customers look to its environmental impact. Every journey or delivery made by rail can reduce CO₂ emissions by up to 75 percent compared to road or air travel. Customers can easily find out online how journeys and deliveries by rail come out on top in terms of better environmental performance: use the online calculator UmweltMobilCheck to check the environmental performance of passenger transport and the online tool EcoTransIT for freight transport. As a service to major clients, DB calculates the total impact on the environment of their journeys or shipments provided by the Group's mobility and logistics services.

Different customers have different needs

In total, Deutsche Bahn derives 66 percent of its revenues from business customers in industry, trade and other transport companies, while 21 percent comes from services for private customers and 13 percent from the provision of local transport services for ordering organizations in the public sector, such as federal, state and municipal authorities.

Services and revenue distribution at the DB Group



DB provides services for corporate, private and public sector customers.

- **Business customers in transportation and logistics:** DB Schenker's customers - and thus the demand for transportation and logistics services - are the largest contributor to Group sales. The developments in the freight market are mainly influenced by ongoing globalization and, in the medium term, growing international trade flows. DB Schenker's customers are concentrating increasingly on their core competencies and expect integrated door-to-door logistics solutions from a single source that offers worldwide availability, reliability and flexibility. The trend toward outsourcing logistics services to external service providers will continue to gain in importance in the future. The key to achieving global control over complex processes is to offer globally standardized customer solutions that are individually adapted to specific needs and that can be integrated into customer processes. Security of supply and minimizing inventory are the main engines driving new concepts in the logistics of industrial goods. Climate change and resource scarcity will over the long-term lead to changes in demand behavior on the part of companies, with a clear trend toward ecologically optimized transport chains.
- **Business customers in passenger transport:** An important customer group is made up of companies that opt for the train for their employees' business trips. This trend is heading upwards as more and more businesses are discovering the added value using the train has for the productivity of their staff. And the continuing discussion about climate change also highlights the positive impact on companies' own environmental performance from using the train. Approximately one third of all long-distance trips are now made by business travelers. In 2008, approximately 26,000 companies and public sector agencies took part in our Bahn-Corporate Program, which offers business customers from a turnover of 3,000 euros a year discounts and support in ticket logistics, invoicing and control of travel costs.
- **Private customers:** private persons traveling on DB Bahn trains and buses have a variety of different needs and expectations. Whether commuters or tourists, whether on short trips or long-distance journeys, whether alone or traveling with family and friends, whether young or old, price-sensitive or affluent: in recent years DB has developed offers targeted at all customer groups,
- **Public authorities:** public purchasers in the states, communities or municipalities order services from DB Bahn in regional rail and urban transport. Here, DB in particular has to deal with the upward pressure on prices that results from competition with other providers, and DB has lost market share in this market in recent years, not least because its competitors have significantly lower salaries and wages. Nevertheless, it is DB's goal to defend its role as a strong major leader and to compensate for its lost business in Germany through increased involvement in and commitment to public transport in other EU countries.

Our customers - facts and figures

DB Group customer distribution (based on turnover)	
Business customers (business-to-business, B2B)	66%
Private customers (business-to-customer, B2C)	21%
Public authorities (business-to-government, B2G)	13%
Passenger transport customer	
Rail passengers	1.9 billion per annum
Bus passengers	773 million per annum
BahnCard Holders	4 million
Number in BahnBonus Program	2.5 million

As of financial year 2008

2.2 Passengers

2.2.1 Customer needs

What customers want

Hardly an area of social life has changed so much in recent decades as traveling. Today, mobility has become a daily need, and travel is becoming an increasing part of the working day.

Taking the train to work every day – commuters

An important customer group is commuters who travel to work or school by train every day. The number of people covering long distances day after day has increased significantly in recent years. The average distances between home and the work place are also increasing. According to the Federal Statistics Office, nearly ten percent of all employees travel more than 25 kilometers to work every day, and about four percent more than 50 kilometers. The advantages for rail commuters are obvious. In addition to the important advantage that they avoid annoying traffic jams during the rush hours, their monthly season ticket means they arrive at work cheaper than by car. And of course unlike motorists, they can use their time on the train as they want.

The train as office - business travelers and corporate clients

The necessity and complexity of business travel have increased. It is particularly important to business travelers that they can use the journey time productively. In selected long-distance DB trains, they not only have a power supply for their laptops, but also Internet access and improved cell phone reception, enabling them to use their journey as if they were sitting in their own office. But punctuality and flexibility are just as important to business travelers. Unlike air travel, the railroad is a system that always offers access to trains. Seats can be reserved up to ten minutes before the start of the journey based on availability. This is an important issue for this group of customers, because business meetings cannot always be planned down to the last minute. And high-speed rail lines mean that rail can offer more and more routes to compete with aircraft in terms of speed. Another advantage for companies is becoming increasingly important: business travel by train causes far less CO₂ emissions per passenger-kilometer than traveling by car or plane. This can be demonstrated in companies' climate footprint.

Many companies have already discovered the advantages of rail for business trips. In an internal study in 2008, we interviewed the travel managers at 59 of DB's business customers regarding their choice of transportation when planning business trips. 73 percent of respondents considered DB's environmental advantage to be "very important" to "somewhat important" – in other words, the environmental performance is a crucial aspect lying just behind plus points such as trip duration, cost, comfort or the opportunity to work on the train. With regard to future decisions, 58 percent believed a general shift of business travel onto rail to be "very likely" to "somewhat likely," with 41 percent of them putting the environmental friendliness of the train in one of the first five places as a reason for this shift. And around a quarter of business customers would no longer even use the train if it were to lose its environmental advantage.

Connecting friends and families

Mobility is also becoming increasingly important in private life: weekend relationships, patchwork families or friends who live all over the whole country due to their job – all this means new customers for rail: a change to which we are responding. Most people who commute for personal reasons use trains on the weekends. According to the Federal Statistics Office, so-called alternative family forms increased by 30 percent to 2.3 million between 1996 and 2006. These family forms have additional mobility needs because couples visit each other, children visit a divorced parent or parents visit their children.

Short breaks and day-trippers

Also, many people's leisure time has changed in recent years - the short trip to the nearest city, the spontaneous trip to the countryside or the visit to the theater in the next town – all this has become customary. DB Bahn has developed regionally specific offers for excursions and trips of this type. For example, together with environmental organizations, we advertise environmentally friendly trips to 18 large protected areas in the campaign "Destination Nature."

The silver generation – target group "50plus"

The demographic change is already having an impact on today's customer structure in passenger transport. By 2010, more than half of German citizens will be over 50 years of age. However, these days, increasing age no longer means that mobility needs decline - on the contrary. DB is particularly interested in attracting comfort-oriented travelers - in particular people over 50 – both before and after the train journey itself, at the train station and on the train through targeted offerings and quality. In the working group "Recreational Active Seniors" experts from our different corporate sectors develop new concepts for this important target group and maintain an open dialog with interest groups and associations. In addition, Deutsche Bahn has been working closely with the German National Association of Senior Citizens' Organizations (BAGSO) for several years.

The states as customers

DB has to master a particular challenge in regional transport because it has two customer groups. The German states and public transport authorities such as transport associations or special purpose associations order transport. The states receive federal funding for their orders in the form of so-called regionalization funds, and the states or their appointed companies and transport associations determine the extent and type of transport to order. This includes the lines, timetable intervals, personnel requirements, vehicle fittings and fares. A look at Germany's future settlement pattern shows that regional transport around urban areas will continue to grow until 2020, while the number of passengers will decrease in rural and remote areas. These trends will obviously have consequences for the level of municipal contracts, and we have responded to them early. Deutsche Bahn has developed business models with our business unit DB Urban and the DB Regio Networks in order to continue having the ability to make good offers in the regions.

2.2.2 Tickets

Seven ways to buy a ticket

DB offers its customers seven different ways to buy tickets, from counters at travel centers to online to cell phone.

DB has also met the needs of its customers and customer groups regarding ticket sales. Passengers can choose from these seven ways to buy a ticket:

- 3,000 employees sell 56 million tickets every year at over 400 **DB travel centers**
- Over 8,500 **ticket vending machines** sell approximately 180 million tickets every year.
- Nearly 3,000 **DB agencies** at travel offices sell about 28 million tickets every year
- Approximately 530,000 customers receive their tickets by **subscription**, which is maintained by DB's Subscription Center.
- Every month over 60 million items of travel information are requested and over 11 million tickets booked on the **Internet** at www.bahn.de.

- 1,600 employees at the DB Call Center handle around 30,000 customer **telephone calls** every day.
- 31,000 tickets are sold **on board the trains** every day.

Cell phone as ticket: Touch & Travel pilot project

Above all, ticket sales through modern means of communication such as the Internet have greatly increased in recent years. DB Bahn has responded quickly to this trend and offers customers the option of buying tickets by cell phone - an MMS is simply sent to the phone, which then serves as the ticket. A new form of e-ticketing is our pilot project Touch & Travel. After initially registering on the Internet, before departure the passenger simply goes to the contact points at the station, the so-called Touchpoints, and quickly logs on with his or her cell phone, and logs out again at the end of the ride. The fare is then calculated using the login and logout data and once a month the passenger receives a statement detailing his or her journeys. The discounts available on the BahnCard 25 or BahnCard 50 are taken into account. By introducing easily usable and customer-friendly e-ticketing standards, the project aims to reduce barriers to access and make public passenger transport more attractive.

Touch & Travel has already been operating successfully since February 2008 as a pilot project on the line between Hanover and Berlin and in the city of Potsdam, and pilot stage 2 is being continued with up to 2,500 test customers in Berlin. A second pilot area started in early 2009 in Schleswig-Holstein on the line between Kiel and Luebeck as well as in Eutin, where Touch & Travel is being tested on busses owned by Autokraft, a subsidiary of DB Urban.

In 2008, Touch & Travel received the 2008 Local Public Transport Innovation Prize, which was awarded by IIR Deutschland GmbH in cooperation with the transport magazine Nahverkehrspraxis (Local Transport in Practice).

Environmentally friendly tickets

Booking tickets using cell phones not only meets increasing customer demands for convenience, but it is also environmentally friendly because every electronic ticket saves paper - although all paper used in all DB-ticketing now comes from trees specially cultivated for the paper industry, which have been certified by the Forest Stewardship Council (FSC). We cannot make tickets using recycled paper, which is even more environmentally friendly, since watermarks or holograms to prevent forgeries can only be applied to virgin fiber paper.

Well-informed: planning the journey and getting travel information while traveling

Timetable details are the most important element in supplying information to passengers. With its centralized data management, the DB Group ensures that all timetable information and the current traffic situation come from one source. DB's "European Timetable Center" processes some 1,800 individual timetables and updates each year, allowing us to offer users full information on their preferred itinerary, including connections with the underground, rapid transit systems, trams, ships and mountain railroads. The additional inclusion of geographical data, for example, road maps and attractions, allows users to plan complete mobility chains from "door-to-door." In cooperation with 28 European railroads, we give customers the ability to select from some 52,000 stops throughout Europe as departure points and destinations.

In recent years, DB has expanded its offer for customers using digital media in particular. In addition to timetable information and booking, they can also use the Internet to find out about timetable changes at short notice, delays and possible connections. Passengers can also use the DB Railnavigator to have timetables and changes displayed on their cell phones and even book their ticket and a seat reservation. Passengers can also plan their very own personal journey from door to door by having a neighborhood map and detailed routes on foot sent to their cell phone.

2.2.3 Services

Comfort along the mobility chain

DB offers its customers a comprehensive service. Both at our stations and on board our trains we ensure that customers feel comfortable - before, during and after their trip.

Many people opt for the railroad because only the train gives travelers the chance to use their time en route actively however they want. DB has equipped its trains so as to extend this advantage even further. Families with

young children can reserve a separate compartment in all ICE and Intercity trains. Passengers wanting peace and quiet can relax in specific areas where cell phone calls are not welcome. And in all ICEs, entertainment is available in one part of the train, including an audio program with various music programs, audio books and a special children's program.

Working on the train is facilitated by numerous outlets in the cars. By the end of 2011, some 1,500 ICE cars will be retrofitted with so-called repeaters to ensure excellent cell reception. On the lines Frankfurt-Hanover-Hamburg and Dortmund, Cologne, Frankfurt, Stuttgart, Augsburg and Munich, ICE passengers can wirelessly surf the Internet and send and receive their e-mails. So far, about 50 ICEs have been equipped with Wi-Fi technology for wireless Internet access, with the figure set to increase to 70 by the end of the year. In addition, access to hotspots is available at 25 stations and 14 DB Lounges.

Passengers can choose from the wide and varied menu offered by our on-board restaurants and bistros. In 2009, DB is cooperating with Germany's top chefs for this year's on-board catering and in its campaign "enjoy natural foods" is highlighting seasonal dishes and their ingredients, which are all grown organically and cultivated as appropriate. Every kind of product comes from animal-friendly keeping.

DB's stations - modern service centers

All rail journeys begin and end at the train station. Since the Rail Reform in 1994, DB has been making significant investments and innovations in order to improve the appearance of our 5,400 stations and offer passengers more quality during their time there. And we've already succeeded in many places, although much remains to be done. Thanks to the economic stimulus programs of the federal government, DB will be able to invest an additional 300 million euros in the modernization of 2,050 small and medium-sized stations by 2011. Work will begin in summer 2009.

And since 1994, DB has upgraded many central stations to modern service centers and transformed them into inviting calling cards for many towns. Historical passenger buildings and station concourses have been extensively renovated and appear in a new light. "3-S-Centers" ensure spotlessness, safety and service around the clock at our stations. DB employees are always ready to help and advise passengers at 90 service points and 400 travel centers, where passengers can find not only DB timetable information and tickets, but also information on connections with the underground, tram and bus. They can also book hotels, rental cars and event tickets.

But the appeal of our modern stations is by no means limited to travelers. Their urbanity, shops and restaurants mean that in the evenings and on Sundays, they are helping to revitalize city centers and at the same time "upgrade" the station's wider environs.

Luggage service: travel only with hand luggage

DB also takes care of our customers' suitcases. DB's luggage courier service, which we offer in cooperation with Hermes, takes your luggage from door to door. We have introduced a new option to check in your luggage at over 7,000 Hermes Parcel Shops. At our ten largest train stations our service personnel help with your luggage after a reservation up to one hour before arrival or departure. This is especially important for passengers over 50, but also for families with small children.

Combining car and train

Commuters in particular often combine car and train. With special car parks at train stations, which DB provides in cooperation with municipalities, we help passengers switch from car to train and back every day. Our Park+Ride parking spaces are located mostly at train stations on the edge of urban areas and easy to reach by road. Customers can use our Park & Rail offer in conjunction with a DB long-distance ticket. Passengers can park at 70 selected stations at reduced prices.

AIRail makes the ICE a climate-friendly Lufthansa shuttle

In cooperation with Lufthansa and Fraport, ICE offers a faster and more climate-friendly shuttle service on lines from Cologne and Stuttgart to Frankfurt's Airport for Lufthansa customers, with connecting flights to Europe and other continents. At Cologne and Stuttgart central stations and Siegburg/Bonn Lufthansa check-in counters are provided.

In addition to AIRail, DB combines train and plane with its Rail & Fly offer. The ticket allows passengers nationwide cost-effective return transfers by train between their home and the airport. At the moment, 83 airlines and 40 tour operators offer Rail & Fly. Arriving at the airport by train can also be booked as an additional service. Some airlines and most travel agencies cooperating with DB include arrival at and departure from the airport in the price.

2.2.4 Traveling with disabilities

Barrier-free travel by train

Mobility is an important prerequisite for playing an active role in society. DB allows people with disabilities to travel independently and offers them a wide range of services.

Mobility is essential for participating actively in life. This is especially true for more than eight million Germans with disabilities. DB's avowed aim is to make traveling more comfortable for all mobility-impaired people, to make their own travel planning and travel even easier, to offer assistance and services to facilitate mobility and thus make traveling itself more attractive.

In order to succeed better in this endeavor, DB is in constant dialog with various disability organizations. Our jointly developed program, which implements DB's future vision of "barrier-free travel," appeared in the summer of 2005. The program is continually updated and between 2009 and early 2010 is being thoroughly revised and supplemented based on our experience in recent years.

Sensitivity toward one another

A market research study revealed that lack of information, reservations and fear were the greatest barriers preventing disabled people from deciding to travel by train, which in turn lead to uncertainty and a lack of confidence.

So, in addition to reconstruction in DB's trains and stations, it was especially important for the company to improve accessibility and to train and qualify its service personnel to engage with disabled people in a respectful and helpful manner. In a first step, DB, in close collaboration with disability organizations, developed a paper to raise awareness on how to interact with disabled people. This now serves as the basis for nationwide training, the so-called service workshops, where DB employees gain greater awareness about groups with special needs and increase their skills in relating with them. Disabled people also take part in workshops to make them genuinely effective. Such measures have a twofold benefit – greater and more independent mobility for people with disabilities, and an expansion of Deutsche Bahn's customer base.

Service in planning and making the journey

In order to make travel planning easier for mobility-impaired passengers, in 1999 DB set up its Mobility Service Center to take on all the necessary tasks in this area: The team helps people to find the right train connections, book tickets, reserve seats and arrange assistance when boarding, changing or alighting from the train. Mobility-impaired people can contact the Center around the clock every day by phone, fax or e-mail.

Getting on the train and guidance systems at the station

Since July 2004, DB has been ordering only new vehicles that have boarding aids. All ICE and almost all IC trains are equipped with spaces for wheelchair users and a handicapped accessible restroom. City Night Line and DB Autozug have couchettes suitable for wheelchairs. Many stations already have elevators or ramps that give wheelchair users barrier-free access to the platforms. In many other stations, mobile hoists, ramps, stair lifts or electric vehicles are available. In addition, there are already many places with tactile paving and in places handrails embossed with prism scripts or Braille to help orient blind and partially blind passengers.

Barrier-free access to travel information and tickets on the Internet

Information materials must also be designed so that people with disabilities can find comprehensive information about our offers and travel dates. DB, therefore, re-launched its travel site www.bahn.de at the end of 2008, not least to meet the needs of passengers with limited sight, for example by providing different font sizes.

2.2.5 Customer satisfaction

Learning customer needs

DB regularly measures the degree of customer satisfaction, speaks with stakeholders and gathers passengers' suggestions to improve travel. We then evaluate the results, make improvements and adjust our offers.

On behalf of Deutsche Bahn, the "infas" independent market and social research institute regularly asks our passengers in local and long-distance trains and at our travel centers and stations about their level of customer satisfaction.

Six times a year, on average 2,000 passengers traveling 1st and 2nd Class on long-distance trains within Germany are asked about their levels of satisfaction. Customer satisfaction levels fell significantly following a broken axle on an ICE 3 in July 2008 and a crack found in an axle of an ICE train with tilting technology during a routine inspection since extensive subsequent inspections meant that the ICE fleet was available only to a limited extent. The shorter trainsets or locomotive-hauled substitute trains led to reduced travel comfort for many passengers. The passengers in the ICE-3 and ICE-T trains affected were dissatisfied, despite compensation such as free ticket refunds and dropping the requirement to travel on the train as booked. This had a significant impact on overall customer satisfaction levels. As a result, in 2008 only 71 percent of passengers on long-distance trains were satisfied with their current journey, while in 2007 the figure was 80 percent. And whereas in 2007, 83 percent of passengers wanted to travel by train again, in 2008 the number fell to 77 percent. However, DB expects that customer satisfaction is again increasing since June 2009 when we restored the ICEs to full capacity.

In the spring and autumn of 2008, "infas" interviewed approximately 26,000 passengers using regional and urban transport about their satisfaction levels, which had remained unchanged from 2007. In 2008, two-thirds of the passengers were once again satisfied with their current trip on the rapid transit system or local transport in their region, while about every second respondent again gave rail transport in 2008 an "A" or "B." However, to continue improving customer satisfaction, DB is working with the ordering organizations commissioned by the German states, which set the quality requirements. Only together can we achieve quality improvements in local transport.

Customer dialog

Customers can express their criticism to the DB Customer Dialog via e-mail, fax, letter or through a nationwide service number. Cases are then investigated internally by specially trained employees and any grievances are cleared up. The customer dialog evaluates all complaints and analyses problem areas and their causes. Our staff then works together with the relevant departments to develop solutions to improve the processes or conduct training sessions.

Dealing with passengers without valid tickets

Recently, there have been cases where young passengers have been traveling without valid tickets on regional trains and were asked to leave the train. DB has clear rules and regulations for such events – children and adolescents under the age of 18 may not be ejected from trains under any circumstances – even if they have no ticket or money with them. Deutsche Bahn has learned from the incidents to respond in such circumstances: the train attendants involved were invited to intensive discussions and must reckon with disciplinary consequences for any misconduct. In addition, DB has apologized to those affected. And in order to prevent such incidents in future, we initiated various measures. For example, in November 2008, all train attendants in regional trains throughout Germany (customer support staff in local transport) received an SMS referring to the consistent application of our service regulations. And in Berlin, Brandenburg and Mecklenburg-Western Pomerania, train attendants personally had to sign these regulations. In the future, DB will draw particular attention to these special cases during the training of customer support staff in local transport.

Customer advisory service

DB sets great store in the constructive dialog with passengers in order to improve through direct discussions with our customers. As a result, we set up a customer advisory service in 2004, which since then has met twice a year and brings together DB managers with a representative cross section of our passengers to discuss what in their view is good or needs to be improved. DB Sales Head Jürgen Büchy: "It is a wonderful way of hearing directly

about customers' opinions and pushing issues that animate a large company such as Deutsche Bahn." Membership is much sought after: in May 2007, half the customer advisory service was replaced with new members on a rotational basis after three years. Some 5,400 customers applied for the vacant positions.

Test customers

The customer may often not know whether the quality standards set by DB are met or whether employees stick to the rules and regulations. DB therefore now uses so-called "mystery customers" who do not reveal their true identity and function. They find out to what extent our standards are really being respected. We do this primarily to gain information and help our sales and consulting. We employ experienced railroad employees as mystery customers and thus use the company's own internal labor market, enabling us to combine quality with job security.

2.2.6 Customer rights

New legislation is being implemented rapidly

Customer satisfaction is a central concern at Deutsche Bahn.

Just like cars or planes, trains also have to cope with delays - for a variety of reasons. Despite all our efforts, disruptions to rail operations are not always avoidable, such as those resulting from weather conditions and technical problems, as well as wanton interference in train running. Also, the greatly increased utilization of the line network - a positive trend in principle - can lead to more delays. In many cases, a delayed train can still make up for lost time en route, but sometimes this is impossible and just one late train can have a domino effect on connections. Nevertheless, in 2008, nine out of ten passenger trains were on time, while more than 93 percent of all scheduled connections were made. Delays also happen with cars and planes. Deutsche Bahn takes on a particular responsibility to compensate its customers for delays. DB's Customer Charter, which was introduced in 2004, as well as a joint Rail Passenger Transport Charter with other European rail companies, gives its customers on domestic and international long-distance journeys more rights in the event of delays than are currently required by law.

Regulation (EC) No 1371/2007 means extended rights for passengers in 2009

On December 3, 2009, EC Regulation 1371/2007 on the rights and obligations of rail passengers comes into force all over Europe. The new regulation will form the basis for uniform rules, both in cross-border and in domestic transport. In the event of delays of more than an hour, for example, passengers will be entitled to a 25 percent refund of the fare and a 50 percent refund for delays of more than two hours. Regulation 1371/2007 strikes the right balance between the legitimate interests of passengers and the commercial interests of the rail companies. Rail travelers now have much stronger rights than air passengers, who can receive compensation only when they can prove financial loss due to considerable delay (so far more than four hours).

Additional national legislation on passenger rights

Germany's Federal Law on Passenger Rights came into force for German rail transport on July 29, 2009 - before the EC Regulation. It supplements the European regulation in local transport in two areas: First, passengers in local transport can use another train - including a higher-quality long-distance train - if a delay of at least 20 minutes is to be expected at their destination. Passengers must first purchase a valid ticket for the long-distance train but are subsequently reimbursed for the extra cost by the rail company responsible for the delay.

Secondly, passengers have the right to take an alternative mode of transport - including a taxi if necessary - to the destination station if it can be assumed that a local transport train whose scheduled arrival time is between midnight and 5 a.m. will be at least 60 minutes late, or if the last train of the day is cancelled and the passenger can no longer reach his or her destination by midnight without using another means of transport. The passenger subsequently receives a refund of up to 80 euros. Deutsche Bahn is working very hard to implement these new statutory requirements.

DB is committed to independent arbitration board for all modes of transport

To enforce passenger rights, Deutsche Bahn supports out-of-court arbitration and works constructively with existing arbitration services. Out-of-court arbitration has many advantages. It is cost-effective compared to court

proceedings and improves the company's image, as well as overall customer satisfaction. In order to develop the arbitration system further, however, its cross-modal function in the interest of all passengers using public transport is crucial, but this is still not sufficiently guaranteed. Deutsche Bahn therefore supports the government's wishes for a permanent institutionalization of the arbitration system in the transport sector and is working for a neutral and independent arbitration board supported by all transport companies.

2.2.7 Customer data protection

Data protection – a customer-oriented quality feature

Protecting our customers' privacy when collecting, processing and using their personal data is a vital concern to DB and an integral part of our business processes.

Whether booking a ticket, buying a BahnCard or renting a bicycle from Call-a-Bike - Deutsche Bahn treats its customers' data responsibly and in accordance with the requirements of the Federal Data Protection Act and our own data protection principles (Data Protection Policy). Deutsche Bahn AG offers its customers, especially in e-commerce, countless opportunities to communicate with us on questions regarding data protection. Deutsche Bahn thus offers direct contact to the Group's Data Protection Officer and a special Mail-in Database for data protection at bahn.de.

DB uses all customer data solely for settling the contract in hand, that is for making reservations, bookings and payments. Disclosure of data occurs only where necessary for the execution of an order, such as booking hotels, rental cars or package holidays using our tourism portal at www.bahn.de. External service providers commissioned by DB to process data have made a commitment to observe the Group's Data Protection Policy. These service providers processing data on behalf of DB are contractually strictly bound by the Federal Data Protection Act and in terms of data protection law are not considered third parties. DB does not on principle disclose any customer information to third parties.

If the customer's order requires postage, DB sends the documentation to the address given by the customer. We send no unsolicited further informational material to the customer, either by mail or digitally. We even send our monthly newsletters only after a personal application. Customers can amend or have their personal data deleted at any time, or to refuse to allow it to be processed for the purposes of customer service and support.

Any customer with a BahnCard or a JahresCard (annual pass) can take part in the bahn.comfort-Program. Details of the ticket sales and the travel data of the passengers in the scheme are stored and analyzed. The travel data are processed in a personalized manner as part of the contract execution. Data used for marketing purposes remain entirely anonymous if no explicit consent has been given, but as with customer bookings, the Group strictly adheres to the applicable data protection laws and regulations. Again, DB does not pass on any data to third parties and maintains the policy that every participant can immediately delete his or her stored travel data.

Online transactions

All transactions made over the internet pages of DB undergo data encryption using what are currently the highest security standards on the Internet. The data are stored in DB's Computer Center on servers secured against unauthorized access.

External quality audits confirm that our portal www.bahn.de meets very high security standards. TÜV Süd awarded DB's online booking system for rail tickets the certificate "s@fer-shopping" for its high degree of reliability, confidentiality and security in online booking. Payment transactions through bahn.de are tested regularly by external auditors for security and compliance with Germany's legal provisions.

2.3 Freight customers

Extensive industry expertise and customized solutions

DB global business customers are increasingly concentrating on their core competencies and increasingly demanding complete logistics solutions rather than pure freight transport. And they are putting increased emphasis on sustainable concepts.

The customer base of DB Schenker, the DB Group's transportation and logistics service provider, range from family businesses to large international concerns and consists of several thousand companies.

In particular, the steel, automotive, chemical, construction and consumer goods industries and energy suppliers transport their raw materials and products with DB Schenker Rail, DB Schenker's rail freight services provider.

With its specific industry know-how, the logistics provider DB Schenker Logistics has for many years been a partner to major automotive, consumer goods and high-tech companies and firms in the pharmaceutical, aviation and aerospace industries. It is also a specialist when it comes to transportation and forwarding for fairs and exhibitions, specialized transportation and logistics services for major sporting events.

Examples of DB Schenker's customer segments

- **Automotive industry:** DB Schenker specializes in automotive logistics globally and supplies automobile industry plants with assembly parts. With its specific transportation and logistics solutions, DB Schenker delivers auto parts "just-in-time" to the assembly line and new cars to the dealers using all available modes of transport. In addition, international transport systems fulfill comprehensive tasks in procurement and distribution logistics and ensure smooth material flows between the plants, thus ensuring supplies to production facilities as they need them. Another important part of our work is spare parts logistics.
- **High-tech industry:** From comprehensive logistics solutions for the construction of high-tech manufacturing plants through production supply to the distribution of sensitive time-critical components and finished products for the consumer, DB Schenker is the leading service provider for the global high-tech and semiconductor industries.
- **Mining industry:** The freight train is the largest supplier to steelworks, ahead of both trucks and inland waterways, and also plays an important role in deliveries between plants. It also delivers the vast majority of black and brown coal products as through transportation to the recipient – directly from the mines or the port of entry. Freight trains also deliver iron ore, scrap and other metals to the recipient.
- **Construction materials:** Major rail freight customers are producers of building materials throughout Europe. DB Schenker transports raw materials such as clay, cement, gravel and chippings, as well as prefabricated building units and construction materials to warehouses and building sites.
- **Consumer goods:** the consumer goods industry, including leading manufacturers of branded goods as well as importers and exporters, turn to DB Schenker for their transport services by rail, truck, air and sea.
- **Chemical / mineral industry:** DB Schenker has specialists for the liquid, gaseous and fluid goods of the chemical industry and with its smart system solutions safely delivers explosive, sensitive and volatile freight by rail to their destination. In addition, DB Schenker provides safe logistics warehousing for chemical products. For example, our Wuppertal logistics center has received certification for its safety standards from the European Chemical Industry Council (Cefic) in accordance with SQAS Standards (Safety and Quality Assessment System).
- **Electrical / mechanical / plant industry:** Reliable project management is a matter of fine tuning - whether it is a question of a logistics solution for the management of complex industrial plants or transporting machinery. DB Schenker plans the individual steps and optimally coordinates them with each other. Economical storage and a sophisticated distribution strategy lead to a more efficient flow of goods.

Customer needs are becoming increasingly complex

All over the world, companies have to act faster and more flexibly, whether in procurement, production or serving their markets. "The global value creation chains of manufacturers are becoming increasingly complex and require faster decision-making. The trend toward outsourcing large parts of the value creation remains unabated," says

Professor Frank Straube, Head of the Innovation Center for Transportation and logistics at the Technical University of Berlin.

In order to adapt our offer more to the needs of our customers, DB Schenker gathers information about their needs and requirements through personal contact with them and regular interviews and surveys. Central contact persons ensure that customers can get individual advice and support around the clock, enabling Schenker to respond to individual customer needs at short notice.

“Customers expect the right solutions and great flexibility from their service providers. Those providers who best meet these requirements will enjoy crucial competitive advantages in the future,” said Professor Frank Straube of the Technical University of Berlin, at the presentation of its study “Global Logistics 2015+” in 2008. More than 100 decision makers from leading global companies in five sectors were interviewed on current trends today and in 2015 for the study.

In order for these companies to concentrate on their core competencies, DB Schenker has developed door-to-door solutions and integrated logistics service packages for the entire supply chain of its customers. DB Schenker is thus able to respond very flexibly to customer needs since it can link global and environmentally friendly transport chains using all modes of transport - whether rail, truck, ship or plane - and supplement all this with additional integrated logistics services. DB Group’s customers can therefore count on customized and economically and ecologically optimized, intercontinental and seamless logistics chains from one source. With its presence in 130 countries at more than 2,000 locations, DB Schenker is well-placed to handle the global flow of goods through its networks and at the same time react to customer wishes locally.

Transportation and logistics: customers putting more emphasis on sustainable conceptual solutions

The study “Global Logistics 2015+” by the TU Berlin also shows how sustainability has become an important factor in addition to flexibility and the provision of a global portfolio for customers from all sectors of the economy. Well-known manufacturers such as Kraft Foods, Danone and Volkswagen are already highlighting their green production flows to their own customers. In the consumer goods sector, as well as in the automotive and high-tech sectors, green logistics are therefore becoming an increasingly important issue that can be marketed effectively to improve a company’s corporate image.

DB Schenker has in recent years responded to this greatly increased sensitivity to environmental issues by optimizing the transport chain of its customers in terms of CO₂ emissions and thereby steadily reducing not only its own CO₂ footprint, but those of its customers as well. Today, 63 percent of respondents are already demanding more cross-modal transportation that includes, for example, ocean freight and rail shipments. DB Schenker is increasingly integrating rail freight transport into more and more transport chains. Porsche, for example, has been working closely with DB since 2001 to transport its pre-fabricated car bodies within Europe and its vehicles overseas. DB Schenker Rail has specifically developed a suitable mega-trailer for Porsche, which can be transported both by truck and rail. The cars go first by truck to the next container terminal and from there by freight train to the seaport for loading onto ships. The cooperation between DB Schenker and Porsche alone saves 20,000 road trips by truck every year.

3 OUR PRODUCTS

Sustainability is built into our products: like no other company, Deutsche Bahn influences the development of a sustainable society with its products.

3.1 Sustainable transportation

Developing sustainable transportation

DB has taken up the challenge of meeting increasing mobility and transport needs, while at the same time reducing the impact on people and the environment.

3.1.1 Product strategy

Decoupling increased transport from the environmental impact

DB consistently and intelligently combines all modes of transport. In Germany and Europe we are shifting more transport to rail and thus contributing to sustainability.

The DB Group puts rail – the most environmentally and climate friendly mode of transport – at the core of its business, allowing us to offer viable and sustainable products to the mobility and logistics markets. The DB Group has successfully positioned itself with this approach and has continuously expanded rail transport in Germany: rail transport performance since 1994 has increased by 25 percent. Over the same period, we have reduced energy consumption by rail transport by 15 percent, absolute CO₂ emissions by 16 percent and specific CO₂ emissions by approximately 33 percent. We have also successfully decoupled transportation growth from the increased impact on climate and have made rail transport even more environmentally friendly. DB is thus making a significant contribution to the future viability of society since the global flow of goods, as well as individual mobility needs in the future, will also continue to grow. At 20 percent of the total, global transport today is one of the biggest emitters of CO₂ aside from industry and energy.

Passenger transportation: attractive offers and door-to-door mobility chains

As one of Europe's leading mobility companies, with nearly 2.7 billion passengers on trains and buses, Deutsche Bahn is already offering a wide variety of environmentally friendly products that are both oriented to the demands of our customers and economically attractive. We meet the needs of our different target groups in passenger transportation by expanding high-speed transport, thus offering an alternative to CO₂-intensive short-haul flights. At the same time, we continue operating trains and buses in the regions. Long-distance and regional services are harmonized with each other to shorten travel times.

In long distance transportation, the Group mainly uses the BahnCard and the Dauer-Spezial package to convert even more motorists to train passengers. This increases the capacity utilization of the ICE and Intercity trains and improves energy efficiency. With Rail & Fly, DB offers an alternative to the most polluting shuttle domestic flights in cooperation with 90 airlines. And with the founding of the international "Railteam" alliance that DB has set up with six European rail companies, rail is also developing into a comfortable and climate-friendly alternative when traveling abroad. DB already links 80 European cities directly with Germany. The new ICE connection from Frankfurt to Paris, for instance, has been successfully competing with road and air since its inception in 2007. DB not only gives people the opportunity to travel from station to station, but also from door-to-door. And DB supplements the train-focused mobility chain with buses, DB Carsharing in over 100 German cities, the rental Call-a-Bike system and cross-modal tickets such as the City-Ticket.

Transportation and logistics: networking transport modes intelligently

The DB Group is constantly realigning its offer to match the needs of its customers, which are concentrating increasingly on their core competence and outsourcing complex logistics services in their global processes. DB Schenker offers its customers worldwide integrated transport chains from door-to-door and utilizes all modes of transport – from trains to trucks and ships to airplanes. And in order to offer its customers an even better and

even greener overall product, DB Schenker combines the strengths of the different modes with each other and is successfully achieving an ever-closer integration of environmentally friendly rail in the transport chain. That's because as the only global logistics company, DB operates its own rail freight company as its core business. The logistics company has the know-how, the network and the capacity to link these modes of transport intelligently and thus optimize them economically and ecologically.

One quarter of the respondents asked in the study "Global Logistics 2015+" said that their main concern was that the overall impact of logistics on the environment should be recorded and monitored, in particular that CO₂ emissions and the financial impact of implementing environmental measures should be evaluated. This is for many companies the first step toward requesting further environmental objectives and measures. Under the slogan of "Green Consulting," DB Schenker compiles customer-related emissions calculations using special tools which employ the latest emissions data and proven methods. The resulting emissions portfolios for the respective company then help to identify emissions-intensive factors in the transport chain and in consultation with the client to replace them through more ecologically sensible means of transport if possible.

The Internet application EcoTransIT (www.ecotransit.org) shows the cost effectiveness of transport, as well as its ecological balance, depending on the chosen means of transport. In addition, it allows the customer to learn himself on the Internet about the best means of transport both ecologically and economically.

The customers surveyed regard the use of renewable energy to power vehicles as the most important trend for the future, with 44 percent of them wishing to take measures in this area in the future, while about 25 percent of respondents were even prepared to accept price increases for environmentally friendly transport. With "Green Consulting," DB Schenker responds to individual customer requirements on climate and environmental protection and acts as a catalyst for the optimization of customer projects and the development of new products.

Moreover, in addition to the successful integration of rail in the transport chain, DB has been going the extra mile since spring 2009 with its offer of CO₂-free rail freight services. This allows customers to send their goods by DB Schenker Rail completely climate neutral. For a small surcharge, the DB Group will supply the traction current network with renewable energy to compensate for the CO₂ resulting from transport.

However, customers also expect support before and after the actual shipment. DB Schenker therefore also offers clients Contract Logistics Management and Supply Chain Management (SCM) solutions as attractive integrated solutions - from material delivery through storage and pick up to the distribution of end products. With these concepts and its global network, the DB Group is not only the leader in freight forwarding and logistics, but also number one in European rail freight transport - because it is shifting more and more freight onto rail.

Innovation in the integrated Group

The DB Group is a leader in innovation. The necessary product and technology innovations that expand rail's strengths depend on close cooperation between the Infrastructure, Passenger and Transportation and Logistics divisions - in other words, on the integrated Group. Whether it is a question of product innovation, noise reduction projects, or the comprehensive technical and innovative development of infrastructure, such as the Europe-wide unified train control system ETCS which facilitates cross-border transport: DB is committed to close cooperation between train and infrastructure operators.

The focus however, is on the expansion and maintenance of the infrastructure. DB operates nearly 34,000 kilometers of track, making it the largest rail network in Europe. It must not only undertake intensive maintenance, but also continuously expand to meet growing transport needs. Every year, DB invests billions in this task, which is so vital for the future. DB is thus ensured sustainable success in competition with other modes of transport not only for the Group, but also for other rail companies since high quality and efficient infrastructure benefit the entire rail system. Over 300 competitors are now using DB's network, and their operating performance in both freight and local passenger transport has been growing above the average market rate for years. The European Rail Liberalization Index compiled by IBM Global Business Services measures the degree of market opening and has evaluated the competitiveness of rail services in Germany as exemplary in comparison to most other European countries, with DB in second place behind the United Kingdom.

Sustainable supply chains and product responsibility

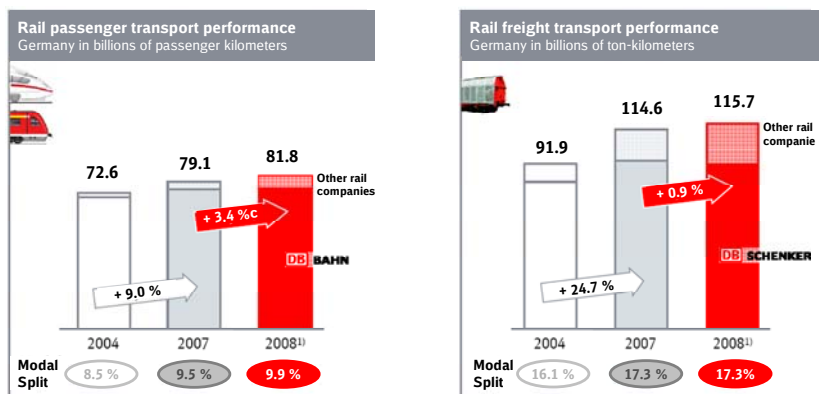
The DB Group not only offers its customers the chance to make their supply chains more sustainable by ecologically optimizing transport. Procurement at DB also ensures that our suppliers observe environmental and social standards. With a demanding safety and dangerous cargo management, the DB Group ensures that traveling by train and transportation with DB Schenker continues to remain safe.

Our products – Fact and figures

Mobility - DB Bahn			
Key performance indicators		Fleet	
Passengers DB Bahn Long Distance	123.2 million	ICE- fleet in trains	252
Long-distance transport volume	35.5 billion passenger-kilometers	Locomotives	1,841
DB Bahn Regional Passengers	1,242.4 million	Passenger cars	9,216
Local transport volume	36.9 billion passenger-kilometers	Rapid transit (vehicles)	4,391
Passengers DB Bahn Urban (rapid transit in Berlin and Hamburg)	583.6 million	Buses	4,935
DB Bahn Urban (rapid transit in Berlin and Hamburg) transport volume	5.5 billion passenger-kilometers	Ferries	3
Passengers DB Bahn bus transport	773.2 million		
Bus transport volume	9.2 billion passenger-kilometers		
Transportation and Logistics - DB Schenker			
Key performance indicators		Fleet	
Freight trains per day	5,386	Freight locomotives	3,298
Goods transported, rail freight	378.7 million tons	Freight cars (owned)	107,932
Rail freight transport volume	113,634 billion ton-kilometers	Trucks	2,598
European land shipments	72,340 million		
Airfreight volumes (Export)	1,230 million tons		
Ocean freight volumes (Export)	1,456 million TEU (Twenty-Foot Equivalent Unit)		
Infrastructure - DB Netze			
Key performance indicators		Rail infrastructure	
Line network	33,862 kilometers of lines operated	Switches and crossings	6,311
Operating performance on the network	1.0 billion train-path kilometers	Tunnels	770
from non-Group railways	161.5 million train-path kilometers	Level crossings	18,050
Number of station stops in millions.	143.1 million	Passenger stations	5,718
from non-Group railways	17.9 million		

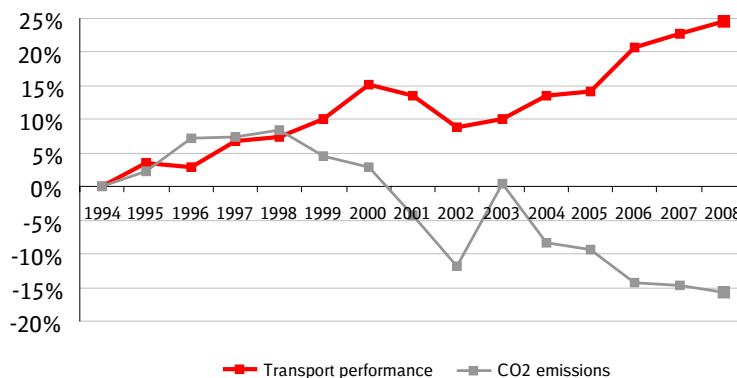
As of financial year 2008

Increase in transport performance in rail transport and increase in share of rail on the transport market



Increase in rail transport performance and rail's increase in share of transport market

Decoupling of CO₂ emissions from transport performance by DB rail transport 1994-2008 (in percent)



Decoupling of CO₂ emissions from transport performance in DB Rail Transport

3.1.2 Green products

On the way to CO₂-free transport: DB's Eco Program

New goals, projects and products – DB's environmental campaign "DB Eco Program" reinforces our climate protection program and provides information on innovative projects and products that support and complement our climate protection goal.

Compared to air and road, rail transport is the most environmentally friendly means of transport. DB has not only been improving the environmental performance of its trains for years, but also that of the entire company. Climate change plays a central role in this regard. Innovative and promising products form the foundation for environmentally friendly and competitive approaches.

"DB's Eco Program"

Sustainable mobility management is essential for effective climate protection. "We need innovative and social mobility solutions so that we can remain in the market in the future and continue to grow," says Dr. Lutz Bücken, Generally authorized representative for Integrated Systems Rail. Under the international title of "DB Eco Program," Deutsche Bahn has started a comprehensive environmental initiative and bundles its "green" products and projects aimed at reducing CO₂ emissions from traveling and transport - from completely CO₂-free travel for business customers to completely "green" vacation offers. This underpins the DB Group's ambitious climate protection goal, which aims at reducing the Group's specific CO₂ emissions by 20 percent from their 2006 level

by 2020. This means less CO₂ consumption and more efficient energy use. This not only makes for cost savings, but also a higher proportion of renewable energy in the traction current mix and new technologies. And that benefits the environment, our customers and our business.

- **CO₂-free travel:** business travel by train can be powered using electricity from renewable energy sources - thus avoiding CO₂ emissions completely. DB therefore procures renewable electricity from Germany, feeds it into the traction current network and thus completely avoids the emission of carbon dioxide. These CO₂-free travel offers are tested and certified by TÜV Süd. The additional costs are low - for example, a traveler with a return ticket between Mannheim and Munich only pays about one more euro.
- **Protecting the climate through environmental footprinting:** DB has compiled a complete environmental performance assessment of all business trips by rail for over 400 corporate clients in 2008. The annual environmental performance assessments have been available to all of our 1,000 plus business customers since 2009, enabling them to see at a glance how their companies have improved their CO₂ balance in this area and use the documentation in their own reporting. Individuals can also find out for themselves how environmentally friendly their train journeys are from the Internet. The UmweltMobilCheck (Environmental Mobility Check) integrated into DB's electronic travel information compiles an environmental comparison for individual journeys from door-to-door by rail, road and air. Since April 2009, journeys not only within Germany, but also across Europe, can be examined from an environmental point of view.
- **Environmentally friendly vacations:** Ameropa, Deutsche Bahn's tour operator, offers environmentally friendly short vacations in Germany, making DB the pioneer in climate-friendly alternative vacations. From car-free mobility to certified organic food to nature trips and hikes to national parks, Ameropa offers everything you need for a natural, feel-good vacation. Ameropa supplements the offer of nature destinations and cooperation with Deutsche Bahn with the environmental organizations BUND, NABU and VCD to organize travel to 18 large conservation areas in Germany and Switzerland.
- **Green Logistics Networks:** Under the umbrella of "Green Logistics Networks," DB Schenker offers its customers a CO₂-optimized transport chain by linking all means of transport and taking into account both economic and ecological aspects - from freight trains through trucks to air and ocean freight. The goal of the global transportation and logistics provider is to bring together the advantages of the individual means of transport and reduce carbon dioxide emissions by shifting traffic to less CO₂-intensive means and alternative transport offers. DB Schenker thus contributes to DB's climate protection goals. At the same time, customers can also reduce their own CO₂ footprint. Freight customers can check their environmental performance on lines across Europe on the Internet. The online tool EcoTransIT calculates an accurate environmental assessment for any European route and compares the climate-friendliness of rail, truck, inland waterways, sea and air, as well as intermodal transport. In the future, an application like "EcoTransIT World" should be able to calculate the energy and emissions data of global transport chains.
- **Green Road:** The lighthouse project "Green Road" includes all activities for sustainable land transport by road. It is the mix of numerous climate-friendly measures that contributes to reductions in the impact of road transport on the environment. For example, by 2014 DB Schenker Logistics wants to train some 20,000 drivers - including those of subcontractors - in energy-saving driving, where they find out how to reduce emissions as much as possible by an intelligent, forward-looking style. In addition, DB Schenker Logistics bundles shipments to avoid empty runs and increase capacity utilization. DB Schenker is gradually equipping its vehicles with technical systems that enable drivers to check their driving behavior. DB Schenker is also promoting the use of modern, energy-efficient vehicles and the upgrade to vehicles complying with Euro 4 and 5 standards. Other measures include the testing of modern and low-emission vehicle technologies, such as hybrid vehicles, as well as the careful monitoring of subcontractors. The important catchword here is the integration of rail freight services in DB Schenker's land transport network, where DB SCHENKER**railog**, the partner for rail logistics, plays the central role. This allows customers to integrate rail transport right across Europe even better into their planning and use the economic and environmental benefits of rail as a transport mode on medium and longer distances.
- **Green Product Rail:** With its new CO₂-free transport, DB Schenker Rail now makes its customers an offer that is groundbreaking for the transportation and logistics sector. Customers can now process their rail freight CO₂-free on all European routes for just a small surcharge. At the customer's request, the energy required for

one shipment can be replaced with renewable electricity from Germany, which DB buys in extra and as a result avoids completely emissions of the greenhouse gas carbon dioxide. This allows a customer who dispatches a heavy block train weighing 1,000 tons from Hamburg to Munich to reduce CO₂ emissions by a total of some 20 tons compared to regular rail transport. And he saves more than 55 tons of CO₂ compared with trucks.

- **Green Terminals:** DB Schenker's warehouses and workshop sheds also have great potential for energy saving. DB reduces CO₂ emissions here by several measures: from the use of photovoltaic and solar power plants, natural cooling systems and the use of geothermal plants to innovative, energy-efficient lighting systems, insulation and a more intensive use of rain water.

DB is aggressively marketing the products offered through its green campaign. Comprehensive information about our green projects is on their own website, which also has a short environmental film with tips and tricks for saving energy. DB donates ten euro cents for each visitor to the Bergwaldprojekt e.V., (Mountain Forest Project e.V.), which aims at planting a total of 10,000 trees.

3.1.3 Environmental footprints

Direct comparisons

Whether in passenger or freight transport, whether by rail, road, sea or air - DB carries out an eco audit for its customers.

It will be increasingly important for Deutsche Bahn's customers to know the extent to which their transportation is environmentally friendly. DB therefore offers both private and business travelers, as well as DB Schenker customers, an environmental calculator that can compare emissions of CO₂ and air pollutants from travel and shipments. DB also compiles business-related audits for large customers.

Environmental footprints of journeys

DB's passengers can directly calculate the environmental impact of their journeys from Internet-based travel information. The icon Environmental Mobility Check (recognizable by the blue sign and the flower) displays the energy consumption and CO₂ and particle emissions for the selected journey compared to the same journey by car or plane if available on that particular line. The Environmental Mobility Check also takes into account the power generation and fuel production involved.

The UmweltMobilCheck (Environmental Mobility Check) was developed at the initiative of DB together with the renowned Heidelberg Institute for Energy and Environmental Research (ifeu) and has been online since 2002 for lines within Germany. In 2007, DB expanded the Check to include domestic German flights. In order to calculate the environmental impact of journeys to other European countries, DB has also significantly advanced the further development of the "EcoPassenger" computer at the International Union of Railways (UIC). As with the UmweltMobilCheck, the basic information was provided by the ifeu institute. The European Environment Agency has checked the data and methodology of EcoPassenger, which are also used by the Environmental Mobility Check, and verified them as objective and thoroughly grounded. Since April 2008, the data of EcoPassenger have been integrated in the UmweltMobilCheck, so that an environmental impact calculation is now available for any journey within Europe by car, plane or train. Since the computer calculator went online in 2002, the number of inquiries has increased steadily, and now the UmweltMobilCheck is used around 100,000 times a month.

For major customers, Passenger Sales uses the same database to calculate the individual environmental impact of business trips by rail. This service is experiencing increasing demand from, for example, large German corporations, which enables them to optimize the repercussions on the environment of their employees' business trips and identify areas for reduced impact.

Environmental footprints of freight shipments

DB also offers its freight clients a comparable environmental calculator, the online application EcoTransIT, which enables companies to assess their energy consumption and emissions of CO₂ and air pollutants from their shipments within Europe - whether by train, truck, ship, plane or in combination. As a result, they can optimize their shipments and thus reduce environmental pollution. The data used by EcoTransIT are made available by the ifeu institute and are based on the different technical standards of vehicles, specific consumption factors, the

transport-related impact and fixed emission factors, which in the case of power consumption are also country-specific. These data are regularly updated. The computational tool EcoTransIT was developed in 1999 at the initiative of the DB in conjunction with five other European rail companies.

EcoTransIT World is currently undergoing further development - again at the initiative of DB - to enable it to make comparisons for international shipments and to take into account the integration of rail into the global flow of goods. In addition to the ifeu institute, the Ökoinstitut is also working on the project because of its expertise in international ocean and air transport, which it already uses in its audits for DB Schenker Logistics.

In addition, DB Schenker Logistics offers to calculate a company's total environmental impact from transport, as well as the ecological and commercial optimization of individual shipments as an individual service to its customers ("Green Consulting"). These consulting services are in particular demand from major international companies that operate in a responsible and sustainable manner. DB's know how enables the environmental impact of shipments and supply chains to be identified and, where possible, reduced, while at the same time taking into account factors such as cost or delivery times.

3.1.4 Fleet

Modern vehicles to support the Group's environmental objectives

DB regularly updates and modernizes its vehicle fleet, improving even further the climate footprint.

Every year the DB Group invests approximately one billion euros in new vehicles in order to increase punctuality, reliability and comfort. We are thus constantly making our services more attractive to our customers and improving our environmental performance. Deutsche Bahn's requirements for vehicle spare parts remains high: DB invests around 500 million euros every year to ensure the quality and reliability of the DB fleet.

DB Bahn – a modern fleet as a major element in our vehicle and competitive strategy

- **DB Long Distance:** The ICE family, with its 252 trains, is the newest part of the DB fleet and has an average age of just nine years. It is exemplary in terms of environmental protection: with capacity utilization of 50 percent, the energy consumption of the ICE 3 per person is equivalent to less than two liters of gasoline per 100 kilometers and of the ICE 2 to about 2.5 liters. And even the ICE 1 is still less than three liters. An ICE covers approximately 500,000 kilometers per annum and in one month travels almost once around the Earth. The 59 ICE trains of the first generation were completely rebuilt between 2005 and 2008. According to experts, this modernization made for great reductions in the use of resources compared to the purchase of new trains, saving roughly 16,000 tons of steel and 1,200 tons of copper. Moreover, refurbishing the components, rather than using new manufactured ones, reduced CO₂ emissions by 35,000 tons.
- **DB Bahn Regional:** at the beginning of 2009, Deutsche Bahn and Bombardier Transportation signed a framework contract for 800 double-deck freight cars worth up to 1.5 billion euros. This new generation of vehicles will enable Deutsche Bahn to go on the offensive when competing for tenders in the local rail transport market in 2009.
- **DB Bahn Urban** has 4,670 diesel buses in its inventory. With 256 vehicles in Bavaria alone, the DB also has largest natural gas bus fleet in Germany. In addition to diesel particle filters, we have also fitted selective catalytic reduction (SCR) to our buses with conventional diesel engines in order to reduce nitrogen oxide emissions.

DB Bahn Fleet	
ICE fleet in trains	252
Electric locomotives	1,413
Diesel locomotives	263
Passenger cars	9,216
Rapid transit (vehicles)	4,391
Diesel buses	4,670
Natural gas buses	265
Ferries	3

As of financial year 2008

DB Services - DB Carsharing and Call a Bike complement DB's fleet

DB's mobility offer has long since gone beyond just rail. Deutsche Bahn AG provides mobility far beyond our stations.

- **DB Fuhrpark Service (DB Motor Vehicle Fleet Service)** is the DB Group's mobility and fleet manager and one of the leading mobility service providers before and after the actual journey by rail. Our services also include full-service leasing, long and short-term rentals, fleet management, chauffeur service and car sharing, as well as the import and sale of vehicles. DB Motor Vehicle Fleet Service owns about 19,000 vehicles.
- **DB Rent** is the mobility service provider for the external market. DB Carsharing offers a comprehensive mobility network in over 120 German cities with around 1,600 vehicles. DB Carsharing allows its 100,000 customers individual mobility connections at the departure point or destination of their journey. Registered users can use their customer card quickly and easily for the vehicles available at the train stations, airports and city center locations. Around 3,500 vehicles at over 1,600 stations in more than 550 cities and towns are available across Europe.
- **Call-a-Bike** completes the DB Group's mobility chains with about 6,000 bicycles. DB Rent hires out bikes with area-wide coverage around the clock in Berlin, Frankfurt, Stuttgart, Karlsruhe, Cologne and Munich. They were used for over 600,000 trips in 2008. In addition, DB Rent is working to equip 100 ICE stations with Call a Bike stations. In June this year, the service was already available at 31 ICE stations nationwide.

DB Services Fleet	
Cars in Carsharing	about 1,500
Vehicles in DB Motor Vehicle Fleet	18,698
Bicycles in Call a Bike	about 6,000

As of financial year 2008

DB Schenker – operating the most modern rail freight fleet in Europe

- **DB Schenker Rail** has one of the most modern freight car fleets in Europe. Over 400 of our freight locomotives can be used for cross-border transport. In 2008, freight trains operated by DB Schenker Rail relieved the roads of some 100,000 truck journeys every day, thus saving around 23,000 tons of CO₂ every day (i.e., approximately seven million tons a year). At the same time, we are steadily reducing specific CO₂ emissions further, for example, by converting braking energy into electricity on modern electric locomotives and the increasing use of renewable energy. In addition, DB Schenker Rail refitted more than 800 diesel locomotives with modern, low emissions engines between 1998 and 2007. DB Schenker Rail invested around half a billion euros in this program. At the end of 2008, the world's cleanest diesel engine, the result of a research project between DB and the engine manufacturer MTU, began operation at the Kornwestheim marshaling yard. The new engine emits 50 percent fewer nitrogen oxides and 90 percent fewer particles than conventional locomotives.
- **DB Schenker Logistics** runs its own worldwide fleet of approximately 2,600 trucks and in particular commissions numerous subcontractors to operate about another 24,900 trucks on behalf of DB. DB Schenker Logistics continuously renews its vehicle fleet for both environmental and commercial reasons and ensures the quality of its subcontractor fleet through strict monitoring measures. For example, DB Schenker Logistics records its global subcontractor truck fleet worldwide according to a standard procedure every year. In Europe, we focus on the Euro standard classification. DB Schenker does not operate its own air and ocean freight fleet, although it does enjoy close contacts with its partner airlines and shipping companies in developing joint long-term opportunities to reduce CO₂.

DB Schenker Fleet	
Electric locomotives	1,447
Diesel locomotives	1,851
Freight cars (owned)	107,932
Trucks	2,598

As of financial year 2008

3.2 Passenger Transport

With a turnover of twelve billion euros, DB is one of Europe's leading mobility companies. Every day, the Group moves some 7 million people in its trains and buses - in long-distance, local and urban transport.

3.2.1 Long-distance

Comfortable, fast and environmentally friendly travel

Traveling by train is much safer and more environmentally friendly than going by car. ICE is the fastest means of transport from city to city on many long-distance connections. With its sustainable products, DB is convincing more and more customers to use long-distance transportation.

In 2008, about 340,000 passengers used DB's long-distance transportation services every day. Never before had more people traveled on ICE and Intercity trains in Germany. DB Bahn Long Distance makes Germany mobile, provides hourly connections between cities and creates new and attractive connections across borders.

Keeping regular customers and convincing new customers

Around four million Germans are regular passengers on DB's long-distance trains and have a BahnCard. With its BahnCard 100, BahnCard 50 and BahnCard 25, DB makes three offers tailored to a wide variety of customer needs: from the annual rail pass (BahnCard 100) to the option for frequent travelers (BahnCard 50) to the reasonably-priced "entry-level" option (BahnCard 25), DB provides a wide range of attractive discounts and exclusive benefits. BahnCard holders can collect bahn.bonus points and make use of attractive premiums. And frequent travelers can qualify for bahn.comfort, DB's premium customer program.

DB also reaches out to new customers with its Dauer-Spezial package, which allows nation-wide travel from 29 euros if booked early. Promotional offers in cooperation with partners such as Lidl, Tchibo and McDonald's also aim to win DB new customers.

Business trips and corporate clients

The ICE is the fastest means of transport on many domestic German connections. On lines from Cologne and Stuttgart to Frankfurt Airport, the ICE serves as a shuttle for Lufthansa passengers. Our cooperation with AIRail helps avoid environmentally damaging short-haul flights because the plane ticket becomes a train ticket.

Since spring 2009, DB has also been offering corporate customers CO₂-free business travel. By purchasing renewable electricity, rail travel, which is already very environmentally friendly, becomes climate neutral. The additional costs are low and amount to about one euro for a return journey between Munich and Mannheim. Businesses taking part receive a certificate of all their CO₂-free journeys from the TÜV Süd.

Vacations and city breaks with Deutsche Bahn

DB offers vacationers attractive alternatives to the car and plane. Our offerings at a glance:

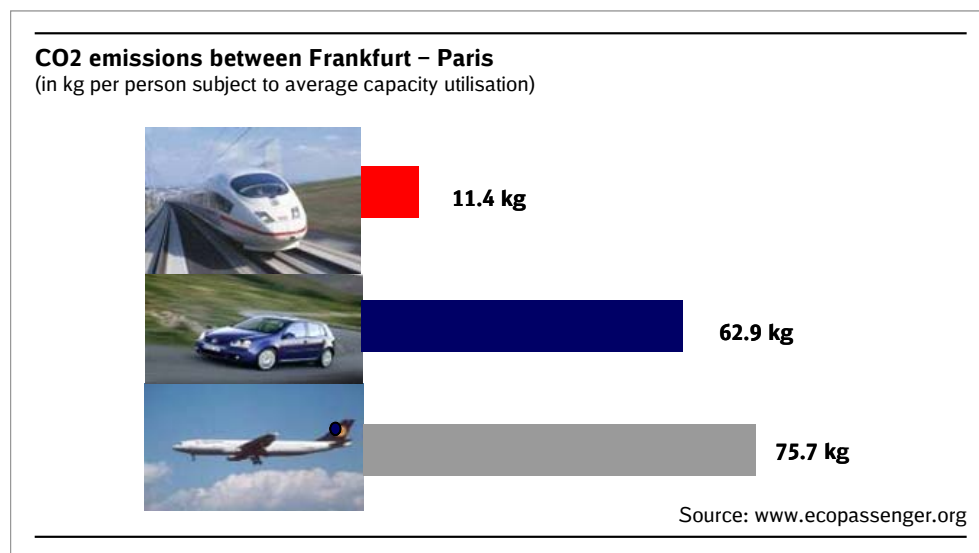
- **Rail & Fly** allows air passengers low-cost or even free rail travel to the airport. This keeps the car in the garage and avoids CO₂-intensive shuttle flights. About 100 tour operators and airlines offer their customers Rail & Fly. Frankfurt, Dusseldorf, Cologne/Bonn and Leipzig/Halle airports are directly connected to DB's long distance network, and in Hamburg, Munich, Stuttgart, Berlin-Schoenefeld and Hanover the rapid transit runs to the airport.
- **Rail Inclusive Tours** provides travel agents with long-distance tickets at corporate discount rates that they can then integrate into their overall package offers with hotels and events, thus enabling their customers to arrive at their destination using the more environmentally friendly rail on terms as favorable as possible.
- Under the theme **Destination Nature**, Deutsche Bahn, in cooperation with the environmental organizations BUND, NABU and VCD, strongly supports sustainable tourism. A total of 18 national parks and protected areas, from the Wadden Sea to the Alps, are part of this campaign, which also includes environmentally friendly arrival and departure by train.
- Under the motto **"Travel Naturally"** Deutsche Bahn's tour operator "Ameropa" provides environmentally friendly short breaks in Germany. From Sylt to Berlin and Freiburg to Berchtesgaden - Ameropa not only provides more environmentally friendly travel by train, but it also offers experiences in beautiful natural and

attractive cities and towns. From car-free mobility through certified organic food to guided walks and tours through national parks - the offer is as diverse as it is sustainable.

- Train is particularly well suited to families traveling together: **children under 15** accompanied by their parents or grandparents travel free of charge. With “Kids on Tour,” children from 6 to 15 can travel alone by train on to Fridays and Sundays under the supervision of the staff from the Travelers’ Aid Society.
- Even on vacations, DB links up different means of transport: if you don’t want to be without your car on vacation in Germany, Italy, Austria or France, you can have travel with **DB Autozug** without problem and spend the long journey in the sleeping car or couchettes.
- DB Rent, a subsidiary of DB, offers its **Call a Bike** rental system around the clock in Berlin, Frankfurt, Stuttgart, Karlsruhe, Cologne, Munich and Hamburg to customers who want to do without the car completely on trips to cities.

Cooperation agreements for comfortable trips abroad

Europe is developing a high-speed network that will make traveling across borders faster and more comfortable. With Railteam, DB and its partners are pursuing the strategic goal of positioning rail in the mobility market as a fast, simple, high quality and environmentally friendly means of transport across borders and increasing its market share significantly. Railteam is creating integrated travel chains. Passengers at the five main connecting stations can count on multilingual staff to help and advise them. Frequent travelers also have access to lounges at all Railteam destinations and benefit from lower rates for rental cars in major European cities. Also involved in Railteam are, in addition to Deutsche Bahn, the French railway SNCF, Eurostar UK, the Dutch NS Highspeed, the Austrian ÖBB, SBB from Switzerland and the Belgian SNCB. The Railteam network already connects about 140 cities and as a result has a catchment area of 120 million people. DB already offers fast high-speed train connections to Amsterdam, Brussels, Paris, Copenhagen, Zurich and Vienna, as well as to other cities. These services are enjoying brisk demand and have led to the cancellation or reduction of several air routes. The new ICE line from Frankfurt to Paris, for example, has been competing successfully with road and air since 2007 – and carbon dioxide emissions per rail traveler on this line are over 50 kilograms less than going by car - and over 70 kilograms less than flying. So with regard to CO2 emissions, our customers could travel to Paris six times before emitting the same amount they would when driving there just once.



CO2 emissions between Frankfurt – Paris

For customers who want to arrive at their destination in the morning feeling fresh after a good night’s sleep, DB’s **night trains** and **car trains** are particularly suitable for long distances within Europe and a more convenient alternative. Ticket offers such as the **Europe Special** and **Interrail**, or the BahnCard reduction on lines in other European countries (**Railplus**) also make international travel by train attractively priced.

3.2.2 Local

Competing for sustainable regional transportation

To be able to offer passengers sustainable mobility in local transportation, DB also has to convince the ordering bodies.

In 2008, the DB Bahn Regional business unit carried over 1.2 billion passengers. DB Bahn Regional's extensive and dense regional network not only makes urban regions mobile, but also offers good connections in rural areas.

DB wants to maintain its market share of 70 percent

As in the Long Distance business unit, DB appeals directly to passengers with its regional transportation offer. In contrast to its commercially viable long-distance services, which are based on ticket sales, regional transportation is commissioned by the German states or by ordering organizations on their behalf. The services are financed through regional funds from the federal government and operated by DB or other rail companies. The public transport authorities set down in transportation contracts with the operators the lines, extent of services and quality standards to be provided. Contractually defined, for example, are the number of trains and their fittings, requirements regarding vehicle comfort and operational quality, required number of train attendants and much more.

The German local public rail transport market is characterized by intense competition, with some 30 competitors active on the market. By 2021, all German regional transport contracts will go to new tenders at least once. It is DB's goal to maintain a share of at least 70 percent of the regional transport market in the medium term.

Competitors of Deutsche Bahn, mostly subsidiaries of foreign companies such as Veolia, Arriva or Keolis, now hold a market share of over 18 percent and even over 30 percent in some German states. The competition for the award of local transport lines is now almost exclusively based on price and hardly at all on the quality of the bids.

DB Group calls for a sector-specific collective agreement for local rail transport

This development has meant that companies with the lowest wages and social standards win public tenders: competition takes place at the cost of the employees. DB, whose personnel costs are now up to 40 percent above those of competitors due to high wage settlements and good social standards, only managed to win 30 percent of the transportation contracts allocated in 2008. Against this background, DB is calling for a sector-specific collective agreement to ensure wage, training and social standards as has long been normal practice in other deregulated transport markets, such as in Scandinavia.

Call for bids on 140 million kilometers in 2009

In 2009, the ordering organizations reallocated a total of 140 million kilometers, which is one quarter of DB Bahn Regional's total business. The Berlin-Brandenburg transport association, for example, is calling for bids on transport services of 22.9 million train-kilometers in four lots. The two biggest contract packages are in any case to be awarded to two companies. So even if a company presents the best offer for all lines, it has no chance of winning the tender. For DB Bahn Regional and its employees, this means that at least 350 jobs, and in the worst case scenario, more than 1,000 jobs alone will be lost at DB Bahn Regional in Berlin and Brandenburg.

DB Bahn Regional convinces with customized offerings

DB wants to continue convincing customers with its quality. Already, three quarters of customers ordering services from DB assess them as very good or good, mainly because with each tender won, DB has put the most relevant target groups at the center of its strategy: commuters and leisure travelers. DB provides both these customer groups with trains that are constantly becoming more comfortable and provide better services on-board trains and at stations, as well as tickets designed specifically for the target groups, thus attracting commuters and students to rail with its weekly and monthly tickets. Our Laender-Tickets (statewide tickets), whose sales in 2008 reached over eleven million, the regional culture tickets and the Schoenes-Wochenende-Tickets (weekend tickets), which have been popular for years, are particularly attractive to tourists and people looking for a short break. Our offer is completed by a large number of Park & Ride areas.

Growth opportunities outside Germany

As the successor of the former monopoly operators the Bundesbahn and the Reichsbahn, DB Bahn Regional cannot grow in Germany's intensely competitive environment for the foreseeable future. Nevertheless, in order to secure sustainable growth, the DB Group is heavily involved abroad, either by taking part in tenders or through acquisitions. The purchase of the British company Laing Rail and its investments in Chiltern Railways, as well as of a 50 percent stake in the two joint ventures London Overground Rail Operations and Wrexham, Shropshire and Marylebone Railways, marked our successful entry into one of the largest foreign rail passenger markets and the first time DB Bahn Regional has managed large-scale rail passenger operations outside Germany. The offer includes commuter trains between London and Birmingham, as well as suburban services in and around Greater London. "This commitment fits perfectly with our growth story. Through this acquisition we have acquired growth prospects in a highly deregulated market, which benefits both customers and employees. We are thus broadening our business base and are becoming more independent from developments on a single market," says Ulrich Homburg, Member of the Board of Management for Passenger Transport at DB.

3.2.3 Urban

Mobile in the city and the countryside

DB Bahn Urban operates thousands of line buses throughout Germany and the rapid transit in Berlin and Hamburg. The newest business unit in passenger transportation completes the Group's mobility strategy.

DB Bahn Urban offers transport services with urban buses and rapid transit systems, both on its own account and on behalf of cities and counties. In 2008, more than 1.3 billion passengers used these services. The core businesses of DB Bahn Urban are the rapid transit systems in Berlin and Hamburg and a nationwide network of 22 regional bus companies. With approximately 12,200 employees and approximately 3.6 million passengers daily, Urban is the largest local transport company in Germany.

In 2007, DB Bahn Urban purchased the Danish provider Pan Bus and was able to increase its business volume by winning public tenders. In order to maintain its position in this market, however, DB Bahn Urban needs strong alliances with local transport companies, as well as to connect rail intelligently with urban bus systems. DB therefore applies the synergies and experience from other areas of the Group, especially when it comes to increasing productivity. As a result, in recent years we have reduced the cost of service planning and scheduling by five percent and of procuring replacement parts by an impressive 20 percent.

Expanding rapid transit lines for sustainable growth

DB Bahn Urban completes the Group's strategy of offering customers complete mobility chains. At the same time, the Group believes that sustainable mobility means making a systematic train and bus network available to its customers. This is particularly true in rural regions: coordinated train and bus connections and additional services such as Call-a-Bus are yet more links in DB's travel chain.

DB Carsharing complements our offer in urban transportation

DB Carsharing, which is provided by our Services business unit, completes our strategy of providing our customers in urban transportation with a complete travel chain. Customers who do not want to go without their cars can now use our DB Carsharing offer in 120 German cities and at another 19 locations in the Netherlands thanks to a new cooperation with Drive-CarSharing NL.

3.3 Transportation & Logistics

DB Schenker: using all modes of transport worldwide

Greenhouse gas emissions from the transport sector are still rising. Climate-friendly transport concepts are therefore gaining in importance and will become a significant competitive advantage in the future.

3.3.1 Freight by rail

With DB Schenker Rail in the fast lane

DB's rail freight transport has been successfully restructured in order to grow internationally. Today DB Schenker Rail operates Europe's largest rail freight company, each day saving about 100,000 truck trips on Europe's highways and 23,000 tons of CO₂ emissions.

DB Schenker Rail now offers rail freight shipments across borders from one source. Nearly two-thirds of all DB Schenker freight trains are already used on international routes. "European customers are increasingly demanding European solutions from a single source. It is therefore only logical that we have introduced a European organizational structure to manage our European network as the leading rail freight operator," says Dr. Klaus Kremper, CEO of DB Schenker Rail.

In order to be prepared for the growing internationalization of trade flows, the company long since began establishing a separate European network. And to take part in the expected growth of the future, DB Schenker Rail has rearranged its business model to meet customer and market requirements and aligned it with the main European transport routes.

DB laid the necessary foundations in 1999 and 2001 with the acquisition of rail freight companies in the Netherlands and Denmark and continued to expand the network with the purchase of a private rail company and a majority stake in Nordcargo in Italy (2004 and 2008), the acquisition of the UK's largest rail freight company DB Schenker Rail UK Ltd. (formerly English Welsh & Scottish Railways) and the pro rata purchase of the Spanish rail shipper Transfesa in 2007. In 2008, DB Schenker Rail increased its stake in the Swiss company BLS Cargo to 45 percent. In January 2009, we purchased PCC Rail, Poland's largest rail freight company. As a result, the North Sea ports, for example, are now connected with the Rhine Valley, southern Germany, Austria and Switzerland and direct through shipments from Scandinavia to Italy are now possible on the north-south axis, while the east-west axis links the Benelux countries, France and Spain with Eastern and Southeastern Europe. DB therefore expects significant long-term growth, especially in European seaport-hinterland transport, but also along the east-west axis. "What we are developing here is pioneering in Europe," says DB Schenker Rail CEO Klaus Kremper. "There are no rail freight companies in Europe which have such a good international network as ours. This ensures that DB will at the same time secure the future of this environmentally friendly mode of transport in Europe."

Example of modal shift - the "Viking Trains"

It is the DB Group's declared goal to shift transport - in cooperation with our customers - from road to rail. For example, DB Schenker Rail's "Viking Trains" have been operating since fall 2008. Every week, Volvo sends five trains filled with car parts from Kornwestheim and Hanover to its plant in Gothenburg in Sweden, while another five trains travel in the opposite direction. The shift from road to rail affects between 30 to 40 percent of the total that Volvo transports between Germany and Sweden. The freight trains are faster than trucks and save per ton-kilometer 40 grams of CO₂. This new train system under the name of "Viking Rail" is due to be extended to Wuppertal, Frankfurt/Main and Ingolstadt in the future.

Consolidating our environmental advantage

DB Schenker Rail has one of the largest and most modern fleets in Europe, allowing us to meet the various needs of our customers, with their wide variety of different products from different industries, using a flexible and individual approach. DB Schenker Rail wants to reduce even further its climate and air pollutant emissions in the future and thus maintain and expand its environmental advantage. Here, the following measures are particularly relevant: continuing our policy of fitting new engines to our existing fleet, using modern locomotives with low

emissions, increasing the proportion of electric traction by electrifying more lines and promoting energy-saving driving on the part of the train drivers.

3.3.2 Logistics

Always the right mix

DB Schenker Logistics utilizes its expertise on the environmentally friendly organization of transportation and logistics services worldwide.

Logistics links the whole world - global value added based on the division of labor would be impossible in its current form without efficient logistics. And Germany, with its central location, ports and road and rail network, is Europe's logistics hub. The high economic growth in emerging countries and the increasing division of labor have led to a significant increase in world trade flows in recent years. This trend is expected to continue after the current economic crisis. Demand for global and sustainable transportation and logistics services should therefore remain high. Increasing transport volumes will increase CO₂ emissions from the transport sector. Against this background, climate-friendly transport concepts will acquire increased importance and also even become a competitive commercial advantage.

DB Schenker compiles and analyzes the customer-specific footprint of CO₂ emissions and identifies ways to optimize its customers' supply chains based on ecological and commercial criteria. In developing ecologically and economically optimized transport solutions, DB Schenker can draw on its long experience and extensive industry know how to optimize its customers' transport chains and environmentally friendly rail transport. Here, DB Schenker Logistics focuses primarily on making intelligent, resource-saving links between the various modes of transport and the increasing integration of rail in European land transport. DB Schenker Logistics meets the transport needs of its customers by ship, truck, plane and train or their best combination, with seamless logistics chains from factory gate to factory gate and intelligent services both before and after the actual shipment.

We develop and test innovative strategies and technical approaches in cooperation with our sub-contractors. Examples:

- **Land transport (truck):** with Europe-wide driver training in energy efficient driving and the conversion of vehicles to Euro standards 4 and 5, we are sustainably reducing diesel consumption and emissions of harmful greenhouse gases. Other measures include testing modern and low-emission vehicle technologies, such as hybrid vehicles, as well as the careful monitoring of subcontractors.
- **Ocean freight:** the "Speed Reduction Program" offered by DB Schenker Logistics and the shipping company Hapag Lloyd gives companies the opportunity to book container vessels sailing at a slower speed between Europe and Asia, which makes for both greater security of supply and reduced fuel consumption of up to 30 percent.
- **Airfreight:** an intense exchange of information with the "preferred carriers" regarding environmental goals, methods of calculating CO₂ emissions and the potential for reducing them - all these are laying the foundation for a long-term reduction in CO₂ as part of DB's climate goal 2020.
- **Stationary facilities:** transshipment terminals, logistics centers and hubs are ecologically optimized by, for example, efficient heating and cooling and the use of renewable energy, such as photovoltaics.

Bundling shipments

An important cornerstone of a climate-friendly transport system is the combination of traffic and the optimum utilization of the modes of transport. The foundation of this at DB Schenker with regard to land transport is a tightly meshed distribution system. Direct connections between sender and receiver make sense with full truckloads. Many contracts, however, run through a hub system and the trucks, like the spokes of a wheel, head for these transport hubs night after night, where shipments for certain routes are bundled. This approach allows DB Schenker to utilize the cargo capacity in an optimal fashion - and keep to the schedules and travel times at the same time.

Logistics infrastructure: DB Schenker is building an environmentally friendly mega-hub in Melbourne

The environmentally friendly mega-hub currently under development at Melbourne Airport is scheduled to begin operations in July and will expand the freight forwarding and logistics services offered by Schenker Australia Pty Ltd. The hub covers 11,000 square meters of logistics space for a wide variety of services and 2,500 square meters of office space for 230 employees. Several teams that used to work at four different locations will be brought together in the new building. The terminal has been specially designed to be environmentally friendly. It will store 450,000 liters of rainwater, of which 350,000 liters will be used to provide a permanent supply of firefighting water and 100,000 liters for irrigation. In addition, the toilets in the main building and the warehouses are flushed with rainwater, reducing total water consumption for these purposes by up to 70 percent. Solar panels and the conversion of 80 percent of the forklift trucks to electric power will ensure a significant reduction of energy consumption. In addition, the south-facing office building also shields the adjacent storehouse from direct sunlight, thus reducing the energy consumption for air conditioning by 40 percent. In-house recycling programs reduce the waste volume by 60 percent, while the equipment and appointment of the offices corresponds to Green Star specifications, a comprehensive national voluntary environmental rating scheme for measuring the environmental performance of buildings.

3.3.3 Networked modes of transport

Everything from one source

Linking shipments from a commercial and environmental point of view using cross-modal transport services is DB Schenker's model for success. This means excellent transportation and logistics solutions from a single source with a strong rail backbone.

The link between transport modes is the future for Europe. The successful companies will be the ones that can offer tightly meshed and cost-optimized networks, including their own dedicated freight railroads and can thus offer their customers the full range of logistics services. The DB Group's strategy of integrating its European freight train operations directly into our logistics network in order to make it globally competitive is a model for success in both commercial and ecological terms. Integrating rail achieves CO₂ reductions of up to 75 percent compared to pure road transport, making this strategy is also ecologically successful. Moreover, the integration into the international network of DB Schenker Logistics ensures the sustainability of environmentally friendly rail and at the same time makes a further important contribution to sustainable transport design.

Combined transport integrates rail in international trade flows

Under the umbrella of DB Schenker Rail, DB Intermodal is the specialist for integrating rail freight transport in the supply chain of the final customers by linking rail with the transport modes of truck and ship in Europe. DB Intermodal's core competence is the transport of loading units such as containers, swap bodies and semi-trailers on rail. With around 2,000 trains a week, DB Intermodal connects the most important transport junctions in around 30 countries across Europe. And with three million loading units every year, it is the leading supplier in European intermodal transport. The principle: long lines (the so-called primary run) are done by rail, while short distances - the first and last run - go by truck. In other words, pick up and delivery of shipments between rail and the customers. DB Intermodal's rail shipments reduce CO₂ emissions into the atmosphere by 1.3 million tons every year compared to truck transport. That helps customers to optimize their own CO₂ footprints.

Railports link road and rail – even for customers without sidings

With a Europe-wide Railport network, DB Schenker Rail has developed a path breaking and innovative approach to European rail freight. Until now, to many shippers, there was no question of using rail freight for one very good reason: either they needed their own siding, or they needed swap bodies to use intermodal transport. However, bulk goods in particular are unsuitable for such clients. But with the Railports, neither the consignor nor the recipient need to have direct access to the rail network, and yet can still have their goods transported over long distances by rail. Railports have connections with both rail and road, are designed to handle various types of bulk goods, and enable direct loading of freight cars as required by customer production needs. This means that the main run goes by train and the pre-carriage and onward carriage by road, with Railports carrying out the handling

and storage. This enables DB Schenker Rail to close the gap over the last mile and improve the transition between road and rail, in particular for customers who previously transported their goods mainly by truck.

DB SCHENKERskybridge links ship and plane with each other quickly, economically and ecologically

The service DB SCHENKERskybridge, which DB Schenker Logistics developed in 2007 as an innovative product for the increasingly complex supply chains in the electronics, automotive, mechanical engineering and garment industries, combines the efficiency and environmental friendliness of container ships with the speed of aircraft. Goods being exported from Asia to Europe or America go first to Dubai or Vancouver by ship and are then shipped by air. This reduces journey times by 30 to 50 percent compared with straight ocean freight and costs by up to 50 percent compared with straight airfreight. And this combination using ships with their low CO₂ emissions reduces CO₂ by up to 50 percent.

3.4 Infrastructure

No rail without infrastructure

3.4.1 Track

Investing billions to fight the economic crisis

Efficient networks form the backbone of the railway system. With 34,000 kilometers of track, DB operates the largest rail network in Europe. DB also invests billions each year in maintenance and continuous upgrading.

Every day, 39,000 trains run on Germany's 34,000-kilometer rail network – the biggest in Europe and operated, maintained and continuously upgraded by DB Netze Track. Successful management infrastructure not only benefits passengers, but also rail freight, where a viable and far-reaching network is essential. The long-term projected growth in rail freight transport will increase demand for train-paths on the already busy main lines and hubs. The development of networks for both freight and passenger transport is therefore one of the most important tasks for the future.

Investing in the network

In 2008, a total of one billion train-path kilometers were covered on DB AG's line network. The German federal government and Deutsche Bahn invested more than three billion euros to maintain the performance and efficiency of the existing network, especially on main lines and in the network hubs, as well as to further improve the quality of the network.

DB plans investments in infrastructure amounting to over eleven billion euros, mostly from federal funds, in 2009 and 2010. Thanks to additional funding from the federal stimulus programs, many projects can be accelerated. The focus will be on the modernization of 2,050 small and medium-sized stations, as well as the expansion of main lines and nodes. In addition, the regional transport infrastructure will be significantly improved using funds from the stimulus program.

In addition to the approximately 1.3 billion euros from the stimulus programs, a total of around six billion euros will be invested in existing lines and stations during 2009 and 2010, of which one billion euros will come from DB's own resources. A further 2.3 billion euros in federal funds are already going into new construction and upgrading projects which have already been planned and are ongoing, plus grants and subsidies from third parties amounting to 1.6 billion euros, for example funds from the German states to help renovate stations or for local transport. Besides these investments, Deutsche Bahn will be investing up to 2.5 billion euros for the maintenance of existing infrastructure in the next two years.

Investment in the network requires long-term planning and its implementation requires secure financing. An important decision in setting the course for the future was the conclusion of the Performance and Financing Agreement between DB AG and the German Federal Government on January 1, 2009, according to which DB AG made a commitment to maintain the infrastructure to the quality defined and invest 500 million euros of its own resources in infrastructure every year. In addition, DB AG agreed to invest up to 1.2 billion euros every year in

maintaining the network. In return, the federal government granted long-term predictable funding for infrastructure investment in the existing network over five years, with an annual payment of 2.5 billion euros for the network, stations and energy supply. This gives DB greater reliability in planning investments, thus enabling it to organize these processes more efficiently.

Punctuality

The schedule that the Track business unit compiles for over 340 internal and external customers is the heart of all operational processes. The punctuality of passenger trains has been over 90 percent for years. Unfortunately, delays cannot always be avoided, even with good planning, but DB has no influence on the causes of many delays, which range from wanton interference to weather conditions and technical failures to defects in control or command systems.

The way forward: upgrading, new construction and modernization of lines

The sustainability and competitiveness of rail transport can only be secured if Deutsche Bahn invests in the existing network and modernizes the infrastructure. In spring 2007, DB Netze launched in the “ProNetz” future-oriented program to work on making the infrastructure ready for more traffic. In addition to technological improvements, ProNetz aims at integrating maintenance and investment, as well as at strengthening preventive measures. The same year, Deutsche Bahn invested 3.5 billion euros in modernizing and developing the existing network. In 2007, the focus was on construction projects along 28 particularly busy corridors. Nationwide, over 3,000 large building projects were carried out. Based on the positive experiences already made, in 2008 the number of corridors where DB Netze Track bundles the construction projects was increased to 63.

In order to gain market share on the German domestic and European long-distance transportation market from the competition, especially from air travel, efficient long distance lines must be developed. This requires vision and foresight, because it often takes more than a decade to go from the planning stage to the completion of a new line. An example is the approximately 500-kilometer upgraded and new line Nuremberg-Erfurt-Leipzig/Halle and Berlin, the German Unity Transport Project No. 8. Upon completion of all construction work, the journey between Munich and Berlin will be reduced from six hours today to about four hours. Customers in passenger and freight transport will therefore have a competitive and environmentally friendly alternative to road and air.

As our project management company, DB ProjektBau GmbH is responsible for implementing such major projects, as well as for the extensive renovation and modernization work on our network's lines. Their projects range from the elimination of individual level crossings to construction of complete high-speed lines.

Maintenance guarantees high reliability

Maintenance is an essential prerequisite for the sustainable operational quality of passenger and freight transport. It includes the inspection, servicing, rectification and maintenance of rail infrastructure, as well as preventive measures. DB spends over a billion euros annually from its own resources on the maintenance of the rail network and facilities. The inspection includes the regular monitoring of the track superstructure, control and command technology, overhead contact lines and engineering structures. DB Netze employs special measuring and testing tools to determine the actual condition of the rail infrastructure and compares it with the defined target state. These include, for example, special track inspection trains, which use ultrasound to evaluate the condition of the rails. The inspection results are evaluated and any necessary maintenance activities are derived from this immediately. Fault elimination or maintenance measures are varied. For example, the ballast used in the track bed must be checked regularly because its correct consistency and position are important for the correct track geometry. Another important measure is the rail grinding: regular grinding of the rail surface can remove short-pitch corrugations or material defects close to the surface which arise in the course of normal operations. This not only makes the trains quieter, but by maintaining the optimal cycles it also extends the life of the rails. Such preventive measures result in a sustained improvement in the operational availability of the facilities. Prevention is a vital part of DB Netze's integrated maintenance and investment strategy, which is carried out on busy lines in particular.

Close cooperation in association

More than any other means of transport, vehicle and infrastructure form a single unit on the railroad. Only close cooperation between DB Netze Track and the rail companies, whether belonging to the DB Group or outside

parties, can guarantee an equally high quality of service for the entire trip, meet high safety standards and reduce noise by effectively reducing it at source. DB ensures the competitiveness of rail transport and supports its own central position on the European transport market by introducing new technology.

Non-discriminatory network access and effective competition

The work carried out by DB Netze not only benefits Deutsche Bahn. More than 300 non-Group rail companies have non-discriminatory access to the line network. The operating performance of non-Group rail companies has been improving at above average rates in both freight and local passenger transport for years. The European Liberalization Index compiled by IBM Global Business Services, which measures the degree of market opening, ranks Germany in second place behind the United Kingdom and assesses the competitiveness of rail services in Germany as exemplary in comparison to most other European countries.

3.4.2 Stations

5,700 stations provide access to the rail system

Our stations are Deutsche Bahn's calling card and contribute to the appearance of cities and regions. Stations are being transformed more and more from classical transport hubs to centers for shopping, dining and services.

With their appearance and service offerings, stations make a considerable contribution to the attractiveness of the rail system and customer satisfaction. Over eight million people use DB's 5,700 train stations every day.

Passenger stations - consistent development and redevelopment

Since the Rail Reform in 1994, 7.5 billion euros have been invested in renovating train stations by German federal, state and local government. Modern service facilities, new station roofs and access adapted for the disabled – billions have been spent for modernized large central stations in Leipzig, Erfurt, Cologne, Hanover, Mannheim, Bremen and Nuremberg. But the work didn't stop at that. Since 2002, over 2,000 small and medium-sized stations have been improved under a crash program, including new signposting, fresh paint and weatherization. Funds from the German government's stimulus program are also being used to improve accessibility and barrier-free travel, weatherization and passenger information at 2,050 stations. Thirty station buildings will be energetically renovated.

In order to develop each station in the most optimal fashion, the business unit DB Netze Stations uses customized concepts that differentiate stations in terms of size and type and frequency of usage. About 1,600 stations have a station building, of which 500 have been declared historical monuments. Modernization is thus a complex and expensive task. In many cities, DB Netze Stations works with the local authorities in order to modernize buildings. A positive example of this cooperation is the reconstruction of Dresden Central Station: the Free State of Saxony has invested tens of millions of euros in a new platform hall roof – in total, 250 million euros were spent on renovating this station.

In the strategic program "Station 11 - 11 Plus Points for the Stations" begun in 2008, sustainability is an important component. In this context, two milestones are on the agenda for 2009:

- This year employees will have the opportunity to plan their own actions on environmental and climate protection with the **competition "Together for the Environment and Climate Protection"** as part of "Station 11." This should not only reduce the environmental impact of passenger stations, but above all promote the personal responsibility of our employees and strengthen their motivation and their identification with the company.
- The **concept of "Climate-Friendly Train Stations"** developed as part of the Group's climate protection strategy is intended to help passenger stations reduce their energy consumption and CO₂ emissions in the future. The concept assesses various measures in terms of their potential to reduce energy and CO₂ emissions to design an ecological model station. Implementing this theoretical concept at a specific station is currently being examined. DB has already been installing photovoltaic systems on station roofs since 1997, starting with the Hundertwasser Station in Uelzen. In July 2003, Berlin's largest photovoltaic plant was commissioned on the roof of Berlin's Central Station, which since then has been producing on average

160,000 kilowatt hours per annum. DB has also introduced energy management to achieve significant permanent reductions in energy consumption.

Expansion of transshipment and freight stations - investing in the future of rail freight

Deutsche Bahn is working to expand its cross-modal interfaces in freight transport. The long-term growth of global freight transport resulting from globalization has a particular impact at ports. Freight volumes between rail and ports should therefore continue to grow over the long term. Infrastructure must keep up with demand and be expanded rapidly. DB has therefore developed a comprehensive "Master Plan Seaport-Hinterland Transport" in conjunction with the ports. One part of this master plan is a crash program developed jointly by DB and the German government. Investments of over 300 million euros (of which the DB will contribute 50 million euros from its own resources) will fund 24 nationwide packages of measures to be implemented by 2011 in order to create additional capacity on the connections with the hinterland. At the Duisburg Port alone, 60 million euros will be invested by 2011 in expanding the rail infrastructure. Among other facilities, ten train-formation tracks are to be built at Duisburg Station-Ruhrort Port.

But the interfaces in rail freight transport (especially in single freight car transport) themselves are also being improved. At the freight station Cologne-Gremberg, for example, over 50 million euros are being invested in the further modernization of the train-formation facilities, so that from the summer of 2010, up to 350 freight cars per hour can be automatically sorted and assembled. More efficient processes will make the switch to environmentally friendly rail freight services even more attractive for our customers.

3.4.3 Energy

Energy for today and tomorrow

DB Energy is responsible for the commercial and reliable supply of rail companies with traction current and diesel.

DB Energy operates its own power supply network for electrified train services, fuels more than 10,000 diesel-powered rail vehicles, and in addition supplies stations with energy and heat. And at DB Energy resource efficiency is a matter of course.

DB Energy's high-voltage grid is around 7,750 kilometers and supplies all electrified trains with the power they need. With nearly 1,700 employees and a turnover of 1.9 billion euros, DB Energy is Germany's fifth largest electricity provider. DB Energy has far reaching functions: it operates the traction current grid and DB's tank facilities, ensures the supply of conventional electricity and heat and in addition offers energy services.

Supplying electric trains - savings and energy for the future

To supply its customers, DB Energy generates up to 12,000 gigawatt hours of traction current annually. It procures this energy through long-term supply contracts with its energy suppliers on the German energy market and generates only a small part from its own hydroelectric power stations. At 16 percent, the proportion of renewable energy generated in 2008 was higher than the German average of 15 percent. The DB Group is studying the increased use of renewable energy, particularly wind and geothermal power.

The key feature of traction current is its particular mains frequency of 16.7 Hertz. At the sites of DB Energy's power plants, turbines stand ready to immediately generate electricity as needed. The electricity that DB Energy draws from the conventional power grid at 50 Hertz is not directly suited to traction purposes and traction current with its 16.7 Hertz, so the electricity must be converted to that frequency. By renewing power plants with the upstream energy suppliers and efficiency measures in its own 16.7-Hertz traction current grid, DB Energy has in recent years succeeded in increasing the energy conversion efficiency and reducing power losses. Since the mid-1990s, DB Energy has been gradually replacing rotary frequency converters with converters using modern high-performance semi-conductor circuits as part of its modernization strategy. The higher efficiency of modern converters results in annual reductions of several thousand tons of carbon dioxide.

DB Energy has also achieved a technical innovation for savings in electric traction with the electricity meters (TEMA Box) installed on their customers' traction units. This system for measuring and billing traction energy records individual consumption data and transmits them by radio to a control center at quarter-hour intervals to

determine the load profiles. Now, for the first time, the exact energy consumption can be measured directly at the electric traction unit itself and energy consumption comprehensively optimized. The electricity meters are also a prerequisite for the project Energy Saving Driving (ESD), which makes for the actual implementation of high potential savings in passenger and freight transport. The recommendations of the system installed in the locomotives allow the driver to implement the best driving behavior to save energy. Since the launch of the ESD at DB, our train drivers have made significant reductions in energy consumption by careful driving. In addition, the TEMA Box can also record exactly how much energy is recovered and fed back into the system from braking locomotives: The electricity produced by the so-called “regenerative brake” is then fed back into the overhead contact lines for the traction system.

Diesel vehicles - modern refueling technology for environmental protection

From its filling stations DB Energy's fueling services supplies diesel for rail vehicles and, increasingly, for bus companies and other road transport customers. The refueling of traction units may also be done with a closed fueling system in which the fuel filler hose on the fuel filler neck of the rail vehicle is then completely locked in place. This prevents any fuel from being lost or flowing back - an advantage both for the environment as well as for occupational health and safety.

Energy and water savings at stationary facilities – using the knowledge of experts

The Group-wide project “Saving Energy Costs” to reduce CO₂ emissions by 2013 also includes stationary facilities and in addition to reducing energy also aims to cut water use. Experts from both DB Energy and the internal operators of DB's stationary facilities work together on energy audits to determine where savings can be made and advise on the necessary changes.

3.5 Innovation management

New ways to sustainable business success

3.5.1 Innovation and sustainability

Innovation management – the core of the Group's strategy

Deutsche Bahn depends on technical developments to compete successfully. The Group owes its high level of competence in this area to the systematic management of ideas and innovations.

Driving forward and implementing technical innovation and at the same time focusing on the ever-new possibilities of technical and technological development is of central importance to the DB Group. The Group thus plays a pioneering role as one of the leading mobility and logistics companies and sets standards for the markets where it offers its products and services. “In essence, there are always two aspects: increasing service quality and improving efficiency,” says Dr. Lutz Bücken, Generally authorized representative for Integrated Systems Rail, which is responsible for technological innovation management. “DB has to improve in terms of technical developments and innovations, and it has to reach a higher quality while lowering production costs.”

In close coordination with the business units and external experts from industry, academia and government, technical development serves to shape the entire rail system in a sustainable manner in technical, operational and commercial terms. This goal applies even more in times of global economic crisis: “In economically difficult times, companies are better off if they have been driven by innovation to develop perspectives for the period after the crisis,” says Bücken.

Close cooperation with external partners

Deutsche Bahn wants to offer its customers innovative and customized mobility and logistics solutions and therefore depends on industry's technological developments for the transport sector. The systematic management of innovation is especially important for DB because our services are very specific and the market for producers and suppliers - for example, for rail vehicles - is in some cases small. But this means that the competition for innovations can be relatively small and cost-intensive. DB therefore works closely with manufacturers and universities to expand the market for providers. DB analyzes and evaluates the chances and risks of potential

developments and projects for use in real operations at an early stage to ensure that innovation moves the rail system forward. Economy and efficiency play just as much a role as noise and climate protection goals, which cannot be measured directly in monetary terms. In addition, DB supports the manufacturers of components and systems in testing new products in real operations and gaining experience.

Events such as Open Innovation Days, which open up the innovation process beyond the Group's boundaries, ensure a constant stream of new ideas from external partners. DB has established promising collaborations with top innovators from reputable companies and successfully introduced methods for networking and researching subjects in great depth for the Open Innovation Days.

Realizing synergies within the Group and making potential measurable

DB ensures systematic and coordinated rail-specific innovation planning across all business sectors through the Integrated Systems Rail. This enables the Group to generate, evaluate and filter a multitude of ideas. The most promising concepts for improvements are developed into projects and in consultation with the business units commissioned. In financial year 2008, the innovation management of Integrated Systems Rail approved projects and studies whose results are having a direct positive effect on our market and customer focus, competitiveness, viability on the capital markets, efficiency and sustainability. From the initial idea to the realization of successful innovation projects, the Group identifies innovation potential. Our portfolio of innovation projects thus makes a lasting contribution to achieving the Group's quantitative and qualitative goals and to develop the Integrated Systems further.

Holistic innovation management at DB Schenker

We have put into place a holistic, unified innovation management specially for innovations in the transportation and logistics sector which ranges from gathering ideas and assessing potential to feasibility studies, creating business cases, development and the pilot stage to launching the product on the market. DB Schenker's innovation management is at the same time integrated into an innovation network consisting of suppliers, customers, universities and research institutes, as well as benchmark partners which are considered innovation leaders in their respective fields. The innovators are in particular focused on process and product innovations. An important example of this close dialogue is the Chair of Logistics and Transportation Services endowed by DB Schenker and the associated DB Schenker Laboratories as an internal research organization at the Faculty of Economics and Management at the Technical University of Berlin. Application-oriented research projects in transportation and logistics are carried out here, management strategies and innovative practice solutions for DB Schenker derived and investments made in the further training of DB Schenker employees. Current research projects include "BestLog: EU Logistics Best Practice Platform," which among other things should lay the foundation for a European logistics sustainability certificate.

3.5.2 Technical innovations

Beacons of successful innovation

Whether projects are for emissions reduction and noise control or for the preparation to use long freight trains: Deutsche Bahn proves the success of its innovation management with a series of successful innovations.

Deutsche Bahn's successful innovation management has led to numerous innovations. Within Integrated Systems Rail, the Group can demonstrate innovations in all areas – vehicle engineering / maintenance, interaction between infrastructure / vehicles, structural facilities, control and command systems, telecommunications, electrical engineering, safety, operations and environment.

Given the increasing need for mobility and logistics and the resulting social responsibility to operate transport in an environmentally responsible manner, DB is constantly striving to develop rail, the most environmentally friendly transport system, even further. Our innovation in the environmental area in 2008 focused on the reduction of nitrogen oxides, carbon dioxide and particle emissions, noise and vibrations and relieving the impact of noise on residents and travelers.

Further reducing diesel emissions

Since 1990, Deutsche Bahn has cut emissions of particles by 84 percent and of nitrogen oxides by around 70 percent. But the increasingly stringent EU exhaust limits also mean the rail companies are facing new challenges. In 2012, a new EC Regulation will take effect, which sets the exhaust emission limits for Stage IIIB. Hitherto, industry has produced no solutions for diesel engines in the rail sector that reach these limits. But now, "LOCEX" (Locomotive Clean Exhaust) - a two-year joint project between DB and the engine manufacturer MTU - is contributing to finding marketable solutions for diesel traction as well. The aim of the project is to develop an exhaust after-treatment system for diesel engines in order to achieve the emission limits of Stage IIIB and to test this in rail operations. In addition, LOCEX also serves to collect experience in dealing with urea as an additional fuel. DB Schenker Rail has supplied a Class 294 switching locomotive as a test vehicle, which is equipped with a combination of a particle filter and an SCR (Selective Catalytic Reduction) catalyst for removing nitrogen oxides from the exhaust and in the summer of 2008 began operations as the world's cleanest diesel locomotive at the Kornwestheim marshaling yard. The switching locomotive came in under the IIIB exhaust gas emission limits in the first tests.

Reducing noise

The research project "Quiet Train on Real Track," which is led by Deutsche Bahn and backed by the Federal Ministry of Economics and Technology and supported by the German Railway Industry Association (VDB) - has since December 2007 been developing low-noise technologies and components for rail transport. The research includes the contact between wheel and rail, wheel vibrations and the acoustic structural optimization of railway running gear, as well as the acoustic optimization of the track superstructure. Within three years, commercially viable solutions should be developed which can easily be incorporated into the rail system. Another project is "SILENCE," which aims at sustainably reducing noise in urban environments. SILENCE brings together 47 partners from road and rail transport and urban planning to develop innovative solutions in the European Union's 6th Research Framework Program. SILENCE also supports DB's strategic goal to halve rail noise by 2020.

Increasing capacity

The "GZ 1000" project tests the technical feasibility of long freight trains. Currently in Germany, 750 meters is the maximum length allowed. As part of the project funded by the Federal Ministry of Economics, DB came together with the Dutch infrastructure operator KeyRail to drive a freight train of approximately 1,000 meters between Oberhausen and Rotterdam in November 2008 for the first time on the Betuwe line. The aim of the project is to increase network capacity by more loads per train and, for example, relieve seaport-hinterland bottlenecks.

Other successful projects and initiatives to promote innovation

- **Paperless airfreight:** last fall, DB Schenker, together with Lufthansa Cargo AG made the first paperless airfreight shipment from the German market and thus began the e-freight age in Germany. E-freight not only increases the data quality, but above all it improves efficiency and in addition protects the environment. DB Schenker also handles paperless airfreight shipments together with its carriers in a total of eight countries (Australia, Germany, United Kingdom, Hong Kong, Canada, Korea, the Netherlands and Singapore).
- **DisKon:** The joint research project "Train Regulation and Conflict Resolution Management for the Best Railway" (DisKon) between DB, industry and several universities is developing methods, procedures and tools to provide all rail companies on the German network with optimal solutions for timely and commercial rail operations. DisKon should be able to check the connections specified in the timetable in the shortest time, taking into account the importance of the connections and the impact of delays so conflicts between connections can be better forecast and solved.
- **LogoTakt:** The goal of this research, in which DB Schenker is taking part, is to achieve better coordination between the scheduling of the different modes of transport within a logistics chain (similar to that in passenger transport). This will enable the creation of attractive and ecologically optimized logistics supply chains since shipments on truck and train will be better linked and truck shipments shifted to rail. The number of truck trips themselves can also be optimized. The project is funded by the Federal Ministry of Economics as part of the initiative "Intelligent Logistics," which is led by the University of Karlsruhe and carried out in close co-operation with Volkswagen, BOSCH Thermotechnik and various logistics companies.

DB's technical competence is also an export winner

The decades of experience and competence of DB transport experts is in great demand the world over: around 1,000 engineers from DB International work on four continents and export Deutsche Bahn's rail know how. That's because internationally, climate change is reinforcing the trend towards sustainable transport means with low CO₂ emissions. The renaissance of the eco-friendly rail "is being driven largely by two factors: firstly, by ongoing urbanization on all continents, and secondly by the growing demand for raw materials," says Martin Bay, head of DB International. For example, the planned Saudi Land Bridge in Saudi Arabia - a country that is six times larger than Germany but which is currently served by just two rail lines - will for the first time create a continuous rail connection from the Red Sea to the Persian Gulf across this huge country. And from the capital Riyadh a 1000 kilometer line will run to the north of the country. On behalf of private mining companies in Mongolia, DB experts are currently undertaking a feasibility study for a mine railroad into the Gobi Desert, DB International engineers are assisting China in building its new high-speed network, in Bangkok, they worked on the construction of the metro and a line to the new airport, and in India they were involved in the modernization of train stations. In Africa, DB International is planning a nearly 500-kilometer line that will for the first time create a train connection from the landlocked countries of Rwanda and Burundi to a seaport. In addition, Bay expects a rail renaissance in the United States: "It looks like the U.S. will build high-speed lines, for example from New York to Chicago, and in California from San Francisco to San Diego."

3.5.3 Idea management

Freeing the mind's resources

In order to collect, realize and economically benefit from the ideas of our employees, the DB Group has introduced idea management - with increasing success.

DB's most valuable economic resources are the ideas in the minds of our employees. Idea management enables all executives to run with these ideas, actively taking them up and implementing them, and thus contributing to the company's success. In financial year 2008, idea management carried out more than 950 workshops and information sessions for executives, employees and works councils and over 7,000 consultative meetings. At the workshop "Ideas Mobile" executives and employees were able to identify specific opportunities where they could act more successfully for their clients or create synergies by leveraging the company's size and diversity. Employees can send their ideas via the intranet to their immediate supervisors in the shortest way possible. In addition, idea management provides the "Idea Management Toolbox" to support ideas from their submission through implementation.

Good ideas, convincing results and commercial benefits

With more than 11,000 proposals submitted in 2008, idea management recorded an annual increase averaging 6 percent since 2004. The realization rate rose in 2008 to around 55 percent and confirms for DB staff how good their ideas are and how important they are to the company. Idea management activities also turn out to be commercially convincing. In comparison to the cost of premiums, service and expert reports, the commercial benefits resulting from the successful stories from idea management in 2008 was just under 12 million euros, an increase of almost 30 percent on 2006.

Among the most valuable ideas in 2008 was the proposal by three technicians from the DB workshop at Krefeld to recondition brake plates for bogies. This improvement results in an annual economic benefit of over 700,000 euros. And at DB Rolling Stock Maintenance, an employee had the idea of reconditioning the support arms of the doors to passenger cars, which led to an annual benefit of some 490,000 euros when implemented. DB Bahn Regional managed to reduce energy consumption by using mixed air instead of fresh air in the heating system, which represents a value of around 835,000 euros annually. DB ProjektBau had the idea which made it possible to carry out tunnel work even when trains were running, thus avoiding closing the route and any changes to the schedule. This new construction method - the "tunnel in the tunnel method" - has resulted in an annual savings of more than 240,000 euros and an application for a patent has been filed.

DB's idea management has won various awards. In 2008, for instance, DB Rolling Stock Maintenance was recognized for the best idea management in the sector "Transport Companies" by the German Institute of Business Administration (dib).

Yet more competition for good ideas

Even outside of the idea management, our employees are actively involved in developing innovations:

- **"Flying Sparks"**: initially, strategically relevant issues for the Group were identified as part of the initiative, which was inaugurated with the innovation workshop "Funkenschlag" ("Power Grid") in 2008 in Potsdam. Working groups – each with a member of the board as sponsors – are now developing new ideas and concepts to eight selected topics under the heading of "Flying Sparks." The culmination of the project is "Beacon" in 2009: a conference at which the ideas developed through "Flying Sparks" will be presented.
- In September 2008, the starting gun was fired for the **competition "Experience DB,"** which deals with the demographic change and its impact on DB and seeks ideas, concepts and practices for handling the issue.

3.5.4 DB Award

The prize for the best in the DB Group

In all of the DB Group's areas and business units, our employees are constantly improving our services and products - whether in Germany, Europe or around the world. There is a DB Award for the best of them.

Repairing a tunnel and using it at the same time as traffic – is that really possible? Oh yes! DB ProjektBau has developed an innovative method and was nomination for its contribution "Building without any interruption to traffic" in 2007 for the DB Award. Refurbishing concrete ties near the building site and at the same time protecting the environment and saving on costs? That works too: the "Mobile Concrete Tie Refurbishing" of the Bahnbau Gruppe has been successfully established on the market and in 2007 received the DB Award in the category "Innovation". These are the kind of approaches that will ensure the success of the Group in the future – and the DB Award makes them visible right across the whole Group. Promoting a "can-do" culture, recognizing top performances and motivating our employees to achieve them – these are the goals DB has been pursuing since 2002 with its DB Award.

The Award is available in five categories: customer orientation, efficiency and growth, quality, innovation and cooperation and social commitment. These categories reflect the Group's guiding principles and where the DB Group wants to go together with its employees.

Since its inception, some 9,000 employees have submitted more than 1,300 contributions and 33 employees have actually received the award. In the current Bahn Award 2009, 850 people with 131 contributions are involved and colleagues from China, Austria, Norway, Peru and the United States have applied.

3.6 Supply chains

Sustainable supply chains

3.6.1 Sustainable procurement

Buying with responsibility

The DB Group supports not only its customers in organizing their supply chains using ecologically optimized transport in a more sustainable way; we also pay attention to the fact that in purchasing and at our suppliers, environmental and social standards are maintained.

Social responsibility

The DB Group is one of the biggest contracting entities in Germany and in 2008 purchased goods and services worth around 23 billion euros. Worldwide, the Group has business relationships with some 35,000 suppliers. We

commissioned freight and forwarding services worth approximately 10 billion euros in 2008, and in rail-related business brought about 13 billion euros into the market. DB assigns approximately 70 percent of its order volume to small and medium-sized businesses and with these contracts secures more than 600.000 jobs in Germany. Despite the financial and economic crisis, DB remains a reliable business partner and is continuing to invest.

The DB Group is committed to fair and responsible dealings with its business partners all over the world. The DB Group respects recognized human rights and rejects child labor and forced labor and discrimination. We support the protection of these rights in all our business segments worldwide and expect the same from our business partners.

Environmental and innovative - together with suppliers and subcontractors

The environmental advantage of rail and the environmental optimization of transport services are important competitive advantages to DB. DB has therefore set high environmental standards across the whole Group and demands that its suppliers observe them. Whether it is a question of operating materials in general purchasing, the materials used in vehicles or purchasing construction services, contract award decisions are always affected by a unity of commercial and environmental factors, as well as sustainability issues. When awarding contracts, we prefer in principle companies characterized by innovative ideas and environmental friendliness and we develop joint solutions with suppliers in order to achieve the DB Group's goals. A uniform purchasing practice ensures that this issue enjoys a high priority, despite the widely different product and service categories. This in turn benefits DB's clients, to whom the environment is increasingly important.

3.6.2 Vehicles and materials

Taking into account environmental effects when purchasing

We set high environmental requirements when purchasing vehicles because the environmental impact from operations depends upon it. Building materials represent the largest proportion of the materials used at DB, but about 95 percent are recycled.

Deutsche Bahn is particularly interested in environmentally friendly products and technologies. And the environmental impact of products is a major criterion when awarding contracts. DB suppliers from the vehicle, equipment and construction industries must fulfill specific requirements which can include not using or substituting environmentally harmful substances or using certain environmentally friendly practices and technologies.

Purchasing vehicles - environmental requirements for DB's rail vehicles

DB invests around one billion euros a year in new vehicles and some 500 million euros in vehicle spare parts, which benefits a large number of efficient medium-sized suppliers. The vehicles determine rail's environmental and climate record – for up to 30 years. We therefore set high environmental standards and requirements for the products we buy. When procuring rail vehicles, DB requires from the manufacturers documents confirming their energy efficiency and the recyclability of the materials used. In addition, the contractor must declare that he has refrained from the use of dangerous substances as much as possible. Otherwise, DB requires explicit authorization and confirmation that all avoidable impact on the environment have been prevented and that any unavoidable impact has been reduced to a minimum. This applies in particular to air pollution, noise and vibration.

At the end of 2008, DB, despite the onset of the economic crisis, ordered 130 new switching locomotives up to the latest technical standards for around 250 million euros. They are due to go into operation between 2010 and 2012. Although the locomotives in the fleet can indeed still be used, DB attaches great importance to performing energy efficient marshaling operations using modern and technically high-quality switchers. The diesel engines are one of the latest developments on the vehicle market and comply with the European TSI technical standards (Technical Specifications for Interoperability). They meet all the statutory environmental standards and comply with the emission limit values (stage IIIA) that will come into force from 2009. Nitrogen oxide and particle emissions will be substantially reduced in comparison to the current fleet. Deutsche Bahn is currently still negotiating on the optional fittings of the switching locomotives with particle filters. The first offer from the industry was rejected by Deutsche Bahn as too expensive and unjustified. In the course of negotiations with the industry, however, there are now clear signals that there is some latitude with regard to the prices of the particle filters. "We are hoping that the industry will make every effort to come to a reliable, functional and cost-effective solution

which will make the installation of the particle filters commercially viable,” said Dr. Lutz Bücken, generally authorized representative for Integrated Systems Rail, which is responsible for vehicle purchasing.

Construction services for infrastructure

An important focus of investment is the infrastructure. DB plans infrastructure investments amounting to more than eleven billion euros for 2009 and 2010, mostly from federal funds and supplemented by a proportion of its own resources. Thanks to additional funding from the federal stimulus programs, many projects can be accelerated. The focus is the modernization of regional stations and lines, as well as faster new construction and expansion of the existing rail infrastructure. Besides these investments, in the next two years DB will be spending up to 2.5 billion euros on maintenance, i.e., servicing, inspection and repair of existing infrastructure. DB thus secures jobs in the SME sector. It is expected that the stimulus programs for 2009 and 2010 will secure more than 40,000 jobs at suppliers.

Rail-specific technical regulations have been created for building work, which govern the purchase, planning, construction, operation and maintenance of technical facilities and installations. They also regulate all the necessary environmental protection measures, such as reuse, recycling and disposal of old ballast, the keeping registers of facilities, as well as requirements for noise barriers, storage facilities for substances harmful to water and rail facilities in water conservation areas.

Materials for infrastructure: ties, rails, ballast are recycled:

DB's material usage focuses on maintaining the rail infrastructure. The materials used for this purpose mainly consist of ties, rails and track ballast. Building materials make up most of those used at the DB Group: in 2008, we used 3.1 million tons of new ballast, 2.5 million concrete ties, 45,000 wooden ties, 90,000 steel ties and built 4,700 kilometers of new rails. These materials are also recycled from building waste. In 2008, recycling and reuse in the material flow resulted in savings of 360 kilometers of new rails, 280,000 concrete ties and 1.9 million tons of ballast.

Other goods and services

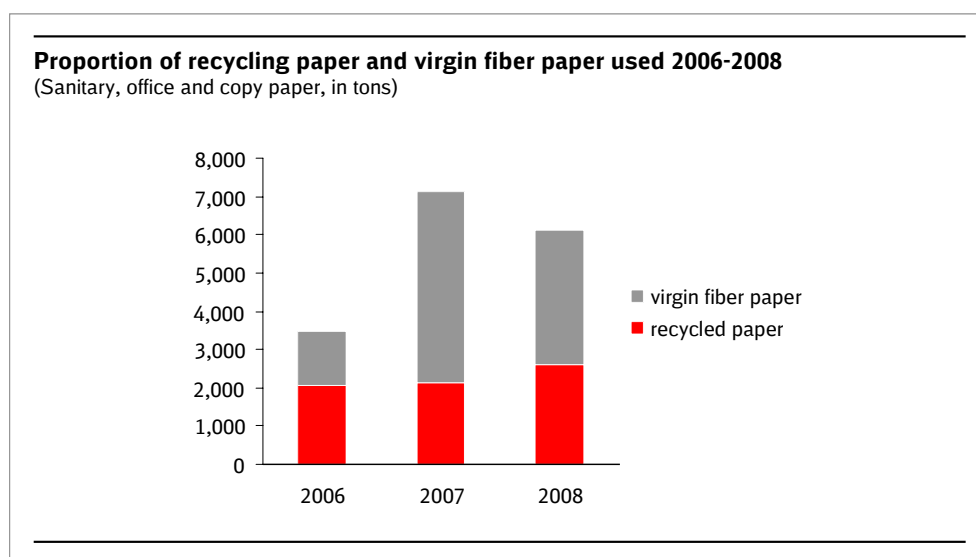
DB also buys in goods and services worth around 1.4 billion euros a year, from paper clips to IT consulting. Again, most of the suppliers are medium-sized businesses. And here again, DB pays attention to the ecological details. Since 2005, we only buy wooden ties from sustainable wood production and office furniture with the Blue Angel labels. We increasingly use biodegradable lubricants and operating supplies. And we ensure the use of solvent-free paints and cleaning products, disposal in the right packaging and the recycling of empty printer cartridges.

- **Wood from sustainable forestry:** After extensive legal and technical studies, the Group Committee for Environment decided in 2003 that Deutsche Bahn would only purchase wood from certified forestry. In 2006, for the first time, all the needle cut timbers necessary for vehicle maintenance were bought entirely from FSC-certified (Forest Stewardship Council) wood qualities. At first, the purchase of FSC-certified wood was at the fore and the PEFC label (Program for the Endorsement of Forest Certification) schemes only used explicitly when procuring wooden ties. But from 2007, Deutsche Bahn decided to accord the two seals the importance after the federal government issued a decree on these lines for its own wood procurement.
- **Use of recycled and certified paper:** Deutsche Bahn is concerned about certification in other areas besides procuring wood - when buying environmentally friendly paper, the most resource-friendly recycled paper made from waste paper is at the fore. Where its use is not possible, we use certified paper, where the proportion of virgin fibers comes from sustainable forest management and which is now increasingly available. This ensures that the raw material used to make the paper does not come from the ruthless exploitation of forests. The paper for all tickets is now made from 100 percent FSC-certified wood products and is the result of a transparent tender competition. However, printing tickets on even more environmentally friendly recycled paper cannot be done for security reasons since watermarks and holograms can only be applied to virgin fiber paper.

DB has long been using recycled paper for office and copy paper and tissue paper, but it was not possible to increase the recycling amount further. The reasons were analyzed in a project that began in 2008 and new solutions developed. In a close cooperation between DB Environmental Center, Procurement, Corporate

Design and the technical staff responsible for our printers and copiers, we are now aiming to provide better information and greater acceptance among our internal buyers of paper. As a result, the recycling rate for office and copy paper and tissue paper rose to nearly 43 percent in 2008.

When print services are awarded to outside companies, it was found that comprehensive measures are difficult to design and implement because of the wide variety and complexity of print jobs. We are therefore now examining the most important printed products individually and providing individual support in switching them to recycled paper. The travel information media "City Connections" are already printed only on recycled paper, while in the case of timetables in the various regions, the proportion of recovered paper has already risen to 98 percent. The customer magazine "DB mobil" has been printed on environmentally friendly paper since July 2009 - the inner pages are created using recycled paper made from 100 percent waste paper, the cover pages on certified virgin fiber paper because no suitable recycling qualities currently available on the market provide the strength required here for these purposes.



Proportion of used recycled paper and virgin fibers paper 2006-2008 (tissue as well as office and copy paper)

3.6.3 Rail suppliers

Procurement management

Rail's environmental advantage is very important to DB. We therefore set high standards of sustainability and profitability in procurement. Long-term partnerships here are the foundation.

Deutsche Bahn has very high demands regarding sustainability and economic viability in procurement. Our purchasing principles contain the explicit goal of sustainable procurement.

Close collaboration and long-term cooperation ensure efficiency and innovation

High environmental standards and efficiency at the same time as long life cycles - these challenges can only be met through in cooperation. Rail vehicles and facilities usually have very long life cycles: rolling stock lasts 25-30 years, while infrastructure facilities such as train stations, bridges, tunnels and track facilities can even be in use for up to 100 years. So when procuring products, materials and services, a long-term view of the operating and maintenance costs is of great commercial relevance. We work closely with industry in advance since the necessary innovations in the rail vehicle market are very specific and can be expensive and risky. DB is therefore involved from the start in the development of new vehicles and at an early stage assesses the opportunities and risks of different options. This gives the manufacturers reliable feedback about the solutions that are both market driven and practical.

Economy and efficiency play just as great a role in our assessment as aspects that contribute to the achievement of the Group's objectives, such as noise reduction and climate protection. Integrated procurement teams from engineering, purchasing, the DB Environmental Center and the business units ensure a holistic approach in the Integrated Systems Rail. In addition, DB provides manufacturers with the opportunity to conduct field tests under

real operating conditions for pilot developments. Under DB's leadership, the environmental requirements of European rail companies are summarized in a pan-European catalog of the International Union of Railways (UIC), so that through the unified demand, industry can find standard solutions over the medium term. This facilitates cost-effective developments that benefit the environment.

Supplier management - long-term partnerships ensure high standards

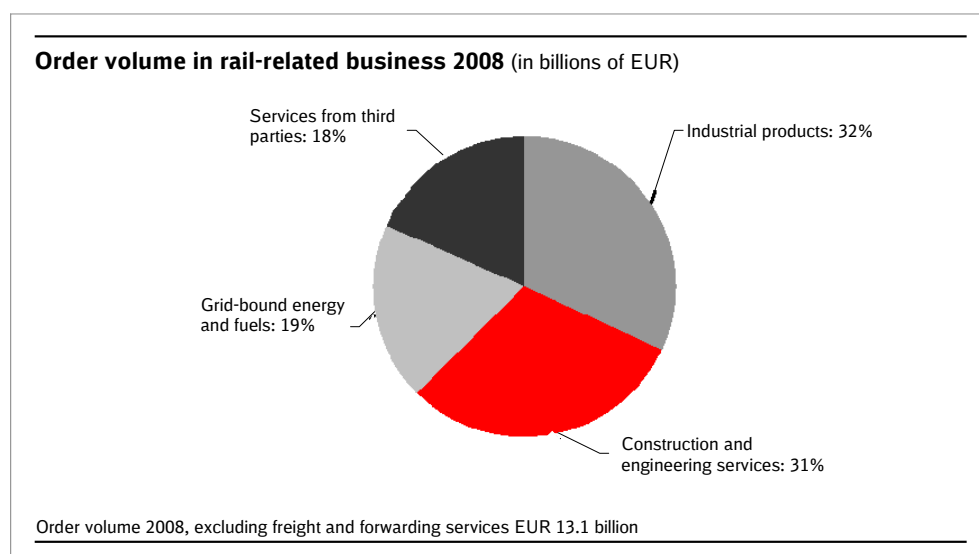
The goal of supplier management is to ensure that the Group has high supply security, competitive benefits that are worth the money and a high degree of innovation. The right partners on the market are identified, trained and developed through a three-stage process at DB Supplier Management. As part of the prequalification of firms, emphasis is already laid on sustainability and environmental protection in the first stage of the qualifying examination. In selecting the supplier, DB currently demands a disclosure of data by the suppliers about, among other things, environmental management, the environmental characteristics of their products, environmental benefits of the performance characteristics of their products, their suitability for recycling and recycling management. This process means that at an early stage, DB receives transparent statements on the ecological competence of each applicant. The evaluation is carried out locally by the operative procurement department. In the future, environmental management according to ISO 14001 will be a mandatory suitability criterion for environmentally related products and services. And through our partnerships, which are long-term for the most part, DB also supports the application and development of environmental standards at its suppliers.

Supplier rating - ideas and services of suppliers are recognized

DB promotes competition in ideas, services and prices, and in particular in the environmental area. Every two years, DB recognizes excellent ideas and achievements of our approximately 35,000 suppliers by awarding its "DB Supplier's Award." The award was granted for the third time in 2008, with the bus manufacturer EvoBus in first place because it convinced the jury not only through its quality and service orientation, but also through the themes of sustainability and environmental protection which it reflects in future-oriented developments and a broad portfolio of market- oriented and environmentally friendly buses.

Sustainable supplier policy - securing jobs

The focus of the railway-related contracts in financial year 2008 were once again in the fields of industrial products, with a contract volume amounting to 4.2 billion euros, as well as construction and engineering services worth 4.0 billion euros. We bought in services worth 2.4 billion euros, more than in the previous year. In the area of grid-bound energy and fuels, order volume increased to 2.5 billion euros. More than half of the order volume in rail-related business, worth nearly 8 billion euros, was awarded to small and medium-sized companies in Germany and Europe. And at just less than 4 billion euros, SMEs received over 90 percent of the volume in construction. As a result, the DB Group was once again one of the largest investors in Germany and as such made a major contribution to preserving jobs.



DB Group contract volume in rail-related business 2008

DB has made a commitment that it and its suppliers will comply with laws and social standards, including human rights, as well as anti-discrimination laws, strict social legislation and the prohibition of child labor and forced labor. The services and goods bought on the German and European market account for at least 80 percent of the total procurement volume in rail-related business. As part of our Corporate Purchasing's global sourcing initiative, however, new suppliers from China, India, South Africa and Brazil are being qualified increasingly. Because European standards cannot be assumed throughout these countries, DB is currently developing broader principles to underpin our purchasing policy. We have already drawn up a concept for risk analysis of the suppliers: rail products bought by DB are technically very demanding and must meet the highest quality criteria. This requires certain minimum qualifications of personnel and high quality standards at our suppliers, which as a rule generally go hand in hand with relatively high social standards. Currently, the proportion of direct supply relationships in the context of our Global Sourcing Initiative is much less than 5 percent.

Currently, the "Corporate Principles Ethics" (Code of Conduct of the DB Group) are embedded in our supplier management. Compliance with the ethical standards to which the DB Group has committed itself (core subjects include diversity, equal opportunities, human rights, child labor and forced labor, environmental management and anti-corruption), will be a mandatory eligibility criterion for all our business partners.

3.6.4 Subcontractor logistics

Subcontractor logistics

DB Schenker Logistics works with many subcontractors to offer globally integrated transport solutions. We always bear their sustainability in mind in order to make the supply chain as sustainable as possible.

From Beijing to Hanover, from Toronto to Amsterdam, from Dubai to Hamburg - DB Schenker Logistics works with numerous forwarding and shipping companies, airfreight carriers and other companies in order to meet the needs of our customers - most of whom have international operations. In addition to DB Schenker's relatively small proprietary truck fleet, the company mostly uses trucks, ships and aircraft of other firms around the world. Only thus can the 72 million shipments in European land transport, around 1.2 million tons of airfreight and around 1.5 million containers (TEU - Twenty-Foot Equivalent Unit) in worldwide ocean freight dispatched by the DB Group's customers reach their destination every year. In total, DB Schenker commissions approximately 5,500 subcontractors and preferred carriers in 60 countries (excluding sub-contractors for the pre-carriage and onward carriage). On behalf of DB Schenker Logistics, some 5,000 contractors transport freight by truck, more than half of them with a presence in Germany and Austria. Approximately 300 carriers transport freight by ship on behalf of DB and another 200 by air.

Improving environmental protection in our own supply chain

In order to provide its customers with a sustainable supply chain, DB Schenker Logistics not only looks to the reliability and flexibility of its subcontractors, but also to their environmental and social standards. The ecological optimization of the transport services that DB Schenker Logistics offers its customers can only be fully achieved in cooperation with its subcontractors.

An essential part of this process is that once a year, all the national companies of DB Schenker Logistics test the truck fleets of their subcontractors according to a standard procedure. The focus here is the Euro standard classification. Depending on test results, the country organizations require their subcontractors to comply with environmental standards. Nearly 20 percent of the country organizations request their subcontractors to use only trucks with engines complying with Euro 3 to 5 standards. In the final analysis, subcontractors who fail to implement the standards are no longer considered preferred contractual partners.

DB Schenker maintains close contact with its preferred carriers not only in land transport, but also in air and ocean freight in order to develop and implement opportunities for long-term CO₂ reduction with its partner airlines and shipping lines. For example, specific CO₂ emissions are to be cut by 25 percent in airfreight and by 15 percent in ocean freight by 2020 compared to 2006 levels. The first step took place in October 2008 with an environmental workshop attended by the environmental managers of our preferred carriers and the respective product managers for air and ocean freight at DB Schenker. The main aim was to exchange experience on issues such as environmental management, methods for calculating CO₂ and the potential for reduction. DB Schenker

supports the emissions reduction targets of its preferred carriers with an annual monitoring of emissions values and a reconciliation of the calculation methods. In addition, DB Schenker will extend this procedure to a wide variety of multi-trade carriers, including to feeder carriers in Asia and America.

In March 2008, DB Schenker Logistics published for the first time all global CO₂ emissions for 2007 from land transport and air and ocean freight, as well as from contract logistics and all operations facilities, and in 2009 updated the figures for 2008. This footprint includes emissions from our subcontractors. The independent Ökoinstitut in Berlin calculated the footprint according to ISO 14064 and DeloitteCert validated the calculations. This was the first ever certification of its kind in the transportation and logistics industry and as such is the first time a common basis for further ecological optimization has been available. DB has used this information as a basis for defining the specific targets for the different modes of transport within the framework of the Group's Climate Protection Goal for 2020. These can only be reached in cooperation with our subcontractors. DB Schenker Logistics and the major transport companies with which it works develop and implement concrete opportunities for long-term CO₂ reduction - for the land transport as well as for air and ocean freight. In addition, DB Schenker Logistics regularly conducts joint workshops to consolidate the actions of its partners. Exemplary partners are preferred when awarding contracts.

Energy-efficient behavior for subcontractors' truck drivers

In land transport, DB Schenker Logistics has extended the training of truck drivers in energy-saving driving to its subcontractors. By 2014, 20,000 drivers are due to undergo training in energy-saving driving and at the same time their reductions in CO₂ emissions estimated.

Fair dealing with business partners

The "Corporate Principles Ethics" (Code of Conduct) commit the DB Group worldwide to fair and responsible dealings with its business partners. The DB Group is also involved in the UN Global Compact and respects human rights, rejects child labor and forced labor and does not tolerate discrimination. It supports the protection of these rights at all its business segments worldwide and expects the same from its business partners. These requirements / guidelines are contained in the DB Group's management handbook and are binding on the actions of those responsible at DB Schenker Logistics. DB Schenker Logistics also attaches great importance to contractors strictly adhering to the laws in their respective country.

3.7 Safety

Product responsibility and operational safety

3.7.1 Safety culture

Safety is top priority

High safety standards, reliable technology, well-trained staff and an effective safety management system - safety plays a central role at DB.

The future viability of a means of transport also depends on how safe it is. The risk of rail accidents is much lower than on the road. That's due to rail's safety advantages, such as the track guiding the train, the control and command technology and the professionalism of everyone involved in rail operations. According to a recent study by the Pro-Rail Alliance, the risk of a fatal crash by car is 47 times higher than by train, while the risk of injury on the road is 90 times greater. Rail's safety advantage is also reflected in freight transport: dangerous goods in Germany can only be transported by rail or inland barge (and not by truck).

Safe transport also makes sense in economic terms because resulting costs from accidents, such as rescue, medical care, lost output, destruction of property and environmental damage are all borne by the entire society. Every year, external costs from road accidents in Germany are over 40 billion euros. According to a study by Infras/IWW on behalf of the International Union of Railways (UIC), car accidents in Germany result in about 40-times higher external accident costs than the railway. As one of the safest means of transport, rail costs society less money.

In order to maintain the high level of safety of rail transport, the DB Group counts on its specific safety management:

- The **high safety level of rail operation** is maintained and constantly improved Group-wide by the comprehensive safety management system, the Railway Safety Manager Organization, and the Group department “Safety” in the Integrated Systems Rail.
- The safe **transport of dangerous goods** is successfully controlled for rail in the Integrated Systems Rail and for the other transport modes in logistics worldwide by risk management at DB Schenker Logistics.
- DB also has a **professional accident management**, which is always ready to take all necessary measures quickly or coordinated with the emergency services.
- DB Sicherheit („DB Security“) and its qualified staff ensure the **safety and security of customers in stations and on trains**.
- **At level crossings and rail facilities**, the Infrastructure and Services division reduces accidents by providing technical backup and increasing awareness.

3.7.2 Safety management

Safety is embedded at the highest management level

The issue of safety is embedded at the highest corporate level and is successfully controlled by comprehensive management.

Safety management for safe train operations

In 2000, a Safety department in the Integrated Systems Rail was set up at Group level in order to establish and manage a consistent safety culture and handle all general safety issues in the DB Group, with its many rail and other infrastructure companies. The cooperation of the Group companies is coordinated by a Group Committee of Railway Safety Managers spanning all the business units. In addition, the Group-wide principles for the operational safety of the entire travel and transport chain are developed in coordination with national and international bodies, associations and projects because safety-related issues can only be regulated in a uniform manner in an overall context.

The Safety department played a major role in the formulation of the Railway Safety Directive 2004/49/EC and on this basis developed its Safety Management System for operational safety, with which all DB's arrangements in processes are laid down and implemented.

- **Safety Program 2008:** the long-term and comprehensive planning of operational safety at Deutsche Bahn includes various elements. In addition to the overarching mission for operational safety, a new safety program comes out periodically - every five years. Incorporated in the new program are, among other issues, current aspects of safety research and the results from DB's ongoing internal analyzes. In 2008, the third safety program was published following the two previous ones in 1997 and 2003. Safety measures that are currently very important, take up critical developments or require substantial investment, have been included in the program. This is done in close cooperation with the various corporate sectors. In the current Safety Program 2008, a total of 17 measures and actions were included. As with the previous safety programs, the approach for the evaluation of the measures is based on guidelines set by the Federal Ministry of Transport. Level crossings are a priority in the current program. Another focus is on platforms on which optical and acoustic warnings to travelers are further expanded. And the areas to be kept free on platforms will be better marked. In addition, danger signs at level crossings are to be standardized.
- Regular **safety audits** guarantee a process of continuous improvement, as well as risk assessments on the interplay between technology, organization and human activities in rail operations. The “Safety Event Database” (EDS), which records all accidents and dangerous incidents in rail operations, is available to everyone at the DB Group as a common tool for notifying and reporting these events and their interpretation and analysis. The Group Board of Management is regularly informed about the development of dangerous incidents in the rail operation and the consequent need for action by the “Board Committee for Safety and Occupational Safety” and the annual safety report.

The guided rail mode, with its comprehensive safety net, is today largely immune from technical failures. As a result, all the more attention is now focused on human behavior in its interaction with the complex technical and operational system: these influencing factors are studied in close cooperation with the Department “Man-machine Interface” of DB Systemtechnik at Integrated Systems Rail. The initial activities, such as the establishment of a central point of contact for train drivers to clarify perceived danger situations and a regular simulator test for train drivers, have long since been established. Equally important is a lively Safety Culture. Safety is anchored as a value in the Group’s highest principles. Executives and operations personnel are shown in training how they share responsibility for safety.

DB’s comprehensive safety management meets all the Group’s obligations under German law, such as the General Railway Act and achieves high safety levels. As a result, DB maintains a significant competitive advantage over other modes of transport.

Safer freight transport – by rail and around the world

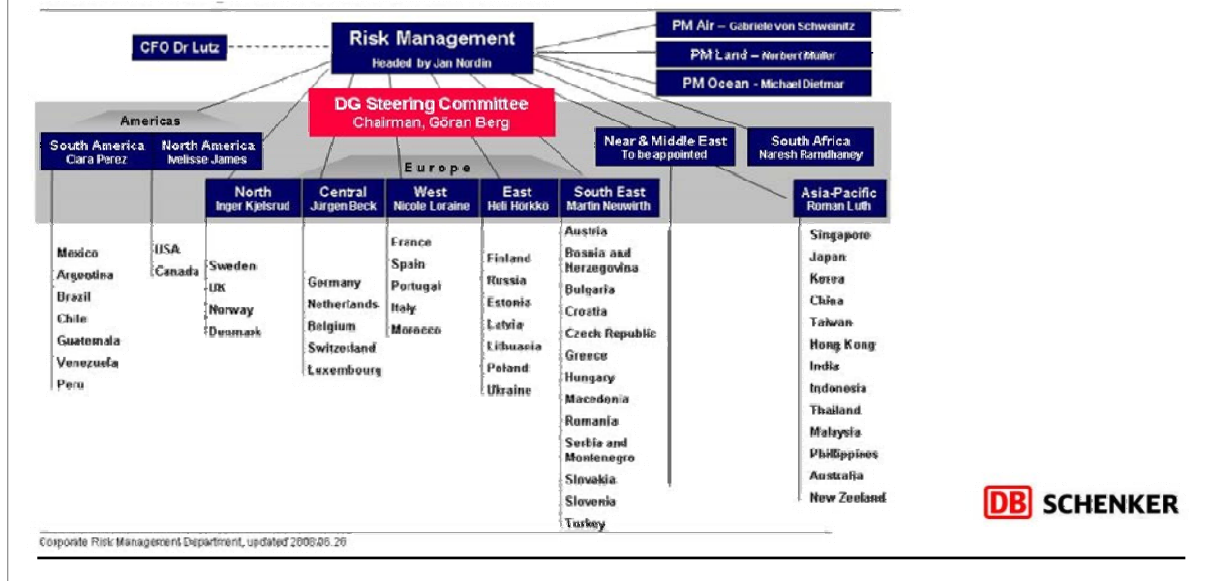
Our dangerous goods management at Integrated Systems Rail develops and oversees the Group’s principles and guidelines for the transport of dangerous goods by rail. At the same time, the comprehensive national and international statutory requirements in terms of comprehensive risk minimization and “Responsible Care®” are taken into account in all business processes. As part of the association and committee work, DB’s dangerous goods management also has an impact on the development of dangerous goods regulations at both national and international level.

The Group-wide harmonization takes place in the Group Committee for Dangerous Goods. Seven dangerous goods’ officers at DB Schenker Deutschland monitor and advise the Group companies involved in transporting dangerous goods by rail on their legal responsibility when carrying dangerous goods. Together with experts on the spot, they ensure that all regulations are reliably met. All employees involved in the transport of dangerous goods at DB Schenker Rail in Europe receive regular training in the relevant statutory provisions.

DB Schenker Logistics has a comprehensive dangerous goods management that manages the transport of dangerous goods by road, sea and air worldwide. It is part of the risk management that is directly attached to the Management Board of DB Schenker. Since 2002, the dangerous goods steering group has been developing standards and guidelines for the worldwide operations in compliance with national and international regulations with the heads responsible for dangerous goods transport in the various regions and by sea, air and land. A database makes internationally applicable safety regulations available to all modes of transport. Audits in the regions identify weaknesses immediately and initiate measures to improve the situation.

All employees involved in the transport of dangerous goods are given regular training in these standards. At the beginning of 2009, DB Schenker also established a global dangerous goods e-learning program that is currently available in 19 languages and is due to be expanded to 23 languages. Every employee at DB Schenker Logistics in Europe can therefore find out about the fundamental regulations governing the transport of dangerous goods in his own language. The regional heads responsible for dangerous goods transport also advise and support the operations staff locally when dangerous goods are being transported.

Global structure of dangerous goods management at DB Schenker Logistics



Global organization of dangerous goods transport at DB Schenker Logistics

Emergency management – danger prevention on the railway

Despite the high safety levels in the rail sector, accidents can still happen. The responsibility for help and rescue measures in these exceptional situations lies with the local fire brigades, the emergency medical services and other agencies and organizations. They are supported by DB's emergency managers, who, for example, provide for the protection of the relief and emergency staff at the accident site and organize the necessary emergency equipment of the railroad. In addition, DB's emergency managers ensure the reduction of the event's impact and the best possible preparation for the resumption of operations.

The requirements for emergency management and fire prevention throughout the DB Group are drafted, developed and implemented by the emergency management at Group level in cooperation with the Group's companies. DB sets standards that are certainly applied internationally in constant collaboration with authorities at federal, state and local level, as well as with numerous national and international projects and committees. In order to prepare firefighters to handle dangerous goods, DB maintains a special "Training Train - Dangerous Goods." DB makes this Training Train available free of charge and in addition can provide free instruction by experienced DB trainers.

Security on trains and at train stations

Security is an essential element of DB's service offer to its customers. In contrast to the departure lounges of airports, train stations are freely accessible to everyone and absolute security in public transportation is impossible if it is to continue its function as an open transport system. The task of the DB Group's security organization is therefore to reduce the risk potential and control the residual risk and possible impact. The daily business of Corporate Security, however, is mainly concerned with everyday crime such as vandalism, burglary and luggage theft. In 2008, DB had to spend around 50 million euros in order to repair damage from vandalism in trains and at rail facilities. Approximately 46,000 offences were reported to the authorities.

The propensity to violence in our society is an important issue that also affects the railroad. Approximately one in twelve of our employees in the driving and on-board service have been victims of physical attacks according to trade union figures. The security situation has become more complicated due to the global threat of terrorism. DB has responded and developed security architecture to ensure flexible and rapid action in conflict situations. The security architecture consists of three pillars: well-trained DB staff and qualified security personnel, advanced equipment and close cooperation with the security agencies, all of which will be continuously expanded. Security is a top priority for the DB Group, so the security functions are managed centrally. In addition, since 2006 operational security responsibilities have been pooled in DB Sicherheit GmbH, which has approximately 2,500 of

its own employees and up to another 1,000 personnel from outside security firms. All employees regularly undergo training and are qualified to de-escalate. The second pillar is the use of CCTV systems for prevention and averting danger. The third pillar is cooperation with the authorities, including the organization of a security partnership with the federal police.

DB Security also makes a strong commitment to prevention in the wider environment, particularly on transport safety consulting and violence prevention. It therefore supports, among other initiatives, the projects “Travel Cool”, “Safe and Fair for Sure,” and “Fair and Safe En Route,” which are aimed primarily at adolescents and young adults.

3.7.3 Safe rail

Safety for people

Safety is a top priority for DB in trains, at train stations, at level crossings and at rail facilities.

Rail is the safest means of transport. Nevertheless, every single accident is one accident too many for Deutsche Bahn. Rail experts are constantly working to make systems, rail technology and processes even safer.

Safe ICE transport

On July 9, 2008, an ICE3 was derailed at the Cologne Central Station after an axle (axle shaft) broke. No one was injured as a result of the accident. Because the safety of passengers is top priority, DB, in coordination with the Federal Railway Authority, subsequently tested all ICE wheelsets of the same type with ultrasound. Although none of the rest revealed any findings regarding possible cracks, the inspection intervals were significantly reduced, as a result of which the ICE-3 fleet was only partially available. In October, a crack was found in an axle shaft in an ICE-T during a routine investigation. The axle shafts are manufactured for safe high-speed use in accordance with the relevant European standards. As the manufacturer consortium was unable to give any further guarantees, however, in the autumn of 2008 DB temporarily withdrew virtually the entire ICE-T fleet for further technical tests on the axle shafts. Since then these axles also undergo more frequent testing. As an extra precaution, the ICE-T trains don't use tilting technology.

These measures led to considerable inconvenience for passengers due to reduced seating capacity in the substitute trains and schedule restrictions. In order to achieve an effective increase in vehicle availability while carrying out more frequent inspections, DB has purchased eleven new ultrasonic test devices at a cost of over three million euros and employed 135 extra staff. In the “minor” schedule change in June 2009, DB was thus again in a position to offer its customers the full ICE service as usual.

Safety at train stations

Well-trained employees from the areas Safety, Service and Spotlessness work closely together to ensure safety at train stations and on trains. For example, the consistent implementation of the program Safety, Service and Spotlessness means that today train stations are among the safest in comparison to other public places. But DB wants to continue increasing its customers' subjective feeling of safety and security. We must respond fast and flexibly in potential conflict situations. In addition, prevention is crucial given the changed security situation. Well-trained security teams, close cooperation with the police authorities at state and federal level and the use of modern CCTV technology should prevent conflict situations or defuse them as soon as possible. There is a 24-hour hotline for travelers and visitors to train stations and DB is installing more and more cameras on trains and buses to raise its customers' subjective feeling of safety and security.

Safety at level crossings and rail facilities

Trains always have the right of way at level crossings. Unlike cars, they cannot swerve aside and take evasive action and even at low speeds have a long stopping distance. Despite many warnings, accidents occur repeatedly, 98 percent of which are caused by road users. DB alone invests around 170 million euros annually just to make its level crossings safer. It also regularly checks all the crossings belonging to its rail network - twice a year for those that are technically secured and three times a year for those that are not technically secured.

Since 1994, the number of level crossings has been reduced from 28,000 to 18,050. DB has replaced many crossings in the past few years with bridges or underpasses or installed automatic safety technology. In order to

reduce the casualty figures at the remaining level crossings still further, DB has been carrying out an intensive awareness raising action in conjunction with ADAC, the General German Automobile Club, and the German Road Safety Council (DVR). These include television ads as well as the campaign "Safely Across." This joint action with the ADAC and the DVR shows the correct behavior at level crossings through the media and public information materials of DB's partners. All these measures have been successful: the number of accidents at level crossings has been falling for many years. Nationwide, there were 563 accidents in 1996, but this figure had fallen to just 207 in 2008.

DB is particularly committed to projects aimed at raising awareness and increasing prevention among children and young people who play at rail facilities and who through ignorance or disregard for the rules are subject to high accident risk. DB Security and DB Job Service therefore initiated a joint nation-wide project called "School Prevention" in 2008, which has since proven its value in practice. And through the "Reading Foundation" DB also draws the attention of students to the dangers under the motto "Rail facilities are not an Adventure Playground" and tells them about how to behave correctly there. This also includes the 2005 animated film "Oli's Chance," which reminds children just how dangerous rail facilities really are. The film has received several awards, including at the animated film festivals in Stuttgart and Seoul (South Korea) as the best children's film.

3.7.4 Dangerous goods

Safely to the destination - even for dangerous goods

The transport of toxic, flammable or explosive freight requires the highest standards of responsibility. German legislation therefore requires that particularly dangerous goods be transported by rail as the safest form of transport.

Petroleum products, chemicals and dangerous waste are essential parts of an industrial society. It is all the more important then to handle these substances safely because their physical or chemical properties can be dangerous for people and nature alike. Your shipment is therefore subject to a plethora of regulations and monitoring measures.

Nearly one ton in seven transported by rail in Germany is comprised of dangerous goods

When transporting dangerous goods, rail's high safety level plays an important role. Since as far back as 1970, German legislation has required that from a certain quantity, particularly dangerous goods should not be transported by truck, but rather by rail or inland barge because of the reduced risk of accident.

For DB Schenker Rail, the transport of these goods is an important market segment. We develop customized offers for individual clients which supplement the "Responsible Care®" program of the chemical companies ordering our services. In 2008, DB Schenker freight trains transported more than 35 million tons of dangerous goods, meaning that almost one ton in seven transported by DB Schenker Rail Deutschland is dangerous.

DB's dangerous goods management ensures that rail shipments rarely come to accidents. For each consignment of dangerous goods, individual tests are carried out when accepting goods from the customer instead of the statutory representative samples. Among other things, a central database of dangerous goods is available. A special quality assurance system ensures a consistently high safety and quality standard. In addition, there is central route monitoring for particularly critical shipments. Numerous internal regulations and monitoring measures that supplement the statutory requirements, contribute significantly to safety and actual implementation by trained staff.

Dangerous goods – safety standards for dangerous freight worldwide

The high safety standards apply to each shipment of dangerous goods by DB Schenker – including those by truck, ship and plane. Here again, every consignment of dangerous goods, and especially critical shipments, are centrally monitored throughout the entire journey. The Responsible Care® principles of the chemical industry are implemented in integrated logistics concepts. DB Schenker Logistics also uses its expertise to store chemicals at 17 locations in Europe for its customers in compliance with the extensive regulations.

4 OUR EMPLOYEES

Employees – a key success factor

A major factor in the success of DB is its employees. The company places a particular emphasis on strategies for dealing with diversity, a long-term health policy and lifelong learning.

4.1 Strategy

Sustainable Human Resources (HR) strategy

4.1.1 HR strategy

Motivated employees for long-term success

The most important resource of the DB Group is its people. In 2008, DB defined four strategic priorities in order to meet the challenges of the coming years together with its employees.

The most important resource in implementing our corporate goals is our 252,000 employees around the world, with 75 percent of them working in Germany. Making sure their workplaces are secure, attractive and family-friendly, as well as promoting the diversity of our workforce are all central concerns of the company. Every single employee contributes to the company's success through his or her own individuality. DB also supports its employees in preparing for the challenges of the future. The DB Group takes very seriously its corporate social responsibility as an essential contribution to sustainable social development. Everyone on the railroad has a common interest: the economic success of the DB Group depends not only on customer satisfaction, but also on the motivation and capability of our employees.

The DB Group's HR strategy has defined four key strategic priorities for the work during the period under review: increasing the identification of employees with the Group, preparing and supporting employees in internationalizing the Group, dealing with demographic change, as well as a business- and future-oriented HR management. The HR strategy is being implemented through six active human resources initiatives, where diversity management plays an overarching role by taking into account the individuality of employees through action in all the initiatives aimed at specific target groups. By signing the "Diversity Charter" in June 2008, the Group publicly documented that all people, regardless of their nationality, skin color, religion and sexual orientation are welcome at the company – as employees and as customers. The DB Group has thus made a commitment to establish a corporate culture characterized by tolerance and appreciation. In cases of conflict, employees and executives are advised by the ombudswoman and diversity representative.

The results of the various initiatives are bearing fruit. In the employer ranking Top Employer 2009 in Germany, DB gained one of the top places out of more than 100 companies based on, among other areas, job security, compensation, work-life balance, development opportunities, corporate culture and corporate image.

Increasing identification as the basis for motivation and performance

DB can only achieve long-term competitive success if all of its 252,000 employees identify with their company. The five values of the Group's guiding principles – customer orientation, efficiency, progress, partnership and responsibility – are the basis for an integrating culture in a company undergoing constant change. The DB Group also reinforces a corporate culture that is open to social diversity and differing lifestyles. With the initiative "We are DB," which was launched in 2007, we are developing and strengthening the identification of all our employees on that basis. Executives and employees discuss together the values of the Group's guiding principles and flesh them out to implement them in their daily work at various workshops. Since 2008, the company has been using photos of its own employees from all areas of the Group in all its job advertisements to attract new people.

Securing the core business through internationalization

As one of the world's leading mobility and logistics companies, the DB Group is active in over 130 countries and nearly one quarter of our employees now work abroad. In the future, staff requirements for international assignments and the deployment of staff and executives abroad will increase. To meet these requirements, DB has launched the initiative "International Personnel Development," which aims to systematically integrate employees at our foreign subsidiaries into the overall personnel development of the Group. At the same time, the Group prepares its staff in Germany for their duties abroad. Carrying out joint events strengthens communication and global networking between executives and as a result also promotes the integration of our foreign subsidiaries. In addition, DB has further developed international exchange programs and expanded cooperation with prestigious universities like the Massachusetts Institute of Technology (MIT) or Stanford University to achieve a targeted recruitment of qualified graduates. The skills our employees have in foreign languages and intercultural competence also play a major role. The new portal "DB PortaLingua" motivates them to learn languages and provides transparency regarding opportunities both inside and outside the Group.

Demographic change - lifelong learning, health maintenance and employee retention and recruiting

The impact of an aging population is already visible on the labor market and in the age structure of DB's employees. This development, along with the increasing flexibility of employment histories, represents new challenges in attracting new young staff and maintaining employability, as well as systematic health and skills management requirements. The DB Group is committed to further increasing the employability of its entire staff, for example through opportunities for lifelong learning or better reconcilability of work and family. In this regard, the new "Demography Monitor" is an important guide and serves as a Group-wide early warning system to initiate measures in good time. It is based on continuous data collection on ensuring new young staff, identification with the company, health and the age groups of the main occupational groups.

- **Health and skills management,** with an effective health policy over the long term and a commitment to lifelong learning, the Group is equipped for demographic change and also offers its employees prospects for the future by providing physical fitness and mental health programs for different target groups for using the expertise of older employees. We achieve this through the initiative "DB Experience," which promotes training and skills programs and aims to redesign employability through regular employee appraisal interviews depending on the stage they have reached in their lives. (Described in more detail below)
- **Use of the Group-wide labor market:** in the Group's labor market, DB AG has an effective tool to help open up new career prospects for employees who lose their job to find employment elsewhere within the company. This allows DB to adapt its staffing needs to the requirements of markets and technological innovations - and at the same time offer their employees secure jobs.
- **Internal development of professionals and executives:** the DB Group is focusing on the internal development of specialists and executives. The identification, selection, development and positioning of executives are carried out at the Group-wide management planning process (MPP), which takes place every year. At the same time, the available potential for further management tasks is identified, the sustainable development of the executives assured, and prospects for the executives at the company are opened up through systematic career and succession planning. For example, 90 percent of executive positions at DB are filled with qualified staff from our own ranks. This approach enables the Group to motivate both specialists and executives and bind them to the company over the long term.
- **Systematic management and staff training:** The development of the DB Group also requires the continuous testing and development of organizations and processes through a comprehensive change management. Sustainability means above all education and training. Attractive training opportunities not only greatly increase skills, but also commitment, motivation and identification with the company. DB Training and DB Academy provide individual and group skills programs for all target groups - from apprentices and trainees to top executives through their innovative program, dialog and learning architecture. At the same time, they contribute significantly to networking across divisions and business units within the DB Group.

- **Comprehensive training opportunities for young people:** in 2008, around 2,800 young people began apprenticeships in one of over 25 occupations requiring training at the DB Group. Another 250 young people also took up dual studies at DB. DB receives over 60,000 applications each year, highlighting the attractiveness and high quality of training within the Group. Given the demographic trend, DB also has to recruit junior staff in new ways, for example through our initiative “Transition Management School and Work,” which supports young people entering the professional world. The core of the initiative is nationwide collaboration between DB and more than 170 partner schools. Among other aims the goal is to strengthen the individual career orientation of young people and bind young professionals early on to the company through company visits, pupil internships, applicant training, IT fitness tests or regular exchanges with teachers.
- **Better reconciliation of work and family:** DB increases its attractiveness as a modern employer when competing for specialists and executives with its “Work and Family” initiative. Reconciling work and family is not only enshrined in DB’s guiding principles, but is also contained in a voluntary corporate employer/works council agreement. DB encourages people to re-enter the professional world after a family-related time out and supports families through free services. And not only women benefit. In the core rail business - although traditionally a male-dominated area - they account for 20 percent and for 15 percent of executive positions. In addition, DB is involved in external networks, such as the initiative group “Alliance for the Family” which in October 2006 signed an agreement with the Federal Ministry for Family Affairs for a family-friendly workplace.

Common job security and competitiveness

Management and employee representatives help safeguard jobs through the Employment Alliance in Germany, as well as the Group’s competitiveness. Employees have a major say through their statutory right of co-determination. Ever since the rail reform, management and employees have been working together in a trusting relationship, consistently developing the DB Group and making it sustainable worldwide.

4.1.2 Objectives and program

Ten initiatives to implement our HR strategy

Since 2007, DB has launched ten human resources initiatives in order to position itself as a modern, socially responsible and sustainable employer.

The initiatives, their results and further implementation in detail:

We are DB

- **Goal:** employees should identify more with the company as a result of the initiative. Cross-functional cooperation should be promoted and the self-understanding of our employees as DB representatives strengthened.
- **Action taken:** numerous workshops were held within the corporate sectors. A competition, “DB Finds its Superstars” and a creative contest for employees’ children were held across the Group. Employees are shown through “DB Faces,” advertising the company in job ads and personnel marketing. Information on the initiative is now available on DB’s online media.
- **Continued implementation:** the sectors involved directly manage the actions themselves, while the Group manages the project’s contents.

International personnel development

- **Goal:** DB Group international executives working abroad should be involved in personnel development even more in the future. In addition, DB employees should be selected and prepared for international assignments.
- **Action taken:** international managers and high potentials were given access to Group-wide development activities. Carrying out joint events increases global networking among executives. Language programs for

employees and executives are offered by DB Training and DB Academy as needed, and since January 2009, DB PortaLingua ensures transparency regarding all the offers.

- **Continued implementation:** For the selection of employees for international assignments, we continue to develop the tools to identify vacancies and select suitable staff. In addition, the DB Academy is to be established at the DB Group as a global instrument to facilitate the development of managers and dialog between them.

DB Experience

- **Goal:** The objective of the HR initiative “DB Experience” is to encourage the employability potential of older employees and show them new career prospects in later life, while simultaneously demonstrating, facilitating and shaping knowledge transfer within the company.
- **Action taken:** The HR initiative “DB Experience” is making a major contribution with its new instruments, such as skills training programs and redesigning employee appraisal interviews according to the stage they’ve reached in their professional life. At the same time, knowledge transfer should be supported through a short handbook for operational managers. This avoids the DB Group losing the invaluable knowledge and experience of retiring employees.
- **Continued implementation:** the use of new instruments is the responsibility of the company’s employees and executives. An integral part of the initiative is the monitoring of the mental change through a wide variety of communication activities within the company.

Employment opportunities as the demographics change

- **Goal:** This initiative seeks to ensure the physical and intellectual employability of employees throughout their entire working life.
- **Action taken:** DB developed a Demography Monitor as an early warning system that illustrates the development of the employment workforce structure. In addition, the “DB Health World” was established for employees to support their individual responsibility for health and to motivate them to a health-conscious lifestyle.
- **Continued implementation:** sub-projects and programs will be implemented in the future in the standard organization. A steering group on “Demography” will be introduced to bundle measures and monitor success, as well as to realign and adapt the measures to current developments.

Transition management - from school to work

- **Goal:** DB starts early and presents itself as an interesting employer to schools in order to raise awareness about the Group among potential young professionals.
- **Action taken:** The Group cooperates with more than 170 schools in Germany that present the occupations requiring training at DB, arrange pupil internships and provide training for applicants, as well as provide teacher training.
- **Continued implementation:** Deutsche Bahn will further expand its engagement in cooperating with schools. With the establishment of regional networks of DB school sponsors, we promote the quality and sustainability of our collaboration with schools. In the future, we will be increasingly emphasizing school cooperation as a pillar in our recruitment process in the regions.

Reconciling work and family

- **Goal:** As a modern company, DB wants to pioneer models for reconciling work and family. This will benefit employees and the Group in equal measure because employees are more satisfied, resulting in a lower employee turnover, fewer losses due to sickness and disease and higher staff efficiency.
- **Action taken:** The Group established numerous workshops on flexible working hours. In addition, DB has concluded a new contract with the Workers’ Welfare Association, which supports staff in caring for their children and family members. DB also successfully took part in the audit of the Hertie Foundation for the DB Job Service.

- **Continued implementation:** The project is soon to be transferred to the standard organization. Collaboration with the Federal Ministry of Education and Research is also planned.

Communications on the privatization

- **Goal:** The initiative was aimed at informing both managers and employees about the Initial Public Offering (IPO).
- **Action taken:** The communication about the IPO took place via articles in the in-house media for staff and films on the intranet. In addition, discussion forums and a roadshow were initiated.
- **Continued implementation:** the partial privatization has been postponed for the time being.

Introducing operational managers

- **Goal:** the objective is to strengthen the role of operational managers, which were first identified in 2006. The operational managers should also be more involved in the communication of the Group and its business units.
- **Action taken:** new systems for agreeing on goals and new remuneration rules, as well as special training measures were introduced. Through the initiative, a new competency assessment procedure was developed.
- **Continued implementation:** dialog formats are currently being developed to ensure targeted communication between operational managers and employees. The competency assessment procedure is to be introduced throughout Germany.

Q+ Training

- **Goal:** with the help of the initiative, greater transparency in education and training outcomes should be achieved and the measurability and comparability of training processes, internal benchmarks and best practice approaches determined.
- **Action taken:** during implementation, key figures on managing educational services and costs were identified and guidelines and minimum standards for educational services and trainer profiles defined.
- **Continued implementation:** The project is completed; the further implementation is in the standard organization.

Future-oriented HR management

- **Goal:** One of the main pillars for the success and worldwide expansion of the DB Group is the consequent economic orientation of HR management. In this context, regional HR Service Centers were set up to relieve HR staff on site. Standardized processes were introduced. This led to an increase in both the quality and the visibility of the HR work.
- **Action taken:** The distribution of tasks between HR staff on site and the first seven HR Service Centers was optimized, increasing the scope for individual staff support.
- **Continued implementation:** In a follow-on project, the value contributions of HR management will be measured.

4.1.3 Internationalization

Promoting internationalization

In recent years the DB Group has become a leading global mobility and logistics company and prepares its employees for the challenges of international assignments.

The DB Group is present in more than 130 countries on all continents. By integrating new businesses such as Schenker, BAX Global and EWS, and as a result of the increased liberalization within the EU, the DB Group has been able to open up new markets.

Internationalization projects and activities in the HR area

- **SCHENKERimpact:** employees can go abroad for three to six months with a guarantee to return to their current job. In the ideal case, there is even a 1:1-exchange, where a colleague from the country concerned comes to Germany in a direct exchange with the colleague. Personal contacts promote the understanding of intercultural differences, as well as of company-specific differences - and they facilitate the integration of new businesses in the DB Group.
- **Working abroad on the job rotation program:** employees can combine the two- to three-year job rotation program with a twelve-month assignment abroad. Deutsche Bahn searches for positions in other countries corresponding to the qualifications of the participants. Permanent positions exist in Australia, New Zealand and the United States, as well as other countries, but assignments are also possible in all other countries after agreement.
- **Trainee programs with international assignments:** since the beginning of 2007, Deutsche Bahn has offered assignments abroad as part of its graduate trainee programs. In addition to various positions at the company, junior executives with an international orientation can spend several months abroad during their one-year trainee period. Matched for their future positions, they can thus get to know the international activities of the DB Group and establish contacts in various countries.
- **Cooperation with international universities and institutes:** cooperation with Stanford University and the Massachusetts Institute of Technology (MIT), for example, promote exchanges between Deutsche Bahn employees and students of American elite universities. Thus, some employees have the opportunity to carry out research at MIT as a Business Visitor.

International recruiting and international internship program

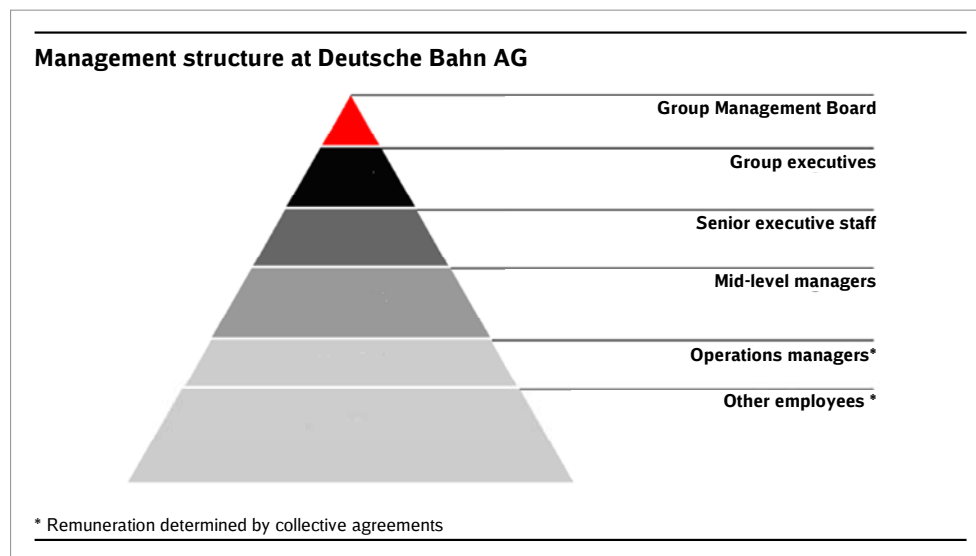
To cover the need for internationally experienced staff and junior staff, Deutsche Bahn has been recruiting foreign applicants for the German market since 2006. And since 2006, the DB Group has also been offering students from top universities around the world internships in Germany. The international internship program is of equal benefit to students and staff. On the one hand, interns gain an interesting insight into the different business units of the DB Group, on the other our employees learn from other cultures. The long-term goal is to lend all of DB Group's sectors an even greater international orientation by employing skilled professionals from all over the world and to bind them to the company over the long term. In 2008, DB had over 30 international interns.

International development and qualification

The precondition for success on global markets is the internationalization of the DB Group, whose success is based on the development, skills and qualifications of its employees and executives.

- **Identifying and promoting international potential:** in line with the growing internationalization of the DB Group, the company's international executives should be integrated even more closely in the managerial system in the future. The introduction of the management planning process (MPP) at Schenker's foreign subsidiaries in 2007 was a first step that the majority of the DB Group's other foreign subsidiaries will follow over the medium term. This will give executives and high potentials access in the future to the development measures and activities offered across the entire Group. In Germany, the aim, on the one hand, is to find more employees suited to assignments in our international business; on the other hand, it is to provide those employees with targeted and individual preparation for international assignments.
- **International dialog events:** In order to successfully integrate foreign subsidiaries and shape future mergers and acquisitions, a platform is necessary which facilitates communication and networking between the DB Group's executives. Carrying out joint events, such as Group meetings, is an important step. At the 2008 Group meeting, held under the motto of "Integration. Worldwide," 140 out of the 1,200 participants represented the DB Group's foreign subsidiaries.
- **International training programs:** The DB Academy should be used and be established as a global instrument for the dialog and development of executives at the DB Group. The Leadership Programs of the DB Academy were internationally targeted in 2007/08: the Leadership Forum for the most senior executives

and the OFK Management Program - Follow up II for top executives were held in English and involved participants from our international business activities. In addition to the internationally-oriented programs of DB Academy, DB Training offers a thematic and broadly diversified program portfolio that ranges from teaching leadership skills and developing soft skills in the international sphere to language training for specific target groups and occupations to legal and technical issues in international marketing.



Management structure of Deutsche Bahn AG

- **Imparting language and intercultural skills:** for success in international markets, the foreign language skills and intercultural competence of the DB Group's employees will be indispensable in the future. DB Academy and DB Training are already offering extensive language programs for executives and employees of the DB Group according to need. An important element here is the intranet portal "DB PortaLingua." DB PortaLingua provides transparency about in-house and external language programs and integrates a Group-wide unified online classification test based on the Common European Framework (CEM), which provides support in finding the right course. We round off our range of language training offers with an extensive program to strengthen intercultural skills.

Supporting the European social dialog

In the context of the European social dialog for the railroad, DB cooperates on designing the work and social conditions in the European rail sector. The Social Dialog Committee, where employers and employees are equally represented, addresses the challenges resulting from market liberalization and the development of inter-operable cross-border rail transport for companies and employees. In addition to its know-how on the management of restructuring in a socially responsible way, DB also contributes its experience on relevant topics such as demographic change, employability and equal opportunities for women in rail occupations. DB also organized an international conference "Employability - an HR strategy for shaping change in the railway sector" on this central theme for the EU social dialog in October 2008, with more than 100 participants from 23 countries.

4.1.4 Demographic change

Using experience, promoting prospects

In order to be well positioned in the future, DB has aligned its HR policies with demographic change. DB sees knowledge and experience as corporate assets to be guaranteed sustainably.

4.1.4.1 Using experience

Initiative DB Experience

Deutsche Bahn is shaping its future at a time of demographic change through personnel development based around the different stages in our employees' lives and is promoting employability and knowledge sharing among our staff.

In the coming years, the DB Group will be faced with great challenges due to society's demographic development, the increase in the average age, the changing legal framework and the continuing shortage of skilled workers in specific occupations. The average age of DB's workforce will increase from around 44 at the moment to nearly 50 in 2015. Retaining the capacity and willingness to perform of experienced older employees against this background of demographic change and a later retirement age is one of the major challenges at the company. It is important to develop and point out new prospects for employees in the later stages of their lives and at the same time shape the transfer of knowledge within the company.

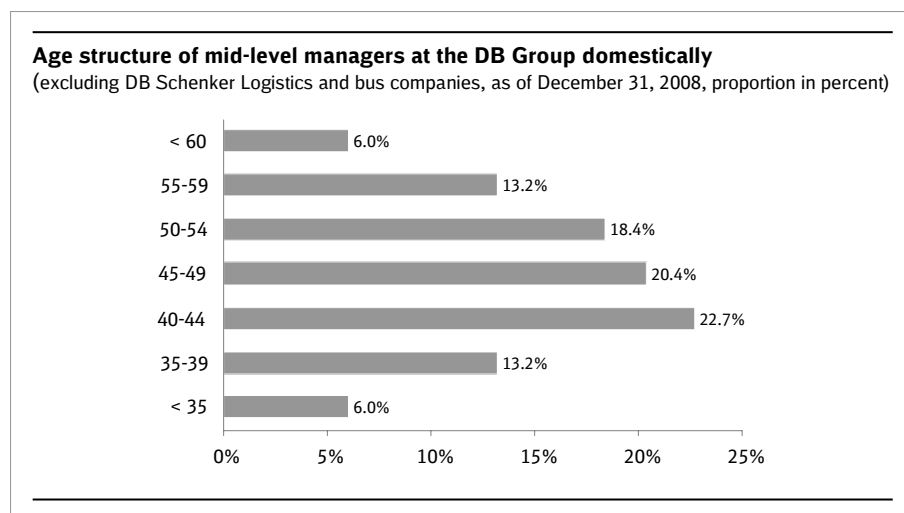
With their experience and skills, employees are the backbone of the company's success and make a vital contribution to the company's value and success. Deutsche Bahn will suffer if the experience and expertise of (early) retiring employees is lost. DB has therefore begun to rethink things in this area.

The HR Initiative "DB Experience" makes an important contribution to preserving and promoting the employability of our staff through new instruments, such as training and skills programs and redesigning appraisal interviews with employees based on the stage in their careers. Deutsche Bahn's skills portfolio was specifically developed in collaboration with DB Training and promotes a life-oriented personnel development. Taking advantage of these offers is the responsibility of our executives as well as of our employees. At the same time, transferring knowledge by means of a structured support process should prevent the DB Group from losing valuable knowledge and experience.

In addition, other areas are taken into consideration, such as work conditions, including workplace design and working hours, and opening up employment opportunities in new career fields for DB employees. An integral part of the initiative is also the initiation and promotion of networks for exchanging experiences both in-house and externally, and the design of the mental shift to longer employment through a variety of communications activities within the company. A communications campaign, in which managers and employees are involved, promotes rethinking. In return, Deutsche Bahn expects from its employees flexibility and a willingness, even in the late phase of their professional career, to branch out in new ways. Initial successes show that the path is correct. In 2008, DB was able to find new jobs at the Group for more than 300 people aged 50 or more after increasing their qualifications and skills.

Age group	Number of employees	Proportion
under 19	187	0.11 %
20-24	4,835	2.97 %
25-29	8,751	5.38 %
30-34	10,613	6.52 %
35-39	20,763	12.76 %
40-44	26,025	15.99 %
45-49	30,004	18.43 %
50-54	32,623	20.04 %
55-59	24,079	14.79 %
From 60	4,894	3.00 %
Total	162,774	100.00 %

Age structure of employees at the DB Group domestically (excluding DB Schenker Logistics, Buses)



Age structure of mid-level executives at the DB Group domestically

4.1.4.2 Gaining professionals

Good opportunities for engineers at Deutsche Bahn

Engineers are demand on the labor market like never before. At the same time, there are also unemployed people, mostly older engineers, who fail to meet the requirements of advertised vacancies because they lack the specialized knowledge required or their knowledge is no longer up-to-date.

The targeted attraction of experienced engineers was also a sub-program of the HR Initiative “DB Experience.” DB initiated the engineers program 50-plus in cooperation with the German Federal Employment Agency. In 2008, 16 unemployed electrical or mechanical engineers underwent a nine-month training program to qualify for work at the company. The selection was made jointly with the employment agencies. Aside from a minimum age of 50 and good health, they had to have a knowledge of hydraulics and pneumatics, as well as basic knowledge of engines and electrical drive systems and components.

The specially designed training program provided both theoretical training and practical assignments in DB’s maintenance sectors, thus giving the engineers the fundamentals of rail, rolling stock and maintenance procedures. The final exams not only prove their competence, but also certify that the participants are familiar with the up-to-date braking and electrical engineering used in the traction and diesel units. In addition, the engineers received a qualification in project management, quality assurance and computer applications. They could then directly apply and deepen the theoretical knowledge they acquired on various projects at Deutsche Bahn’s workshops. Following the training, all engineers gained new job prospects within the DB Group. Further programs are under consideration.

4.1.4.3 Ensuring employability

Maintaining and enhancing innovation capability in times of change

The DB Group is coping with demographic change through special activities and programs to ensure sustainable employability.

Lifelong learning maintains the employability of staff, supports the employment alliance between employer and employee and contributes to the DB Group’s ability to innovate. In Germany, there will be fewer and fewer young workers. DB is already responding to this development and is benefitting from it since it is often older people who have a positive impact on their environment through their life and career experience. DB has several programs to help prolong the ability to work for as long as possible, including health management and, in particular, life-long learning.

To keep pace with the changing requirements at the workplace and not miss the boat with regard to new technologies, more older people will have to continue improving their skills. In the productive sector, however, it is particularly challenging to retrain longtime employees whose last learning experience lies in the distant past, both for the changes affecting their own job, or if that disappears, for a completely new job.

Lifelong learning at Deutsche Bahn is not just a slogan but a company principle whose goal is to motivate young people to seek continuous education. That's because even if they gain further qualifications by training or studying, the useful life of their knowledge is becoming shorter and shorter. Only those who train themselves in learning and take on responsibility for their own employability can contribute to the medium and long-term success of the company. DB Academy and DB Training provide a wide variety of offers in order to meet the individual requirements of employees in a large company.

4.1.4.4 Maintaining health

Employment opportunities in demographic change

The common goal is to enable our staff to remain employable to their regular retirement age. DB supports its employees in taking on responsibility for their own health through "Health World."

The impact of demographic change, namely a shrinking population with a rising average age is already noticeable in the working world. At the DB Group, the picture with regard to the age structure is similar. This development and the parallel increase in flexible employment histories are placing new challenges in attracting junior staff, maintaining employability and systematic health and skills management. In the future, DB will pay much greater attention to health and the reconciliation of work and family in particular.

As a company with over 190,000 employees in Germany, Deutsche Bahn has a wide variety of different occupations. The rail sector had and has jobs where the average age is comparatively high because there might be bottlenecks in recruitment or long-standing professional experience is required. Age and lengthy service, however, do not have to be a problem if age-friendly employment conditions are created today.

Proactive health management

The HR Initiative "Employment Opportunities in Demographic Change" should pave the way for sustainable employability and create a proactive health management. To achieve this, we have created three work packages that structure DB's efforts in relation to the management of employment opportunities against the background of the changing demographic situation. These three work packages are the Demography Monitor, the demography projects and DB Health World.

- The content of the first work package is the so-called "**Demography Monitor**" - a tool that is available to all business units as an early warning system for the timely initiation of actions from a coordinated portfolio. Data on ensuring replacement staff, commitment, health and age structure of the respective occupational groups are gathered and assigned a traffic light logic. The occupations considered are characterized among other things by a relatively high average age and / or through the exercise of specialized activities that are indispensable in the core business of a business unit. These include, for example, train drivers, construction engineers, shunters, construction project managers or employees in service areas.
- In order to be able to react to the results of the Demography Monitor, the initiative has defined standard criteria for **demography projects** and collated them in best practice catalogs. They should serve the HR managers as an essential guide and support a more strategy-led HR management. Emerging from this, for example, are the NetExcellence project engineers in infrastructure and services, as well as a preventative health project for employees at DB Long Distance.
- Statistically, the number of staff away on sick leave increases with age. DB Health World aims to help provide a solution to this problem. It is a central health program aimed at sustainably improving the framework conditions and at the same time demanding from the employees a personal contribution to their health objectives.

Health World is designed so that as many employees as possible – whether in administration, the workshops, in operations or in service – can benefit and choose from what is available in accordance with their needs. The aim is to prevent the most common causes of sickness (lack of exercise, poor diet, stress) over the long term. This can be achieved by taking advantage of fitness courses, health seminars, balanced diet offers from DB Gastronomie, attending sports events or seminars on the appropriate handling of stress, as well as innovative health coaching.

The latter is a new measure from Health World and makes a targeted and individual contribution to promoting health at work. In collaboration with the DB in-house service provider for traffic medicine (dbgs), health coaching provides informational materials (about nutrition, exercise, stress, shift work, giving up smoking, etc.) and tailor-made instruction in appropriate health care courses, as well as individual supervision and counseling by company doctors, social counselors and psychologists.

The totality of all these measures provides Deutsche Bahn a first important approach to enable the Group to react to the consequences of demographic change both appropriately and effectively.

4.1.5 Prizes and awards

Most excellent

That DB's commitment in the HR area is worthwhile becomes truly obvious above all in the daily work of our employees. Numerous awards confirm that this commitment is also appreciated by the wider public.

- **DB Group as a Top Employer:** The DB Group is among Germany's best employers. In the 2009 rankings, the Deutsche Bahn is in one of the top positions among more than 100 companies. Particularly highlighted were the career opportunities available to women, including those with children. And in job security and total remuneration. DB also received good assessments in its work atmosphere, employee satisfaction, market position and work-life balance.
- **AARP Award:** in October 2008, DB received the international American Association of Retired Persons (AARP) "Innovative Employer" Award as one of the ten best companies internationally for its commitment to promoting older employees with its innovative employment policy for older employees. With a life-oriented personnel development and its promotion of employability and knowledge sharing among its employees, Deutsche Bahn is well up in the international rankings and on the right track. AARP has 37 million members, and deals with age and advocates the interests of older people.
- **Total E-Quality Rating:** The Total E-Quality Germany Association e.V. recognized DB in 1998, 2001, 2004 and 2007 for its commitment to equal rights for women. In 2007, it paid particular tribute to DB's commitment at the European level. The DB Group was involved in shaping an agreement of the social partners of European rail companies. The Charter was signed in Rome in June 2007. The rating was introduced in 1997 and is awarded to institutions from business, politics, science and management that further the cause of equality between men and women. The rating is reassessed every three years.
- **Special prize in the "Diversity in Training" competition:** In March 2008, the project was "Deutsche Bahn Trainees against Hatred and Violence" was given a special award in the category of Large Companies from the migration officer of the federal government, Professor Maria Böhmer.

4.1.6 Facts and figures

Employees in figures

Nearly a quarter of a million people work for the DB Group worldwide. DB is one of the largest employers in Germany.

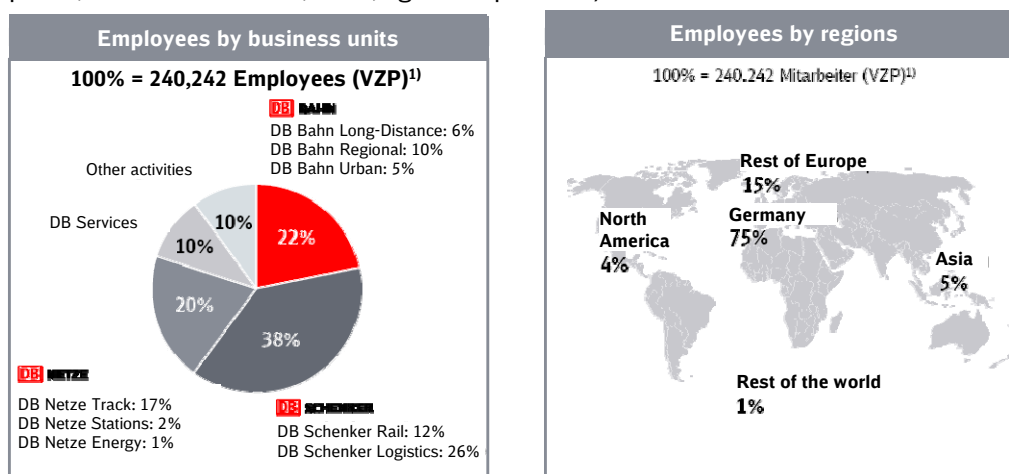
About 75 percent of all DB employees work in Germany and as such they are subject to extensive statutory and contractual safeguards and regulations in relation to equality and equal treatment, health, social security, employment conditions and representation of their interests. Approximately 15 percent of the workforce is

employed in European countries, where broadly similar statutory rules apply. Approximately 10 percent of our employees work at our subsidiaries outside Europe, where basically the same HR policies cover managers and employees as at the other companies of the DB Group.

On December 31, 2008, the number of employees increased slightly compared to the end of the previous year. This is mostly due to the acquisitions of Transfesa with approximately 500 employees in the business unit DB Schenker Rail, the DB Regio UK, with around 800 employees in the business unit DB Bahn Regional and Romtrans with approximately 1,300 employees in the DB Schenker Logistics business unit. On a comparable basis, however, the number of staff employed on December 31, 2008 remained at the same level of the previous year's end.

Employees by business units and regions globally

(Group total, as of December 31, 2008, figures in percent*)



*Figures in percent are rounded, difference addition of the percentage values of business units with figures per market units due to rounding, ¹⁾ Full-time staff, i.e. part-time staff are counted on a pro rata basis

Employees according to business units and regions worldwide

Employee figures – overview

	DB Group total	DB Group domestically*	DB Schenker Logistics	DB employees in Germany
Physical persons (pp)	252,547	162,774	65,421	192,365
Full-time staff (ft)	240,242	154,646	62,074	181,910

As of December 31, 2008, *Domestic companies, excluding DB Schenker Logistics and bus companies

Total Group:	
Total employees:	252,547
DB Group domestically (excluding DB Schenker Logistics and bus companies):	
Proportion of women:	20.6 percent (33,568) *
Proportion of employees who are severely disabled or equivalent staff:	5.2 percent **
Employees under 35:	15.0 percent (24,386) *
Employees over 50:	33.7 percent (54,807) *
Employees from 50:	37.8 percent (61,596) *
Average age:	45 years *
Average age of management:	47 years *
Employees at the company less than five years:	8.6 percent (13,966) *

Employees at the company for thirty or more years:	34.9 percent (56,804)	*
Employees:	84.4 percent (213,221)	
Officials:	15.6 percent (39,326)	
Part-time employees:	9.0 percent	*
Executives:	1.1 percent (2,889)	
Number of apprentices:	8,963	
Number of graduate trainees 2008:	297	
Number of interns 2008:	1,051	
Annual training investment per employee:	46.8 hours	*

Key employee data at a glance, information in physical persons. All data relate to employees in domestic companies and bus companies, excluding DB Schenker Logistics. As of December 31, 2008.

Junior employees in the DB Group

	2006	2007	2008
Junior employees in Germany	7,738	7,998	8,593
Junior employees outside Germany	360	596	370
Total	8,098	8,594	8,963
Of which are students (BA level)	347	460	576

Junior employees (trainees und students (BA level) (trainees in dual courses of study at vocational colleges)), Data in physical persons. As of December 31, 2008.

Employees with foreign backgrounds

Country of origin	
Europe (from 40 countries)	81.62 percent
Asia (from 37 countries)	8.59 percent
Africa (from 35 countries)	7.88 percent
America (from 18 countries)	1.40 percent
Unknown origin	0.46 percent
Australia (from 2 countries)	0.05 percent
Total	100.00 percent

Employees with foreign backgrounds in Germany, domestic companies and Schenker Deutschland

Employees by employment contract

Employee structure	Full-time	Part-time
Employees covered by the collective agreement	111,019	7,835
Officials on leave (salaried employees)	3,392	85
Assigned officials	33,272	5,749
Temporary personnel	15	89
Minimally employed staff	3	561
Interns, students about to receive diplomas	248	19
Graduate trainees	199	-
Working students	1	287
Total	148,149	14,625

Employees by type of job, all figures relate to employees in domestic companies, excluding DB Schenker Logistics and bus companies. As of December 31, 2008.

Employees by region

Employee structure	Full-time	Part-time
Baden-Wuerttemberg	12,203	1,581
Bavaria	19,968	2,421
Berlin	15,311	1,265

Brandenburg	7,031	312
Bremen	2,133	288
Hamburg	6,358	690
Hessen	18,221	1,789
Mecklenburg-Western Pomerania	3,353	482
Lower Saxony	10,093	1,181
North Rhine-Westphalia	23,414	2,154
Rhineland-Palatinate	4,329	454
Saarland	1,741	177
Saxony	11,019	820
Saxony-Anhalt	6,557	414
Schleswig-Holstein	2,032	221
Thuringia	3,909	296
Employees in Germany	147,672	14,545
Employees in other countries	477	80
Total	148,149	14,625

Employees by region. All figures relate to employees in domestic companies, excluding Schenker and bus companies. As of December 31, 2008.

Employee turnover (DB Group domestically, excluding DB Schenker Logistics and bus companies)

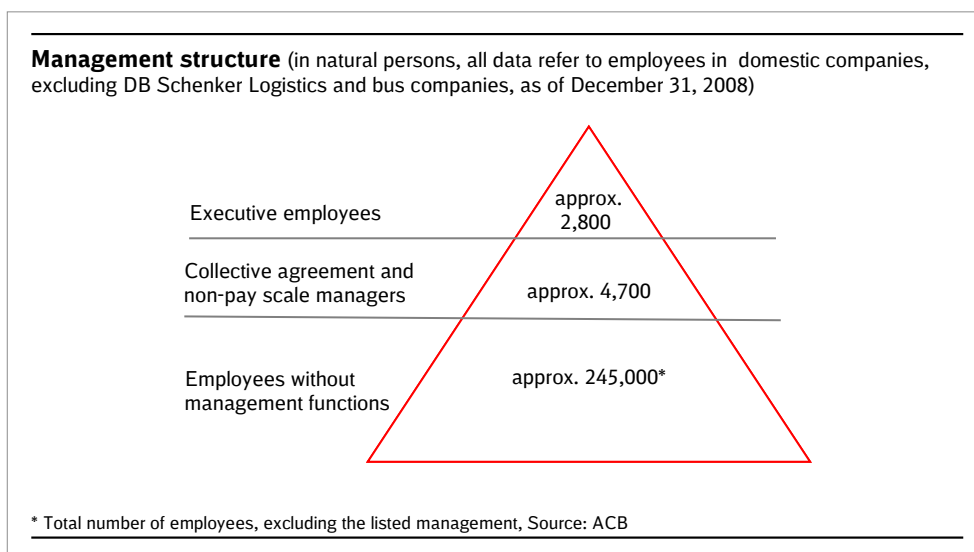
Employee turnover in %	Total
Outside Germany	2.12 %
Baden-Wuerttemberg	2.68 %
Bavaria	2.86 %
Berlin	5.53 %
Brandenburg	0.72 %
Bremen	3.97 %
Hamburg	2.96 %
Hessen	4.46 %
Mecklenburg-Western Pomerania	2.79 %
Lower Saxony	1.88 %
North Rhine-Westphalia	2.35 %
Rhineland-Palatinate	3.08 %
Saarland	1.83 %
Saxony	1.43 %
Saxony-Anhalt	1.38 %
Schleswig-Holstein	1.75 %
Thuringia	1.73 %
Total for companies in Germany	2.86 %

Employee turnover by region. All figures relate to employees at domestic companies, excluding DB Schenker Logistics and bus companies. As of December 31, 2008

Employee turnover in %	
Under 30	13.62%
30 to 39	3.26%
40 to 49	1.09%
50 to 59	0.76%
From 60	15.41%
Male	2.48 %
Female	4.31 %

Employee turnover by age and gender. All figures relate to employees at domestic companies, excluding DB Schenker Logistics and bus companies. As of December 31, 2008

Executives



Executives (employees in domestic companies)

4.2 Conditions of employment

Conditions of employment

4.2.1 Working conditions

Uniform HR policy

Our working conditions are based on national and international regulations. The job and personal performance are key factors in remuneration. Various agreements regulate the protection of individual rights.

In addition to the country-specific legislation, the working conditions of employees at the DB Group are largely based on collective agreements with the relevant trade unions in the respective countries. Employees who are not unionized come under the provisions of the collective agreement through a signing-in clause in the employment contract.

In Germany, about 80 percent of employees on the railroad are unionized. DB has concluded with the three unions Transnet, GDBA and GDL valid collective agreements covering around 150,000 employees. Agreements with the union ver.di have been reached with the bus companies and DB Schenker Logistics.

In addition, collective legal arrangements with internal employee representation have been agreed to be able to better take into account each company's situation, e.g., the working conditions of junior employees at the individual corporate sectors.

Equality of employment

The DB Group applies the principle of a unified HR policy: compensation, promotion and social benefits are regulated for men and women, as well as for all employee groups, according to the same principles - mainly through standard rates. Particularly important in this regard are the job and personal performance. This also applies to the officials assigned to DB AG, to whom existing standard and above-standard rates are equally applied, whereby the applicable regulations governing civil service legislation are taken into consideration.

Protection of personal rights

In order to protect the privacy rights of workers, various individual arrangements exist at the DB Group for dealing with electronic systems that record and store employee data - from recording working time to the use of IT

resources. In the future, each employee will receive information about which electronic systems register his or her data and how they are used. Employees will personally be able to check that their privacy rights are respected when using their data. This includes taking into account the findings from the current discussion on how to deal with employee data in connection with DB's measures on combating corruption.

4.2.2 Salary and pension scheme

Performance-based salaries

Employees' salaries are calculated on the basis of collective agreements. In Germany and our international locations they are based on the usual market conditions prevailing in mobility and logistics.

Collective agreements regulate the basis for classification and holiday, Christmas and sickness payment. Employees are grouped based on their job and assigned to a salary scale. Within a salary group, a defined salary range applies to all employees, which enables appropriate salary increases and fair compensation in line with the market. Employees with tasks that require specialized knowledge and personnel with managerial responsibilities but who are not managers as such will be classified in a separate wage/salary group and receive a share in profits.

Management compensation is based on a system of functional groups with remuneration bands. In addition to the basic salary, a variable salary component is paid in the form of an annual fee. The more entrepreneurial responsibility a manager holds, the greater the salary also depends on the company's success. The amount of the variable salary is determined in accordance with the Group's results, the results of the respective Board division, as well as individual performance.

Pensions

Deutsche Bahn supports its employees in the creation of a supplementary occupational pension scheme in addition to the existing statutory social security system. In Germany, an occupational pension system exists for rail transport through the "Collective Agreement on Occupational Supplementary Benefits." Employees may supplement this by way of deferred compensation to gain additional pension payments later. Also, the company's success has a positive effect on occupational pensions: employees receive a bonus of ten percent if instead of a disbursement they pay their profit sharing money into the company's pension plan.

The pension plan for our executives also has a particular place for the companies of the DB Group. Through a defined contribution pension plan, we ensure that benefits for this group of employees are in line with market conditions.

4.2.3 Benefits

Fringe benefits – expanded employee benefits

The DB Group offers its employees social benefits in health, sport and leisure, insurance and financial services.

Deutsche Bahn is supported in these areas by powerful partners such as the BAHN-BKK (Railroad Health Insurance Fund) and dbgs GesundheitsService GmbH (dbgs HealthService GmbH), the foundation Bahn-Sozialwerk (railroad staff social services - BSW), Verband Deutscher Eisenbahnersportvereine (Association of German Railroad Employees' Sports Clubs), DEVK-Versicherungen (German Railroad Insurance Companies) and Sparda-Banks (4Star).

Bahn-BKK

The majority of the statutory insured DB employees in Germany are members of Bahn-BKK, which offers bonus programs and workplace health promotion coordinated with the Group companies. The self-management of the Bahn-BKK, the majority of which is made up of representatives from DB from both the management side and the insured, guarantees a close link with DB's health objectives over the long term.

dbgs GesundheitsService GmbH (dbgs HealthService GmbH)

The *dbgs GesundheitsService GmbH* is the occupational health service of the DB Group. In addition to medical services and fitness examinations, the health care experts also look after the psychological and social welfare of DB staff.

Foundation Bahn-Sozialwerk (BSW)

The foundation has a long history and offers a wide range of offers around travel and recreation, but also supports needy children and young people and treatments for parents and children. In addition, it offers cheap travel specials and holiday camps in their own facilities. Around 31,000 current and former employees of all ages and professions are involved in over 750 cultural and recreational groups.

Association of German Railroad Employees' Sports Clubs (VDES)

The association is now the umbrella organization of some 340 railroad sports clubs with a wide variety of sporting offers and has set itself the goal of promoting the health and lust for life of rail workers through regular sports, for example, by holding large sporting events such as the DB Indoor Soccer Cup or participating in the JP Morgan Chase company run. In addition, it can offer DB Group employees discounted rates at fitness clubs through cooperation agreements.

German Railway Insurance Fund (DEVK)

DEVK offers DB employees affordable insurance coverage during and after their active employment period. This also includes insurance services on special terms as part of the company's occupational pension plans.

Mobility benefits

Key DB Group social benefits are travel discounts and job tickets. On the lines operated by DB, we offer attractive special conditions, the so-called DB JobTickets, on long-distance and regional services. In addition, we try to reach rebate agreements with competitors. For journeys in the leisure sector, employees, their family members (spouse and children) and registered partners enjoy reduced costs and/or discounted tickets.

Other benefits

Other benefits are anchored in the corporate guidelines - such as rules on financial assistance in emergencies caused through no fault of their own. Deutsche Bahn gives its employees non-discriminatory access to all benefits or bonuses in accordance with the collective agreements.

At the DB Group, part-time workers or employees with temporary contracts receive the same company benefits as employees with permanent contracts of employment and full-time employees. Free travel for employees and members is reduced in percentage terms in line with the proportion of working time.

For Schenker, the company benefits for temporary employees are regulated locally and comply with country-specific legislation.

Assistance in finding accommodation

If an employee gets a job in another city and therefore has to relocate, the companies of the DB Group support him or her in finding a home, while during the initial period, housing at the new workplace is available in the shape of dormitory rooms and furnished rooms or apartments. DB can facilitate a move to the new workplace through initial occupancy rights for about 100,000 homes in Germany.

4.2.4 Ways of working

Ways of working and flexible working hours

DB and its employees work 365 days a year 24 hours a day for our customers. Wherever possible, the Group offers opportunities for flexible working hours.

Work and time off

The principles of working time distribution are regulated in the Working Time Collective Agreements. In addition, there are numerous company regulations that take into account the specific operational situation in the individual companies. Shift planning and the allocation of human resources, especially with mobile workers, is done nationwide with IT support. Compliance with legal regulations and collective agreements is technically ensured by the system. The specific needs and wishes of the employees can be taken into account when planning work schedules. The vacation entitlement of employees is also governed by collective agreements.

For employees of DB Schenker Logistics in Germany, working time is regulated in collective agreements in accordance with the provisions of the Working Hours Act. The contracts with subcontractors in the land transport sector include a requirement for the transport company to comply with the rules contained in the Regulation on Mobile Workers. In addition, subcontractors are expressly obliged to comply with statutory driving times and rest periods. DB Schenker Logistics is entitled to examine all documents and statutory evidence.

Flextime, part-time work and long-term accounts

At enterprises not bound by timetables or shift work, flextime arrangements are used in order to align customer interests and the needs of employees. These flexible arrangements for starting and finishing work ensure responses and contact as required. At the same time, they facilitate the reconcilability of work and family.

Since 1998, DB employees in Germany have had the right to an individual reduction in working hours under the collective agreements – they can adapt their working time and location to their needs and possibilities in consultation with their employer. When drawing up shift schedules, the concerns of part-time employees are taken into consideration.

With the establishment of long-term accounts, the companies of the DB Group offer their employees a means of shaping their working lives. The credits saved on the basis of overtime or remuneration can be used to get time off for training, caring for relatives or reduce the remaining time left to retirement. Deutsche Bahn thus provides its employees more scope for individuals to plan for the future.

Service staff at Berlin Central Station test modern ways of working

Berlin Central Station is the most important railway hub in the capital. Providing the up to 200,000 passengers with information every day is the task of teams at the DB Service Point and on the platforms. A presence around the clock means the fixed and mobile service teams have to do shift work. More flexible shift models have been developed at the initiative of the employees doing shift work and based on suggestions for improvement. The result was four new ways of working. Colleagues with longer travel times to Berlin Central Station can now work shift hours during the day in the “Supplementary Plan Day Shifts.” This model is ideal for parents with children who can now take them early to childcare and pick them up again in the afternoon. The “Supplementary Plan Transitional Shifts” was developed for employees who no longer work in a rolling shift pattern or who no longer want to work nights for health reasons. Their shifts are now in the “middle period” from 9.00 a.m. – 7 p.m. The work models can be combined. After the successful pilot phase (June 1 to December 31, 2008), the new model was introduced - 52 employees benefitted in Berlin. The satisfaction of employees has risen because they can now choose from different ways of working. An extension to other stations is conceivable.

Time models take into account employee preferences

- **Basic Plan:** All shift positions are as before, but with a fixed shift rotation. Employees can plan far ahead.
- **Days Shifts:** shift times only during the daytime (for example 8.20 a.m. to 4.35 p.m.) – primarily suited to parents.
- **Transition Shifts:** Only shift times in “middle periods” (about 9.00 a.m. to 7.00 p.m.) – an offer for employees who no longer want to work in a rolling shift pattern or, for example, for health reasons no longer want to work nights.
- **Varioplan:** For employees who can and want to plan their time off flexibly. This plan serves the “stand-by proportion” (shifts that must be filled due to vacations and illness). The advantage for staff and operations:

we can respond flexibly to customer demands, while staff needs can be taken more into account. Suitable for younger workers without children.

4.2.5 Job security

Employment Alliance goes hand in hand with restructuring

Mobility and flexibility of employees and the willingness to a new orientation create career prospects. DB is continuing its policy of shaping the restructuring processes on the basis of the Employment Alliance.

DB employs approximately 75 percent of its staff in Germany. Since 1994, the productivity of all railroad companies there has increased significantly and in crucial areas even tripled. In order to shape the rationalization processes associated with this development trend in a socially responsible manner, the Rail Employment Alliance has been in existence since 1996. The alliance promotes the mobility and flexibility of employees and opens up new career opportunities for those whose jobs are eliminated.

Employment services

DB JobService GmbH manages the process of placing employees from one job to another. If the employees are flexible and mobile, they find new prospects at the DB Group.

A key element of job security for all employees who have been at the company for more than five years is DB's own labor market. The employees have for many years been experiencing in practice that this instrument opens up new career prospects when their jobs are eliminated.

The job placement agency for the Group's labor market is DB JobService GmbH, which controls the whole process of placing employees from one job to another and cooperates closely with human resources management in the companies where jobs disappear or employees can no longer work due to a fall in their ability to work. As a result of this direct placement, it was possible to arrange placements from one job to another for some 75 percent of the employees affected in the 2008 financial year.

Employees who cannot be re-employed by this direct placement switch to the DB JobService, where they qualify for a new career while earning 80 or 85 percent of their previous pay. Training sessions on career orientation develop new career prospects with and for the employees that are subsequently implemented as a result of their new qualifications and skills. The precondition for needs-based qualifications is the medium-term staffing plans of the business units. For occupational groups where shortages are expected in the coming years, employees undergo training in courses lasting several months to become specialists, for example in security and public order, HR officers, dispatchers, or engine drivers at marshaling yards. After successfully completing their course and gaining a qualification, 60 percent of the employees receive a regular job at the Group. The sustained success of the training lies above all in a close coordination between the business units and DB JobService GmbH in the design of the training and the joint selection of the participants.

In addition, employees gain further professional experience in employment projects or work in temporary placement services at DB Zeitarbeit GmbH. We have many examples of employment projects, in numerous customer-oriented service sectors, such as vending machine guides, station platform guides, quality inspectors, or positions handling incoming written customer inquiries. But the main aim at the Jobservice remains finding the employees a new job as quickly as possible in order to minimize periods of unemployment.

Employment initiatives – worthwhile insourcing

Deutsche Bahn uses insourcing, which expands the range of existing jobs at the DB Group. Together with the Group companies in Germany, the DB JobService GmbH realizes job initiatives when required. This is mainly a question of avoiding outsourcing services to third parties or carrying out targeted specific insourcing activities. Since 2005, more than 1,700 additional job offers have been made available, particularly through the DB Group's internal service providers – such as DB Sicherheit GmbH, DB Vehicle Maintenance or the regional service companies of the Services business unit. The Employment Alliance also provides for arrangements for placing

employees at outside companies. DB JobService GmbH is member of many regional networks and cooperates with other companies, a strategy which every year opens up new career prospects for about 100 employees.

Temporary employment - success through flexibility on the labor market

DB Zeitarbeit offers employees new prospects, and qualified personnel remain with the Group. DB Zeitarbeit GmbH is a wholly owned subsidiary of DB AG and as a provider of specialized personnel of the DB Group offers comprehensive individual solutions in the markets Public Sector and Transportation and Logistics. With its main business units Temporary Placement Services, Personnel Placement and Temporary Management, the company has become an innovative and competitive service provider in the industry.

DB Zeitarbeit GmbH currently employs approximately 2,000 skilled and specialized staff with experience in railway-specific, commercial and technical activities. DB Zeitarbeit GmbH facilitates the entry into working life of apprentices who have completed their training but who in spite of good performance cannot be employed directly at their companies. The temporary placement of officials is unique in this sector. Through DB Zeitarbeit GmbH, they also gain interesting career prospects, and customers benefit from their many years of experience.

4.2.6 Employment rights

Employment rights and employee participation – strong together

Co-determination is a fundamental principle of the corporate culture at DB. It forms the basis for the employees' support of change processes associated with the reform of the rail sector within the Group.

Since its inception, the DB Group maintains the social partnership with employee representatives and unions. The involvement of employees in the decision-making at the company is a high priority. It is an essential part of the shared responsibility for commercial success and employment. At the companies of the DB Group, company management works together with the works councils in a spirit of partnership and trust. Conflicts are carried out and resolved in a constructive and critical dialog. This involvement by the works councils is a crucial factor in the success of the implementation of rail reform in Germany and for the further development of the DB Group as a leading international mobility and logistics service provider.

European Works Council

As a result of the international growth of the DB Group, legislation in European labor law is becoming increasingly important. The DB took into account this development with the creation of the European Works Council in 2005. The European Works Council deals with issues of employee participation at the European level and is brought in and informed by the DB Group companies early on with regard to cross-border corporate and business decisions.

Additional provisions apply to the business unit DB Logistics due to the integration process. Schenker Deutschland AG has similar employee participation procedures as the other companies in the DB Group. Again, the company management works in a spirit of partnership and trust with the works councils. This has an impact: in recent years, there have been no arbitration proceedings or legal disputes either with the central works council or at the local level.

Unionized employees

About 80 percent of our employees in Germany are unionized. In accordance with the Collective Bargaining Agreements Act and the collective agreements of the DB Group, all covered employees are treated equally. Employees who are not unionized come under the provisions of the collective agreement through a signing-in clause in their employment contract. At Schenker Deutschland, ten to twenty percent of the employees are unionized. There are no known business activities where the freedom of association or the right to collective bargaining is at considerable risk. The DB Group's "Corporate Ethics Principles," which were signed at the end of 2008, contain a clear commitment to observe human rights and the freedom of association.

The notification periods with regard to major changes are regulated in the corporate employer/works council agreement on "Procedural Rules on Collaborative Planning and Structuring Reorganization in the Companies of

the DB Group”. The submission deadlines depend on the extent of the impact. If only one company is affected by the change, notice of four weeks is sufficient. If several are affected, notice of eight weeks is necessary. Schenker observes the standard national legislation in the various countries where it operates.

Results of collective bargaining negotiations

In July 2007, the highest wage settlement of the 2007 pay round was agreed with the collective bargaining group consisting of Transnet and the Union of German Railways Civil Servants and Trainees (GDBA). It included a pay increase of 4.5 percent on January 1, 2008 for the next 19 months and additional profit sharing amounting to 600 euros for 2007. The leaders of the German Train Drivers Union (GDL) refused to participate in this round of collective bargaining, which resulted in work stoppages. In March 2008, negotiations were completed with Transnet, GDBA and GDL, which resulted in a new collective agreement consisting of a basic collective agreement and six specific functional individual collective agreements. One of the specific functional collective agreements is a separate collective agreement with train drivers negotiated with GDL and regulating their conditions of employment. This agreement ran from July 1, 2007 to January 31, 2009. On the basis of individual grouping according to professional experience, individual wage increases resulted, ranging from 7 to 15 percent. The other five specific functional collective agreements were concluded with the collective bargaining group consisting of Transnet and GDBA and included, among other agreements, a new wage structure with increases of around 9.6 percent on average.

In the 2009 pay round, Deutsche Bahn and all three rail unions reached an agreement in January after just two weeks of negotiations. The results show significant improvements in the design of work and rest periods for shift workers, with agreements on definite weekend rest periods, longer rest periods and better shift predictability, while the specificities of the company's different sectors have been taken into account with regard to the working hours. The agreed remuneration improvements consist of linear increases of 2.5 percent from February 1, 2009 and 2.0 percent from January 1, 2010, as well as an additional one-off payment of 500 euros in December 2009. The compromise we reached means that on the one hand, DB employees who perform every day maintain their purchasing power. On the other hand, the company has been able to avert rail strikes, which is especially important in the current difficult economic situation for both the Group and its customers.

4.3 Diversity and tolerance

Managing diversity

4.3.1 Diversity

For diversity, against discrimination – an integral part of our corporate culture

DB has firmly anchored Managing Diversity in its HR strategy, consciously handling the diversity within the company and targeting specific programs. This enables the company to react to social changes.

As an employer, DB would also like to be attractive to all groups in society. Deutsche Bahn has recognized the advantages of a heterogeneous workforce and is working for a non-discriminatory corporate culture. The keyword here is “Managing Diversity” – consciously handling diversity within the company. The foundations of their diversity management are anchored in several corporate employer/works council agreements and corporate guidelines.

DB is open to social diversity and the most varied lifestyles. This diversity is also reflected in the staff structure of the Group - with a doubly positive effect: diversity management pays off for Deutsche Bahn both morally and commercially. Deutsche Bahn has shown both in-house and externally that it is actively committed to diversity in the company and society by signing the “Charter of Diversity.”

Every single employee contributes his or her individuality to the success of the DB Group. Different personal experiences help the team to find innovative solutions and recognize customer requests as quickly as possible. With its commitment to heterogeneity and programs specifically targeted to different groups, Deutsche Bahn

wants to meet the challenges of demographic change, which is already leading to a shortage of skilled labor and an aging workforce.

Another argument for diversity is the international positioning of the Group. DB can only be successful globally if it takes into account the differences between markets and people in comparison to Germany. It is therefore essential to identify and take into account the potential conflict that could emerge from this plurality. DB's goal is to strengthen a corporate culture that enhances the diversity and takes action against discrimination.

Since its establishment, Deutsche Bahn has been committed to equal opportunities. Group works agreements and collective agreements form the basis for dealing with diversity and differentness. In addition, DB established programs to integrate people with disabilities. It became clear at the beginning of the new millennium that the company must align itself even more with the developments in society in order to be successful over the long term. A Group-wide working group therefore developed a concept to introduce diversity management in the Group, which in 2004 integrated this into the HR strategy on the railroad. For its commitment to diversity, DB received the certificate "Total E-Quality" and the Max Spohr Prize of Völklinger Kreis. Deutsche Bahn has in meantime concretized priorities such as "internationalization" and "demographic change" and initiated programs specifically addressing customer and employee target groups.

Internal guidelines and regulations

DB has committed itself early on to a corporate culture of diversity and tolerance and set down the basic principles in internal guidelines and regulations: "Ethics Principles" applicable all over the world, the corporate employer/works council agreement "For Partnership in the Workplace - against Discrimination, Bullying and Sexual Harassment," the corporate employer/works council agreement "For Equal Opportunity and Teamwork - Against Xenophobia and Anti-democratic Tendencies" and the guidelines on the "Integration of the Disabled."

Our binding "Ethics Principles" lay down the standards and expectations covering the daily actions of all DB Group employees. The responsibility toward the company and the employees, competitors and business partners, as well as towards the owner, is our top priority. Any infringements result in consequences under both labor law and our own disciplinary measures.

In the corporate employer/works council agreement, "Partnership in the Workplace," the partners to the collective agreement undertake to prevent bullying, sexual harassment and other discriminatory actions, and to promote measures to create and maintain a spirit of partnership and teamwork. All DB Group employees are committed to mutual respect. The aim of the corporate employer/works council agreement is to ensure the fundamental right to human dignity and the fundamental right to the free development of one's personality.

The aim of the corporate employer/works council agreement "For Equality and Loyal Cooperation - against Xenophobia and Anti-democratic Tendencies" is both to protect employees effectively against discrimination, regardless of their ethnic, cultural and religious origin, as well as to contribute to cooperation with each other at work. It is also intended to prevent and counteract anti-democratic and neo-Nazi tendencies. In order to realize in practice the corporate employer/works council agreement, DB and its social partners launched the project "Deutsche Bahn Trainees against Hatred and Violence" in 2000.

In order to meet the needs of modern families, DB collective agreements fix the equality of registered civil unions. It also refers to the provisions for dependants and travel benefits for family members.

Dealing with conflicts constructively

Deutsche Bahn's corporate culture is based on diversity and friendly relations with each other at the workplace. Different opinions and characters inevitably lead to occasional conflicts - especially in a group as DB, which in the last twelve years has undergone a profound change management process. But by questioning established views and promoting creativity, conflicts can yield positive results and benefits. If a conflict escalates, however, it affects the employees involved and lowers the company's productivity. Offers from DB Academy, DB Training and dbgs GesundheitsService GmbH (dbgs HealthService GmbH) aim to raise conflict awareness of both employees and managers and help them to avoid them or end them in a positive manner. In addition, individual offers for

individual employees make an important contribution to stress and conflict management. These include counseling services from the Psychological Service or special training to learn relaxation techniques.

Furthermore, at DB AG there is a neutral partner for all employees who believe they have experienced discrimination or have not been accorded appropriate treatment under the Collective Job Security Agreement (BeSiTV). This ombudswoman implements the new General Equal Treatment Act (Allgemeines Gleichbehandlungsgesetz [AGG]), and is a new institution in the corporate environment in this form. She has access and interview rights, and helps to resolve conflicts constructively. The ombudswoman at DB AG rapidly established credibility and acceptance with the employees, HR managers and works council members. In the first year alone she processed 300 inquiries, of which approximately 30 were actually due to discrimination in the sense of the General Equal Treatment Act.

At Schenker Deutschland and the other German affiliated companies, there have been no complaints under the General Equal Treatment Act and no known cases of discrimination.

4.3.2 Tolerance

Tolerance from the beginning – Deutsche Bahn Trainees against Hatred and Violence

Strengthening young people in their courage to stand up for their beliefs - this is the declared goal of the DB Group. Since 2000, the discussion about differentness is an integral part of DB's training process.

Internationality and diversity are part of the daily business of Deutsche Bahn. More than 240,000 employees in over 130 countries work together every day to provide more than seven million customers the best service possible. As an international company, Deutsche Bahn believes that respect and tolerance is the basis of sustained and effective profitability. Deutsche Bahn is therefore against extremism, violence and discrimination and promotes diversity through several projects.

From the conviction that the future of society and thus of Deutsche Bahn will be determined by the values of youth, in 2000 DB and its social partners launched the project "Deutsche Bahn Trainees against Hatred and Violence."

The aim of the project is to motivate young people in vocational training to address actively and creatively the themes of violence, racism and xenophobia and promote their courage to stand up for their beliefs and collegial cooperation. The project consists of a seminar module which is integrated in the vocational training, an annual contest with prizes for the entries and a traveling exhibition of the prize-winning works.

The central action of the project is an annual competition for all trainees who have completed the first year of training because at DB the trainees should become socially committed team players as soon as possible. The task of the competition is, together with the trainers, to develop projects that are clearly against xenophobia, right-wing extremism, discrimination and bullying in the workplace. No limits are placed on the imagination of the young people. The participation of trainees in the second and third year as mentors is encouraged – and any joint projects which thus emerge are also eligible for the competition. In addition, trainees of the Austrian Federal Railways (ÖBB) and the 4-Star partners can participate, while trainers from DB Training are actively involved in the project as multipliers.

Since its launch in 2000, more than 7,100 trainees have participated in the competition and developed around 580 projects. The best works are awarded attractive prizes every year at a major event.

The project Deutsche Bahn Trainees against Hatred and Violence is becoming better known both nationally and internationally. In December 2006, Deutsche Bahn was given a special prize for its project by the initiative "Freedom and Responsibility." The project was also successful in the competition "Diversity in Education" in 2008. And Deutsche Bahn highlighted its social commitment to an international audience in a presentation on "Deutsche Bahn Trainees against Hatred and Violence" as part of the Diversity Youth Forum "All equal - All different" organized by the Council of Europe in October 2006 in Budapest. The main patrons of the project are

Ulrich Weber, Member of the Management Board for Human Resources and Services at Deutsche Bahn AG, Alexander Kirchner, Chairman of the trade union Transnet, and Klaus-Dieter Hommel, Federal Chairman of the transport trade union GDBA. But in the meantime, support for the project not only comes from rail-related unions, foundations and associations such as Transnet, GDBA, BSW, DEVK-Versicherungen, the Association of Sparda-Banks, Bahn-BKK and VDES. Outside companies such as Roco Modelleisenbahn GmbH and the German Youth Institute (Deutsches Jugendinstitut (DJI) also now cooperate.

4.3.3 Equality

Strong girls and networked female managers

Targeted activities promote diversity within the DB Group. Different programs are aimed at equal opportunities for young people.

Girls' Day

Deutsche Bahn supports the Girls' Day initiative, which gives girls in the fifth to tenth grades insights into technology-related occupations. Since 2001, schoolgirls nationwide have been invited to workshops, signal towers, and ICE workshops to find out about these professions at DB. It is precisely due to the competition for qualified junior staff in technical areas that it is important to inspire girls for technical and scientific jobs and reduce any prejudices against "typical boy professions." Deutsche Bahn supports girls in receiving training as mechatronic engineers, IT system electronics technicians or rail operations staff. HR officers and training coordinators organize in cooperation with public relations this popular Girls' Day. Since 2006, about 1,000 schoolgirls a year have taken up our offer to take part at 60 DB locations. Especially in demand are direct conversations with women who work as train drivers, for example. The success of the Girls' Day shows that girls can also sign up for exciting professions outside the traditional range in the commercial sector - and boys are by no means the best technicians.

Networks for female managers

Female professionals and executives of Deutsche Bahn can use the DB Female Managers Club in Berlin, where all DB's female managers can get involved and during regular excursions, events and joint seminars get to know other women from the various business units and benefit from their experience. In addition, the DB Female Managers Club organizes discussion groups with women from politics and business on a wide range of current topics.

Cooperation with other firms and organizations

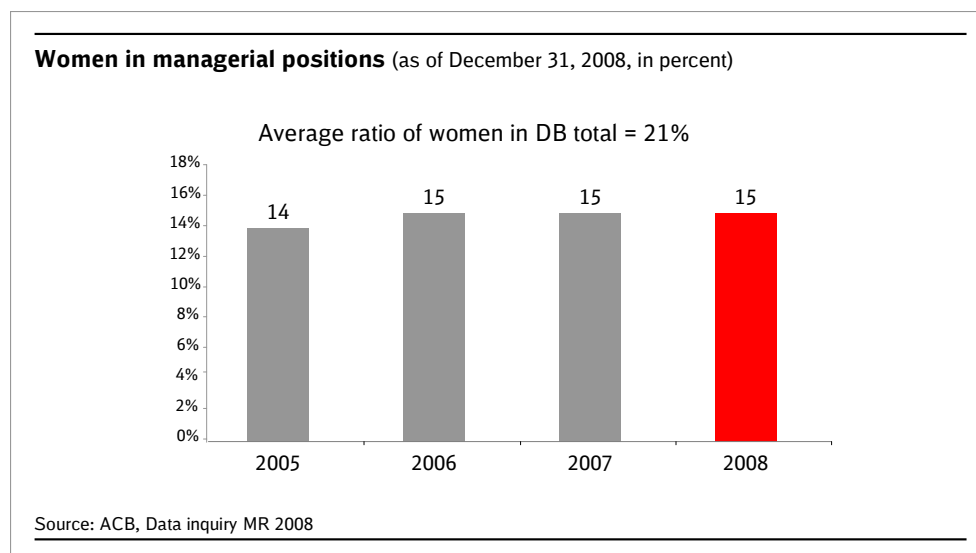
Since 1991, the DB has been a member of the forum "Women in Business." Large companies in the German economy work together on projects, for example, to increase the proportion of women in management positions.

Since 1998, DB has been involved in the association Total E-Quality and even received several awards for its HR policy with its orientation on equal opportunities.

Since 2008, DB is listed on Genderdax as a company committed to promoting qualified women.

Gender	Number of staff	%
Male	129,206	79.38
Female	33,568	20.62
Total	162,774	100

Employees by type of employment. All figures relate to employees in domestic companies, excluding DB Schenker Logistics and bus companies. As of December 31, 2008.



Proportion of women in executive positions in the DB Group

4.3.4 Career and family

Reconciling work and family

Reconciling work and family succeed best when everyone pulls together. So it's not only DB's managers who are asked what they can offer their employees – all employees are asked to show commitment.

The Group-wide human resources initiative "Work & Family" of the DB Group is aimed at actively supporting the reconcilability of work and family to achieve a viable balance between the interests of employees and those of the company. Ideally, this leads to a "win-win" situation. Employees who can combine well their family responsibilities with their job obligations are more efficient and motivated at work. This increases the commitment of employees to the company and the attractiveness as an employer in the competition for professional and junior staff. The reconciliation of work and family life is a crucial criterion for more and more men and women when choosing their employer and thus relevant for the success of a company. The theme "Reconciling Work and Family" at the DB Group is firmly anchored in our HR policy and therefore part of our entrepreneurial activity.

Reconciling work and family is enshrined in the DB Group's management principles. A voluntary corporate employer/works council agreement, "Reconciling Work and Family," has been reached with the Group works council. To implement and ensure its objectives, a joint working group consisting of the Group Works Council and a Work & Family initiative, as well as a clearing agency composed of equal numbers of representatives (employer / Group Works Council / Works Council) were set up. Through the corporate employer/works council agreement, returning to work after family-related career breaks is encouraged by offers to gain qualifications to maintain professional skills, part-time offers and telecommuting. Employees receive support through a variety of other service offers. Here, the DB Group has in mind both the care of children and relatives needing care.

The DB Group's main focus is on organizing working time, particularly in shifts and alternate shifts, which affects two-thirds of all the jobs at Deutsche Bahn. All business units have begun conducting occupational-related workshops on issues concerning working time for employees. The operational framework and the relevant parameters were clarified in advance of the workshops so that appropriate and feasible solutions could be found to optimize the compatibility of work and family and increase employee satisfaction. The wishes and needs expressed by the employees on the spot have to be examined with regard to their feasibility, but in addition to practical feasibility, commercial considerations and customer needs also play an important part.

The Group already has many different work models and solutions, which are often unknown outside the individual companies, regions and business units. The overall process has to be supported through a best practice process.

This is achieved by placing solutions that are already successfully practiced in a best-practice communication tool on the intranet for all employees, as well as ideas and concepts.

Impulse group "Alliance for the Family"

The DB Group is involved in external networks, such as the impulse group "Alliance for the Family." Joint action, together with other members from political and economic areas, seeks to reconcile work and family. The company network "Family Success," which was launched by the German federal government, is supported by the "Alliance for the Family." The network offers the DB Group and all other companies the opportunity to exchange ideas on the subject of family-conscious HR policy exchange, to learn from each other and to enter into cooperation with other companies.

Specific goals for family-friendly HR policies

DB Zeitarbeit was the first HR service provider in Germany to review its former family-oriented activities within the framework of the audit berufundfamilie GmbH – an initiative of the nonprofit Hertie Foundation – and for the next three years defined aims to develop a family-conscious HR policy. For this commitment, the company received the certificate for "audit berufundfamilie" from the Federal Minister for Family Affairs, Senior Citizens, Women and Youth in 2008.

Reentering jobs - flexible work time models and individual initiative

When Beate Eckl develops vehicle concepts for regional trainsets of the DB at home on her computer and ensures technical support in tenders, she always has Franziska and Antonia in view. Photos of her daughters are on the shelf above her monitor. Since 2005, Beate Eckl has again been working for DB after two periods of parental leave. "DB allows me an extremely flexible work time model," says the 40-year-old engineer. "I'm in the office in Munich two days a week, the remaining days I can be reached on the phone and on my computer." As a coordinator for traction unit tenders, Beate Eckl works in a different department than before her parental leave. So a lot was new when she started working again. "When you have young children, you simply lack the time to read the specialist literature and information booklets." But thanks to her discipline and the support from her colleagues, she's now totally on top of her subject again.

"In the beginning, I was completely out," admits train attendant Silke Völkel. The 38-year-old Cologne resident lost contact with her employer when she was on parental leave. "I thought it was a pity that I didn't hear anything more from DB." But as a result of a roundtable organized by DB, she could forge new ties, and since November 2007, Silke has been working 30 hours a week in the West regional unit. "At first I didn't think that as a mother, I could work shifts for DB," she says. "But now it works really well." She has Wednesdays and Thursdays off. On the other days, her shifts are arranged so that she can take her two-year-old daughter Marie to a day-care center in the morning and pick her up again after her shift ends. When she has to work on the weekends, her husband jumps in to help. "My colleagues really help, even when my daughter gets sick and I become unavailable at short notice."

Combining family and career has its pitfalls. "Before I became a parent, I could stay in the office sometimes until 8 p.m. Not anymore," says Dagmar Schwass, HR officer for the Group management in Berlin. The 32-year-old graduate economist was on parental leave from May 2007 to September 2008. Currently, she works six hours a day. "I was always clear that couldn't work full-time again straight away," says Schwass – now, her daughter Theresa sets her work hours. During her "time off," she kept in touch. "I used to visit my colleagues and supervisors regularly at the office. I knew that I had to show my initiative."

Special prize in competition "Success Factor: Family"

Together with 15 other companies in the forum "Women in Business," Deutsche Bahn took part in the competition "Success Factor Family" organized by the German Federal Ministry for Family Affairs, Senior Citizens, Women and Youth. The forum won a special award for innovative measures. The Ministry acknowledged the successful collaboration between the companies on more family-friendly policies over many years. DB has achieved a lot in this area, in particular by offering possibilities for flexible working hours and supporting employees in finding

childcare and elder care, as well as offers on holidays and time off from the Bahn-Sozialwerk (railroad staff social services), as well as health offers.

Child and elder care

Since reconciling work and family life is a big challenge to many employees, the DB Group supports its staff nationwide by offering professional information and advice and arranging appropriate care facilities for children and the care of needy relatives by concluding a framework contract with the service provider ElternService AWO. All employees can receive advice through this offer in all matters relating to regular child care, such as places in day-care centers, nannies and day mothers, and to day care for seniors (elder care) and have support in solving their individual problems. At nine major locations, DB even has free emergency care facilities available.

4.3.5 International diversity

Example - South Africa

DB Schenker South Africa supports transformation for sustainable economic development in South Africa. A healthy coexistence of the various population groups in the workforce is a prerequisite for future competitiveness.

The transformation – both within DB Schenker South Africa, as well as at its business partners – is a central concern of the management. DB Schenker South Africa does everything to pool and integrate the diverse experiences, perspectives and backgrounds of its employees and business partners. This strategic focus on diversity enhances the quality of services and supports our aim to become one of the top logistics providers in South Africa and offer the same work and advancement opportunities to all its employees.

Diversity initiatives of DB Schenker South Africa

- **Recruitment:** DB Schenker South Africa employs 540 people who are committed to equal opportunities and non-discriminatory employment. It is the strategic goal of the company to increase the proportion of black employees from 56 percent today to 70 percent in the period from 2009 to 2012. DB Schenker South Africa wants to give preference to black female workers to consolidate their position on the labor market and increase the proportion of women in management positions. DB Schenker South Africa has therefore set up a transformation committee to drive forward this development and implement many initiatives in the workplace.
- **Education:** DB Schenker South Africa supports the training of previously disadvantaged individuals through continuous development of skills and experience. The company has made a commitment to invest five percent of aggregate wages in training, of which 60 percent goes to improving skills of black employees. The training initiative is focused on logistics, freight forwarding services, information technology and finance.
- **Teaching and internships for graduates:** In South Africa there is a significant shortage of skilled black forwarding specialists. As part of the transformation goals, apprenticeship positions were created, via which young blacks of both genders could be brought into entry positions. The apprenticeships are located directly in the working environment. These include a structured theoretical program from an external e-learning provider and practical work experience. Currently, 30 black male and female apprentices are taking part in the 12-month program. After successfully completing the course, the apprentices will be taken on in suitable positions. We also offer opportunities to black graduates, who can gain experience in all core functions of logistics during an 18-month job rotation. The goal of this program is to select young black talent, introduce them into the working environment and rapidly fill management positions with these people. This strategy aims to solve the critical shortage of black management talent.
- **Adult education and training:** For the unskilled workers at DB Schenker South Africa who could not attend school, we have a training program with four levels that give candidates the most important primary skills. Upon completion of the fourth level, workers can read, write and do basic arithmetic.

- **Preferential procurement:** DB Schenker South Africa supports the ongoing transformation of the South African economy through preferential procurement, in which in particular businesses owned by blacks are taken into account. DB Schenker South Africa has defined procurement criteria for suppliers and committed itself to buying for the most part from medium-sized and small businesses that meet these criteria.
- **Social responsibility:** From January 2004, DB Schenker South Africa has been participating in initiatives that benefit companies with black management. Thus, with the employment agency Phakisa a joint venture was set up that makes sense to both sides and supplies DB Schenker South Africa with temporary workers for its warehouse and distribution operations. In addition, DB Schenker South Africa together with Phakisa has introduced pension plan that will benefit retired workers.
- **Corporate investments:** at the end of 2008, DB Schenker South Africa acquired a Black Economic Empowerment Partner as part of a strategic transaction. Thus, DB Schenker South Africa gained access to new lucrative contracts. The prime example is the appointment of DB Schenker South Africa as logistics provider for the FIFA World Cup in 2010.
- **Corporate social responsibility:** The business activity of DB Schenker South Africa includes the active search for opportunities to improve the situation of the people and communities in the business environment. DB Schenker South Africa invests in projects to improve social standards in previously disadvantaged communities. Thus, DB Schenker South Africa looks to promote educational institutions for mentally ill and black children with learning difficulties, supports crime prevention in black communities, raises awareness about HIV / AIDS, sets up Internet courses and establishes a pension system for black workers.

Diversity management at DB Schenker South Africa is a planned process and a strategy for transforming the business world and the socio-economic environment in order to give blacks appropriate new chances and opportunities in line with their qualifications and talent. This is leading to a successful and sustainable organization and a growing economy. In this way, DB Schenker South Africa wants to transform its local communities into an integrated culture of equal opportunities.

4.3.6 Working with disabilities

Facilitating work

People with disabilities get professional support at the DB Group. The aim is to retain the employees at the company and facilitate a career. If that proves impossible in their own field, we seek alternatives.

Deutsche Bahn sets standards for the integration of disabled people. As the first large German company, in May 2001, DB concluded a Group integration agreement, which in addition to the severely disabled and equivalent staff - and to a much greater extent than that required by law. Severely disabled people are those whose disability is at least 50 percent, but Deutsche Bahn makes its programs and offers available even to people with a disability of 30 percent. The results of the integration and continued employment of disabled people again and again confirm this decision.

At more than five percent on average for all companies in the DB Group, the statutory quota has now been exceeded, despite the special physical demands on employees working on the railroad. Operational requirements have not been neglected, however. That's because disability in the safety-related field is also not always a barrier. Thus, 330 train drivers and 200 shunters at marshaling yards can carry out their jobs after passing a thorough examination despite having a recognized severe disability.

Within the framework of vocational training, Deutsche Bahn is also interested in helping young mobility-impaired people get started in their working life. Around 30 trainees with physical disabilities are currently undergoing vocational training at the DB Group. The project "Recruiting Disabled Trainee Applicants" should significantly increase this number over the next few years. In conjunction with vocational training centers, we target young people with physical handicaps and who are suitable for an apprenticeship at Deutsche Bahn.

Deutsche Bahn's HR policy aims at developing new strategies that allow disabled employees to continue doing their work or to find different work within the DB Group. The processes of retaining and integrating disabled

people are therefore regularly adapted as necessary to current conditions and changes and are further developed.

For the second time a sports meeting for handicapped railway employees was held under the slogan "Overcoming Limits." In different types of sports, these committed employees showed that they overcome their limits every day.

Number of severely disabled and equivalent staff	
2006	4.72%
2007	4.88%
2008	5.23%

Number of severely disabled and equivalent staff expressed as natural persons in Germany, including DB Schenker Logistics and bus companies. As of December 31, 2008.

4.4 Qualification

Comprehensive training and education in the DB Group

4.4.1 Lifelong learning

Qualification as a sustainable opportunity for employers and employees

The development and qualification of its employees is a major concern to Deutsche Bahn. The company invests in its employees - and the employees take responsibility for their current and future employability.

Top companies of the future will be distinguished by the fact that they tap into and develop the learning potential at all levels of the organization. Deutsche Bahn is relying on the lifelong learning of its staff to meet the challenges of an ever-faster changing world. DB Group sees optimal support for this learning as a matter of course.

Starting at Deutsche Bahn - access to lifelong learning

The theme of lifelong learning gains particular importance against the backdrop of social and demographic development in Germany and Europe. The DB Group faces the challenge of creating a framework for lifelong learning and to anchor it as a culture within the company. Lifelong learning is essential to ensure that DB can react to the fast changing requirements in the globalized market and open up new business.

With the initial vocational training, foundations for lifelong learning are already being laid, whether dual vocational education and training or dual programs of studies or Chance plus. Young employees should be given the responsibility to shape their own professional future. High quality initial training lays a solid foundation for maintaining and advancing individual employability.

In-house development of specialists and executives

Crucial for individual development and securing young staff at the Group is the continuous training of employees throughout their careers. In order to carry out tailor-made training for employees and company, development paths offer a sustainable tool. The development paths can show up potential activity-based development prospects and accordingly possible qualifications can be derived, because the DB Group relies in principle on the internal development of specialists and executives. In order to successfully implement this approach for Deutsche Bahn in the future, the DB Group expressly promotes return to work (e.g. after family-related leave) and the employability of older workers against the background skills shortages, which are already significant.

Qualification of employees as an investment by employees and companies

Deutsche Bahn's holistic understanding of skills and qualifications is reflected in the various training opportunities that the Group provides to its employees: learning opportunities for employees range from those necessary for

operational service to occupational qualification to voluntary training. A continuous and tailored succession planning ensures future commercial success and offers employees realistic prospects.

The DB Group needs people who utilize all their performance capabilities and take on individual responsibility for maintaining their employability. At DB, it is standard practice and an important aspect of corporate culture that everyone can broaden their skills at any time and that the best conditions are created for the development and learning of our employees.

In this regard, Deutsche Bahn follows the principle of facilitating and expecting: qualification is a joint investment where the company creates the framework conditions and can provide support in terms of time or financial assistance. At the same time, Deutsche Bahn expects contributions from its own staff – not least through their willingness to engage in lifelong learning.

Strong partners for skills and qualifications

How important this issue is to Deutsche Bahn is reflected in the decision for two in-house educational institutions. For more than 14 years, DB Training has been serving as a professional training and consulting provider for the DB Group, which is also successful on the external market.

As a strategic tool of corporate development, the DB Academy has been a partner for development and dialog for the approximately 1,000 top executives of the Group since 2003. Voluntary training of employees is supported by the Academy for International Mobility, which offers them the opportunity to acquire further skills while still working.

Learning in change processes

Companies will not only be able to cope with the challenges of the future through individual learning on the part of their employees. In order to be able to respond to the growing complexity of the economic, political and social environment, increasing global competition and more rapid innovation, not only employees, but also organizations have to learn. Change processes at the DB Group are therefore viewed as a challenge that demands both individual and collective learning and at the same time offers opportunities for individual and collective development processes.

Comprehensive training programs such as “ProNetz” and “Fit for the Future” are integrated in many change processes at the DB Group. In designing these courses, DB Training and DB Academy implement learning processes across all target groups. The learning of employees at the DB Group is not only aimed at individual qualification goals, but is integrated in the strategic development processes of the company.

4.4.2 Securing junior staff

With the young in mind – starting at DB

Qualified young staff is the key to long-term success. To attract junior staff, DB facilitates the transition from school to work and offers entry programs for apprentices, dual students and graduate trainees, as well as direct job entrants.

4.4.2.1 Job orientation

Fit for the jobs of tomorrow

The DB Group actively supports young people in the vocational orientation process and promotes their personal and professional development. DB thus lays down a secure foundation for its own responsibility in designing the future of its young employees.

As a result of demographic change, the number of school graduates in the coming years nationwide will fall by more than 15 percent. It is also expected that in the future, some 20 percent of school graduates will lack the qualifications needed for vocational training.

In order for Deutsche Bahn to secure junior staff sustainably and over the long term, the company continues to shape the transition from school to work.

Collaboration with schools

With the establishment of cooperation agreements with schools, Deutsche Bahn takes an approach of supporting the vocational orientation process of students early on. The aim is to strengthen the individual career orientation of young people, while at the same time positioning Deutsche Bahn as an interesting employer in order to bind potential young professionals to the company. We achieve this by presenting occupations requiring training, internships for students, training in submitting applications, or even teacher training qualifications. DB and the schools benefit from the partnerships in equal measure.

Since the start of 2007, more than 170 cooperation agreements with schools have been concluded nationwide. The regions and the number of cooperation agreements are based on our future demand for apprentices. The individual agreements are managed by a DB Group executive. Deutsche Bahn will continue to expand its commitment in this area in the future.

A key factor in students' vocational orientation process is collecting information for a successful start to their working life. In information sessions, the pupils at the schools involved in cooperation can gain an overview of starting work at Deutsche Bahn. If a pupil is interested in an apprenticeship or a course, he or she can gain more information, knowledge and practical experience during an internship. In addition, Deutsche Bahn offers the cooperating schools a variety of visits to our companies, thus giving both young people and their teachers a chance to look behind the scenes and get an idea of the operational processes. The career passport provides students with an appropriate instrument to structure, reflect on and document the process of career orientation. In addition, the passport makes it easier for everyone concerned with career orientation stakeholders – parents and teachers, as well as the students themselves – to understand the individual steps and learning phases. But Deutsche Bahn's offer is not only aimed at students. Teachers who make a significant contribution to a successful transition from school to work for young people also receive support in their efforts within the framework of the cooperation.

Ready for the application

Since 2005, Deutsche Bahn has been supporting the project "Ready for the application" in the context of the "Employment Initiative." The goal is to give priority support to students at the various types of secondary schools in their last school year on vocational guidance and prepare them for job interviews at companies as part of a nationwide applicants' day. As part of the school cooperation and existing sponsorship arrangements with other schools, DB runs an application week every year in November during which several schools run applicants' days. During the same week, the nationwide applicants' day also takes place, which is a mix of individual and group coaching. Every student who has submitted an application beforehand has the opportunity to take an individual practice job interview with a DB employee lasting roughly 20 minutes. At the same time, group modules take place in parallel on topics such as searching for an apprenticeship, telephone interviews and dressing for interviews.

MINT - creating the future

The project "MINT - creating the future" brings together the successful initiatives of the companies and their associations to promote scientific and technical talent. Deutsche Bahn is also involved in making MINT (Mathematics, IT, Natural Sciences and Technology) more popular among the younger generation.

Educational opportunities from the beginning

DB qualifies youths for training through "Chance plus" and gives them prospects. The success of recent years shows that this program is right. With Chance plus, DB offers young people who do not have the necessary qualifications for an apprenticeship the opportunity to gain the necessary job experience in an internship program lasting up to eleven months. Since autumn 2006, Deutsche Bahn has been offering more than 500 places nationwide every year on Chance plus. The aim is to prepare young people for a subsequent apprenticeship or direct career entry at DB Group companies or their partners. Many of these adolescents come from an immigrant background. The program consists of theory and practice, and trains the participants not only in a job, but also teaches basic knowledge and social and methodological competence. The education welfare

workers fully supervise the apprenticeships and fully integrate them into the operational processes of the company. A certificate from the Chamber of Commerce documents their successful participation.

Chance plus is an important part of Deutsche Bahn's social and political engagement. This way of giving young people a second chance has also proved itself in the subsequent placement in vocational training. The high motivation of the trainees, the close contact with the workshops during the practical periods and the training of social skills have led to above average placement levels.

4.4.2.2 Training

Foundations for securing junior staff

DB's dual vocational training system prepares young people for the growing demands of an international transport company. Dual programs of study offer the opportunity of combining theory and practice in the best way to start a career.

As one of the greatest instructors in Germany, Deutsche Bahn provides training in more than 25 diverse occupations and numerous dual programs of studies at vocational colleges, technical colleges and universities for around 8,700 young people and opens up for secondary school students and high-school graduates a variety of opportunities for the future.

Commitment to dual training

The dual system of training, which includes both the dual vocational training system and the dual program of studies, is the basis of securing junior employees for Deutsche Bahn. It has proven itself, since it gives both the employer the opportunity to get to know the trainees and gives the trainees a deep insight into everyday working life. The dual system of training teaches the relevant technical subjects and company-specific know-how. Deutsche Bahn is concerned to promote and develop dual training beyond the company, including in the context of future national and international educational reforms.

To challenge and encourage

The main objective of the dual training is to qualify junior staff for future activities at the DB Group. It is just as important to DB to offer high-quality support as it is to strive for a high hiring rate. "Encourage and challenge" is the guiding principle behind the training of junior staff at DB. This principle implies a mutual and joint responsibility for the success of the training. This means that the junior employees and Deutsche Bahn bear equal responsibility for the successful completion of training and the individual's professional development.

The DB Group offers attractive and future-oriented training opportunities for ambitious and motivated school graduates. Their personality development is a central component of training at the DB Group. We encourage teamwork, self-reflection and responsibility through modern training concepts. The trainees have the opportunity to acquire key skills and competence in the technical, social and methodological areas, as well as other individual skills. This gives them the necessary tools to master the challenges they meet at work and in everyday life.

As an international company, Deutsche Bahn is relying more and more on its increasingly diverse junior employees, with their different abilities and talents - regardless of gender, race, nationality, ethnic origin, religion or beliefs, disability or sexual orientation. This diversity is brought to bear during the training through a future-oriented framework and the individual promotion of junior staff.

An exchange program of commercial and technical trainees has existed between the French railroad company SNCF and DB since 1958. As part of this long-standing program, 20 German trainees visit French apprentices each year in Paris, while 20 French trainees come to Kassel. Since 2008, a new program is the cross-border training partnership with DB Schenker Rail Nederland. Aspiring train drivers study Dutch as a foreign language from the first year of training at a vocational school. In addition, they spend twelve weeks in the Netherlands and are thus prepared for international rail freight transport.

Moving the future through training

DB's 25 categories of training are divided into areas of transport jobs, commercial and technical jobs, commercial and service-oriented jobs and IT jobs. The dual system of vocational training at Deutsche Bahn is built on three pillars: the qualification in the company carrying out the training, the vocational training school and in addition the vocational training workshop or online-learning for business professionals.

DB Training supports apprentices as a competent in-house training partner. In Germany a total of 26 vocational training workshops, 24 training centers and 11 simulator sites are integrated into the vocational training process. Modern learning and teaching methods are, of course, in extensive use, so that, for example, all trainee office staff learns with the help of so-called "online fitters" independently from the PC. They solve their tasks on their own, with a tutor available to help with questions. In addition, all apprentices undergo social skills and methods training, including an outdoor program at the training center in Regensburg.

Hiring after training

The responsibility of the Deutsche Bahn for their trainees does not end with the completion of training. DB is one of the few companies to offer jobs to high-performance and mobile young people. This is possible either directly at the company or at DB Arbeit GmbH, where JobStarterService offers those who have completed their training a variety of perspectives. Young professionals gain experience in different areas - with the certainty of fixed remuneration of regulated employment. In 2008, the DB Group made more than 90 percent of its trainees an offer, the vast majority of whom accepted.

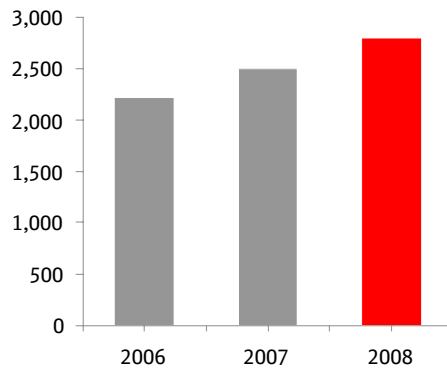
Dual study – study and training in combination

The dual program of studies combines theory and practice. School graduates with university entry qualifications efficiently combine training in industry with a three-year course of study. It is also possible to complete the study in cooperation with a vocational college, a dual college, a school of applied sciences or university with integrated vocational training. The dual course at a vocational college or a dual college combines three-month theory stages at college and practical work within the company. Deutsche Bahn offers dual programs of studies at the vocational college in the areas of Business Management, IT, mechatronics and engineering sciences. The theory stages at the vocational academies as well as the practical stages in the company take place at a variety of locations in Germany.

In a dual study at college or university, the students complete in parallel vocational training in an officially recognized occupation that requires training. Here, Deutsche Bahn, in cooperation with different universities, offers the industrial engineering and management disciplines (railroad operation and rail infrastructure), civil engineering and electrical engineering.

Due to the high proportion of practical content on the programs, students learn about the specific production practices at the company during their studies. In addition, the students are thoroughly challenged on seminars and workshops and thus gain not only their degree, but above all a high level of company-specific knowledge and practical skills. It is DB's goal to hire all best and committed students after they have successfully completed their studies.

Apprentices at the DB Group domestically 2006-2008
(excluding DB Schenker Logistics and bus companies)



Source: Evaluation of BO-MIP

Apprentices at the DB Group domestically, 2006-2008

4.4.2.3 International training

Learnerships South Africa

DB also supports good education and educational opportunities internationally. Our training concept for South Africa is an excellent example of DB's commitment.

As with in many other industries, South Africa lacks sufficient professionals in the freight-forwarding sector. Training at the start of one's working life, as in Germany, is rare. A few years ago, the South African government launched so-called Learnerships, a kind of shortened dual training, as part of its "Strategic Skills Enhancement Initiative" specifically for black South Africans. Learnerships include both structured institutional learning and practical work experience and are partially funded by government grants.

DB Schenker South Africa has been involved in this initiative, and our young apprentices show their enthusiasm, curiosity and commitment. The theoretical part of the "Learnerships" is covered by an external e-learning provider. The web-learning platform provides a unique approach and a methodology with which the design and application for the core modules are transmitted in international trade, freight forwarding and customs. This makes it possible to meld seamlessly theoretical knowledge and practical applications. At DB Schenker South Africa, the trainees rotate through the ocean and airfreight departments and warehouse operations, as well as the airport, and are supported and supervised by dedicated staff. Additional trips to airports, ports and container terminals (ports and inland ports) are planned in order to give the trainees an even better insight into the real world of logistics.

A crucial factor for the success of the Learnership program at Schenker South Africa is selecting the right candidates. Requirement for acceptance is a secondary school diploma with mathematics and geography. DB Schenker South Africa wants to offer these young people a job after they have completed their training, so there is a rigorous evaluation process that ends with an assessment by the managers of the departments where they will be trained. The last step after a successful conclusion is to be hired for a job that leads to both career development and positive benefits for the company.

Since January 2009, an advanced form of Learnerships has been available in South Africa, which results in a diploma from FIATA - the International Federation of Freight Forwarders Associations. Employees who have distinguished themselves in their first training, can add on a further one-year training course, after which they can write a scientific report. The work is assessed by the South African Association of Freight Forwarders. The FIATA diploma is highly respected and its holders are recognized as experts all over the world. Apprentices from Schenker South Africa who achieve excellent results can compete against other trainees in South Africa for the "FIATA Young Freight Forwarder of the Year Award."

Schenker South Africa recognizes the need for the development of quality in the logistics industry and therefore rewards young talent accordingly with valuable training opportunities.

4.4.2.4 Graduates

Securing junior executives

DB seeks highly qualified graduates at home and abroad. Graduates have found attractive entry opportunities through the DB Group's graduate trainee and direct job entry programs.

Graduate trainees benefit from an excellent entry program that allows them to get to know the company, while the TraineeClub gives them important contacts and information. In addition, beginning work for direct job entrants is specifically organized through a structured orientation plan. The programs are successful, and the number of graduates hired by DB is rising steadily. However, DB is also preparing itself in this area for a future shortage of young executives – especially in engineering courses. Against this background, early contact with the students and the positioning of Deutsche Bahn as an attractive employer are becoming increasingly important.

Graduate trainee program

The one-year graduate trainee programs for university graduates are modular, can be individually configured, and serve to attract and develop management talent. To gain practical experience, each graduate trainee goes through several stations of varying duration in different areas of the Group. This enables them to quickly learn about the complex relationships within the Group. From the outset, the participants are involved in the company's daily business and assume responsibility for specific sub-projects. By working at day jobs, the program participants sharpen their sensitivity to the needs of customers. The programs also include extensive training offers.

The participants of the Engineer Trainee Program attend additional intensive rail-related technology seminars to promote their theoretical knowledge about the interaction between wheel and rail. Lectures on current rail issues and discussion forums with managers inform all program participants about the company's strategies and vision. The graduate trainees get to know each other on trips and get a better impression of the diversity at Deutsche Bahn.

Direct job entry programs

As direct job entrants, graduates take on responsibility in a specific position with challenging tasks – guided by a structured orientation plan. This entry serves to meet the academic needs of the business units. The initial orientation on the job is supplemented by seminars in order to promote the graduates technical and methodological expertise. The direct job entrants receive regular feedback and at the end of the orientation phase a development discussion.

DB partners with universities

Deutsche Bahn concluded sponsorships with 20 selected universities in 2008. Top executives maintain contacts with university administration as DB mentors and ambassadors and act as door openers and representatives of the DB Group. With the sponsorships, the executives take over the responsibility to build a bridge at their university between theory and practice, for example through lectures, forums, informal discussions and field trips. DB deepens its academic collaborations with endowed chairs in Railway Engineering at the Technical University Darmstadt (TUD) and in Logistics at the Technical University of Berlin. At the TU Darmstadt, a "Mobility Innovation Alliance TUD – DB" for research, teaching and training in the field of mobility was also set up. The cooperation involves the close integration of TUD scientists with the DB Group's technical experts with the aim of initiating, supporting and coordinating joint projects and joint recruitment activities. In cooperation with the University of Cottbus, Deutsche Bahn set up a Bachelor of Science degree in Electrical Engineering with the focus on control and command technology for rail systems. This allows engineers to be identified early for the important area of safety. Deutsche Bahn also organizes an annual two-day conference on current developments in teaching and research with professors working on rail systems.

Scholarship programs

Under the initiative “Making Things,” DB is involved in the “VDI ELEVATE” scholarship program run by VDI for engineers. Under the scholarships, students are challenged in a special way through internships and theses, as well as seminars on soft skills. In addition to ELEVATE, Deutsche Bahn has also set up its own scholarship program, which besides internships, seminars and excursions also provides financial assistance. This pilot program was performed jointly with the TU Darmstadt.

Fair conditions for interns

There is no “Internship Generation” at Deutsche Bahn. As early as 2004, the Group committed itself to the guidelines of the “Fair Company” initiative. DB thus consciously distanced itself from companies that use interns as cheap or free labor. The rules of the “Fair Company” determine set down how internships are to be remunerated, how long they should last and who is eligible for them. DB therefore employs no university graduates as interns.

So that interns get to know the DB Group during their time with us as well as possible, an internship program was developed that includes intern days with lectures from all sectors and promotes networking through regular roundtable meetings. Interns can be prepared for starting work through the application training held during the intern days. After the internship, the bonding program begins, through which DB maintains contacts with those students who performed very well throughout their further studies.

Bachelor welcome

With the signing of the declaration “Bachelor Welcome” in 2004, the DB Group, together with the Confederation of German Employers’ Associations, the Donors’ Association for German Science and the Center for Higher Education Development initiated a campaign for the rapid acceptance of the new degrees by German companies. In 2006, the second declaration “More Bachelors and Masters Welcome!” was signed, with which Deutsche Bahn once again committed itself to switch to the staggered, internationally compatible degree structure in Germany.

The third statement “Bachelor Welcome – securing young academics in MINT!” was signed in 2008 and once again returned to the topic in order to deal with the shortage of MINT graduates (Mathematics, IT, Natural Science, Technology). The DB Group has worked intensively with the new degrees, and in recent years bachelors graduates have made good starts to their careers at the company: like all other graduates from Germany and neighboring European countries, all career paths are open to them at the DB Group due to their talent.

4.4.3 Encouraging employees

Developing potential ensures innovation and employability

Qualified employees are the key to the company’s long-term success. Attractive development opportunities and tailor-made training courses bind employees to DB and pay off for both sides.

4.4.3.1 Talent management

Identifying and encouraging potential, hiring for key positions

The DB Group is focusing on the in-house development of specialists and management personnel. A company must know its employees’ potential in order to develop and use it. Talent management enables us to achieve that goal.

To cope with the complex and rapidly changing demands of the market, Deutsche Bahn must know about the skills of its employees in order to deploy them in the correct place. The analysis of employee skills is also the basis for the strategic development of employees. These include tools for comparing performance, skills and potential with the requirements of current activities. The goal is that staff acquire further skills and qualifications

where necessary to promote their further development. This process is implemented through skills discussions, management planning processes, as well as performance reviews and employee appraisal interviews.

Group-wide competence systems

The basis of effective talent management is knowledge about the occupational groups at Deutsche Bahn and the associated requirements for those in the job. The Group-wide competence systems with fixed basic and social skills, a wide range of technical and methodological skills, and established leadership skills provide the basis for the job descriptions.

Development paths for key positions

Triggered by the impact of demographic change and the resulting shortages of specialists and managers, Deutsche Bahn is relying on a long-term analysis of employees we will need in the future. This includes identifying occupational groups and designating key positions that are assessed as critical for the company's success. In order to fill key positions, activities in development paths are made transparent and advanced for their targeted replacement. With the help of accessible development paths for staff and executives it should be made clear how the company's employees can develop further and what should be done in order to reach the employee's target function. Elements of a development path are development steps that connect two activities. The activities included are drawn from the classification of the job families. The activities are described according to their requirements in terms of skills, qualifications or suitability for the job.

The employee can thus gain targeted qualifications and skills since he or she is shown with which investment he or she can increase opportunities for specific career steps. The activities that are identified as potential replacements for key positions can be developed toward that target. The development paths make clear to both the employee and the company in which occupational groups' high potentials for key positions can develop, thus closing the circle of talent management.

Competence management

Competence management builds bridges between the requirements of the activity and the existing skills of the employee. In addition, target competency profiles are developed for successful job descriptions, which summarize the necessary skills and are constantly updated. During the skills and competence discussion between executives and employees the target competency profiles are compared with the employee's current skills. This comparison between the target and actual competency shows whether employees have sufficient skills for their current jobs, what side steps they can develop based on their skills or whether there is any potential for higher-value specialist or management functions and tasks. Employee and manager derive joint training measures from the evaluated results or further development steps.

Management planning process

The management planning process (MPP) identifies, selects, develops and positions suitable managers. This management process of executive planning applies to all executives and selected employees covered by the collective wage agreements to ensure the identification and promotion of management talent at all levels. This includes identifying available potential replacements at the company for further management tasks, ensuring the sustainable development of executives, opening up for executives through a systematic career and succession planning prospects in the company, improving quality of people in all key positions, and providing strategic indicators for the early planning and control of all management development activities.

To ensure continuity, the MPP takes place annually. It is the responsibility of the executive to assess the management potential based on the existing basic, social and leadership skills. As part of the management conference, also held every year, managers at each managerial level discuss with their immediate supervisor the current potential of their department.

Employees usually receive feedback from the MPP and the resultant development measures during the performance reviews.

Performance reviews and employee appraisal interviews

Employee appraisal interviews and performance reviews are the most important basis for promoting employees. They take place across the whole Group in accordance with uniform guidelines and standards that have been agreed with the works council. The aim of the employee appraisal interview is to provide feedback on performance and reach agreement on qualifications and skills for the current activity. With 70 percent of employees in the upper and middle range of the collective agreement of the DB Group domestically (excluding DB Schenker Logistics and buses), employee appraisal interviews, which are required every two years, are conducted by the immediate supervisor. With employees in the lower range, the interviews can be held if either an employee or manager desires.

4.4.3.2 Executive qualification

DB Academy – a platform for development and dialog

The DB Academy in Potsdam secures and strengthens management skills at the DB Group. Seminars and conferences are addressed to some 1,000 top executives.

As our corporate university, the DB Academy bundles activities on managerial skills. The DB Academy was founded in 2003 as a strategic tool of corporate and executive development with the aim of establishing a shared understanding of corporate strategy and development among the DB Group's 1,000 top executives and to support the exchange of ideas about effective leadership. In addition, the DB Academy promotes networking between executives across the DB Group's divisions and business units. Since 2005, the DB Academy has been headquartered at the restored Kaiserbahnhof in Potsdam, which brings together the tradition of German railways with the requirements of a modern training and conference center of a global mobility and logistics company. The Kaiserbahnhof has established itself as an inspirational meeting place and networking platform for the top executives

Regular training for managers

The DB Group can only meet current and future challenges with a powerful and loyal management team. Executives play a key role because they are the driving force behind change. They must not only support but actually take an active part in designing the transformation of Deutsche Bahn. That is where the skills and qualifications of the DB Group's managers come in, since they give our executives the necessary framework for their development and lend an impetus and scope to examine their own effectiveness. In addition, the DB Academy wants to strengthen the commitment of our executives to the organization and therefore aims to develop a common understanding of leadership and management on the one hand and of the DB Group's strategy and corporate development on the other.

Portfolio

Through its innovative program, dialog and learning architecture, the DB Academy makes a contribution to a corporate development that meets the DB Group's strategic challenges and the growing demands and expectations of managers. Besides the training and development of top managers of the DB Group, the DB Academy's other functions include the promotion of open, constructive and critical dialog networking across divisions and business units.

A program portfolio based on four pillars has been developed in close consultation with the Group's executive development and in partnership with selected universities, colleges, business schools and training institutes. In leadership programs, the DB Group's executives develop a common understanding of leadership and have the opportunity to examine their own management behavior. The focus of management programs is the teaching of both proven, as well as new management themes and concepts. The Managerial Effectiveness Programs develop and expand individual management tools. In dialog forums, executives have a platform across the divisions and business units where they can examine the DB Group's current and strategic issues.

Focus: leadership programs

Participation in the DB Academy's leadership programs is compulsory for our top executives so they can develop a shared understanding of leadership and management. Aside from the welcome program for new managers, the Academy has now developed and implemented four leadership programs:

- The **Leadership Forums** are three-day events with an integrated partner program and are targeted at our 190 most senior executives. Each forum is under the auspices of a Member of the Group Management Board and offers an exclusive opportunity to debate and discuss with each other, with the Group Management Board and with top scientists, politicians and managers from other companies.
- The **Management Program** is aimed at the managers on the third and fourth functional levels. In three modules lasting several days, small groups intensely debate and confront their own management behavior and the teaching of structured management tools. The program was developed jointly with the Hernstein Institute for Management and Leadership.
- **The Management Program – Follow up** intensively discusses the principles of effective leadership and the various management functions. In addition, during the three-day session four to five groups from the previous management program can network, so that new contacts across the business units are made beyond the current network. The program was jointly developed with the Malik Management Center St. Gallen in Switzerland.
- At **Management Program – Follow-up II** the personal network is further expanded in newly assembled groups. The program is also designed for managers of the third and fourth levels and focuses on the DB Group's strategy and the management of their own business. This provides a useful supplement to the focus of the previous programs that dealt with the management behavior vis-à-vis employees, colleagues and the boss. The program was jointly developed with the Malik Management Center St. Gallen in Switzerland.

Values awareness as a prerequisite for good management

The programs of the DB Academy give executives the chance to examine and debate their own management system in an open, critical and constructive manner. The programs provide a protected space to stimulate and support changes in shaping attitudes, relationships and context – from impulses from high-caliber outside experts and discussion with the DB Group's top management to the input of experienced trainers and collegial consultation to joint work on case studies in the circle of executives and, last but not least, to the examination of individual and collective leadership values.

With the Values Circle, DB Academy has created an instrument to work together on the basis of the company's values. The DB Academy wanted a process in which the Deutsche Bahn's top managers become aware of their own leadership values and reflected on them with their colleagues. The sequence "Creating Value(s)" was conceived as a common element in the leadership programs across all hierarchical levels and since 2006 has been used in the leadership forums and Management Program – Follow up. The artist Jörg Reckhenrich has designed a sculpture that makes the (invisible) values visible, tangible and perceptible. Wooden planks evoke associations with railroad ties and form a large Values Circle that now stands in the garden of the DB Academy. The executives document their personal management values on the planks with a hammer and chisel. The DB Academy's leadership programs animate the DB Group's corporate values and principles through intense reflection and discussion of leadership values.

4.4.3.3 Staff training

In-service advanced training - inspired by knowledge

Learning processes at the DB Group have a name: DB training. Our subsidiary designs basic and advanced training courses at all levels and also markets its know-how externally.

For more than 14 years, DB Training has been functioning as a qualification and consulting provider in the DB Group, as well as for the international transport sector. With 230,000 participants, 22,000 events and 70 locations, DB Training is one of the largest training providers in Europe. DB Training is unique because it links a

rail-specific teaching and training infrastructure, nationwide training concepts for large numbers of people and customized support for personnel and organizational development processes.

The pooling of educational activities in an internal service provider supports the effective design of basic, advanced and further training and guarantees a unique know-how that is unavailable on the external market. DB Training directs its strategy in accordance with DB's goals and aligns its product portfolio constantly with the qualification requirements of the DB Group.

DB Training sees itself as a value-creation partner that combines training and consulting to offer customized solutions and thus contributes to the development of the DB Group and its business units. DB Training accompanies change processes from conception and analysis through implementation and qualification to taking over the entire qualification process.

DB Training – training partner for employees

The DB Group's employees can benefit from education up to and including individual coaching from their educational partner. DB Training's offer ranges from qualified management consulting and advice on process, quality and change management to a wide range of training offers with more than 1,500 seminars. The training portfolio ranges from rail-specific technical issues to general issues on the transport market to management and leadership training, as well as classical occupational training.

DB Training emphasizes individual training. Small groups allow seminar participants to get involved intensively with the subject in hand and have plenty of scope for discussion and the exchange of experience among colleagues. The combination of theory and practice ensures the training is relevant and easily applicable to their daily work. Moreover, DB Training sets standards with its innovative methods and the use of new media - such as learning platforms, simulations and CBT (Computer-Based Training) and WBT (Web-Based Training) - in basic and advanced training.

Training centers and guesthouses

Much rail-specific training cannot be done in real operational situations, and DB training provides the DB Group with teaching facilities that in this form and quantity are unique in Germany. The Wuppertal Training Center & Guesthouse specializes in rail-specific seminars on control and command technology and is the only institution in Germany equipped with a Siemens electronic interlocking for teaching purposes.

The Troisdorf training center is the center for vehicle engineering: rail technology is taught here on 1:1 models and true-to-original simulators to provide realistic training. The training focuses mainly on passenger car and freight car technology, air conditioning and traction unit safety technology. Seminars on diesel locomotive technology - both maintenance and train driver training - are mainly held at the Training Center & Guesthouse Kassel.

DB's own guesthouses provide ideal conditions not only for successful seminars, but also for staff events and meetings. The Regensburg Training Center & Guesthouse is perfectly equipped and available for a wide range of events; for outdoor training, keep-fit facilities are provided on site with trainers to provide help and advice.

The seminar hotel in Bad Homburg offers optimal facilities, excellent service and an attractive environment for seminars for specialists and executives.

Support for voluntary training from the Academy for International Mobility

The Academy for International Mobility was founded in August 2000 and offers further job-related training activities, in which it cooperates with external training providers. This allows DB employees to take different courses and thus improve their chances on the labor market and to receive development opportunities at companies. On offer are degree programs such as a B.Sc. in computer science, as well as programs for human resources assistants offered by the Chamber of Commerce. The programs are cheaper than usual due to cooperation agreements. Moreover, the university-entrance diploma is often not required if an employee has sufficient professional experience. Up to now, more than 800 employees are studying at the Academy for International Mobility.

Hours spent on Training and Education – DB Group domestically, excluding DB Schenker Logistics and bus companies		
Employees by categories*	Hours spent on training	Average hours spent per employee on training
Employees total	3,462,824	30.15
Temporary employees (temporary personnel, minimally employed)	155	11.88
Junior staff (Interns, students about to take their diplomas, working students)	2,849	19.15
Graduate trainees	3,862	27.73
Apprentices	1,979,820	1,470.91
Total	5,449,510	46.78

Hours on training, DB Group domestically, excluding DB Schenker Logistics and bus companies

Paid educational leave

In addition, DB offers paid educational leave for private training or education (leave of absence and usually continued pay of up to five working days per annum).

Hours of paid educational leave – DB Group domestically, excluding DB Schenker Logistics and bus companies		
Employees by categories *	Hours of paid educational leave	Average hours of paid educational leave per employee
Employees	77,875	0.68
Graduate trainees	8	0.06
Apprentices	1,927	1.43
Total	79,810	0.69

Hours of paid educational leave, DB Group domestically, excluding DB Schenker Logistics and bus companies

4.4.3.4 International development

Management Development at DB Schenker Logistics

DB Schenker Logistics is also committed to talent. Finding, encouraging and retaining talent is a key task in personnel work - even in economically difficult times.

A key tool in executive development at DB Schenker is the management planning process, which every year assesses the potential for the next career steps on the first two management levels in a globally coordinated process. The results serve as a basis for succession planning and staffing, but they are also the basis for nominating participants for the global management development programs at DB Schenker Logistics and the DB Academy.

International Management Development Program

Schenker supports the professional and personal development of managers and junior staff, in particular through three global Management Development Programs, which have been offered for the last 15 years in collaboration with internationally renowned business schools, consultants and trainers. The programs are tailor-made for the needs of each target group, are constantly being developed and are now an indispensable part of HR work at Schenker. Regional and local staff development activities complement the global offer.

To participate in a program, candidates need a positive statement of their potential that says they have the ability to complete the next career step. Regional directors register the nominated candidates with the HQ – each year, there are more applicants than places on the programs: every year, 105 high potentials from about 150 nominees start the development program.

Each program consists of four modules, which are enriched with practical learning experiences between those present at the seminar. In addition, project work and coaching in the development of managers are very important at Schenker. The programs aim not only to develop leadership and management skills, but also to promote the exchange of experiences and networking among the participants, which is critical to the business success of DB Schenker Logistics.

- For the so-called “young potentials” – internationally oriented junior staff with the potential to gain a first managerial position or specialist responsibilities – the **International Qualifying Program (IQP)** offers in particular, project management skills that are immediately tested in a real and challenging project as part of the program, in addition to four regular seminar modules on communication, international teamwork and leadership. The participants also receive regular feedback on their strengths and development areas from their “coaches” – experienced managers from their daily operations who have agreed to support the participants during the program so that the material learned can be directly applied in business.
- High potentials from middle management learn much about leadership, change management and strategy in three seminar modules in the **International Development Program (IDP)**, but also examine intensively their own management and leadership personality. The fourth seminar module gives them the opportunity to put into practice what they have learned in the context of an “Outdoor Learning Experience” and receive intensive personal feedback on their strengths and development areas, as well as advice on their further professional development. Under the program, the participants can discuss challenges in individual coaching sessions and work on their personal development goals.
- The **International Leadership Program (ILP)** is for top management potential and aims to develop the individual leadership skills of the participants by handling subjects such as intercultural teamwork, leadership and self-management, as well as change, performance and strategy management. Participants also work on their individual action plans for their professional development through intensive self-analysis with psychometric testing, the input from coaches and coaching on an individual level and in small study groups.

After the programs, participants are invited to so-called “refresher” events, which develop the themes of each program and pick up current trends. Since more than a seminar group meets at each “refresher” seminar, the focus of the event is on contacts and networking.

Career development

All participants in the development programs are automatically entered into a mailing list that periodically informs them in the Schenker World about jobs and vacancies, in Germany and abroad. High potentials are therefore the first to hear about career development opportunities and can apply for vacancies anonymously through Corporate HR. This tool is meant to encourage internal job change. In addition, as part of the management planning process, internal succession planning rounds are held for defined management levels at global, regional and local levels to ensure that key functions are filled.

4.4.4 Passing on knowledge

Networks and knowledge management

Sharing and learning in networks are becoming increasingly important. DB supports the informal learning of their employees on a daily basis through active knowledge management.

Knowledge management - learning from the experiences of others

The willingness to learn and develop continuously – even beyond one’s own actual training – is also the prerequisite to successfully drive one’s personal career at the DB Group. A development partnership develops in which both the company and its employees invest jointly. Maintaining and expanding individual employability on the one hand and the organization’s continuous learning on the other are the goal of the training and knowledge management activities at the DB Group.

Initiative and networking in the TraineeClub

Networks arise when people communicate with each other in dialog. Networking gives rise to an innovative learning culture. Deutsche Bahn's graduate trainees and direct job entrants launched TraineeClub in 2001 on their own initiative. This is a completely new type network for graduates in the German corporate landscape and is supported by the DB Group. The TraineeClub consists of direct job entrants, graduate trainees, and B.A. students and should ease the start of work the DB Group for junior staff. In addition, the TraineeClub has proven itself as an information and communication medium and is now also a recognized forum among executives for establishing contacts to junior managers.

Learning from the experiences of others

To cope successfully with everyday challenges, the experiences of our employees are more important than textbook knowledge. Passing on this informal knowledge is done most efficiently through the ongoing exchange between the employees. A climate of openness, in which knowledge is shared as a matter of course and discussed in the company as best practice, is an important prerequisite for such processes. Communication is simplified by the Electronic Staff Directory (EVI). In the qualification offers of DB Training and the DB Academy, working on case studies from the DB Group and the collective case consulting complements the traditional knowledge transfer in order to support the dissemination of informal knowledge

Ensuring the transfer of knowledge critical to success

Knowledge critical to success arises when informal knowledge about technology, processes or customers cannot be bought on the market at short notice. Securing knowledge critical to success is especially relevant when only individual employees possess it. The loss of people with this knowledge or their move to other businesses can lead to bottlenecks. Every manager must therefore assess his or her sector in terms of knowledge critical to success. There is a guideline to raise managers' awareness of this subject and show how the situation can be evaluated and critical knowledge identified, as well as presenting methods for transferring this knowledge to other employees in the medium or long term.

Making current information available

The DB Group ensures that every employee quickly has up-to-date information through a variety of communications media. A large number of staff uses the DB net, the Group's intranet, which provides general information about the DB Group companies and all its business units. In addition, we have developed specific knowledge portals, such as the HR Portal, which not only provides general information on personnel issues in a public area, but also personnel applications, related tutorials and information in an area restricted to HR staff. The employee newspaper DB Welt reports on current issues and is aimed at all our employees in Germany, while employees abroad have been able to read DB Welt in English since 2006. Other media provide information for special interests, such as the executive newsletter "Update" and the magazine "Your Train."

4.5 Occupational health

Promoting and maintaining health

4.5.1 Promoting and maintaining health

Healthy and motivated employees contribute to the success of the DB Group. We therefore rely on a comprehensive health management, which will become even more important as people's working life increases.

Maintaining the employability of our staff is enshrined in our HR strategy. Customized offers from the company aim to support our employees in assuming more responsibility for their health.

Today, Deutsche Bahn is already feeling the consequences of demographic change more than other companies. The average age of DB employees has increased in recent years from 41.5 at the end of 2000 to 45 at the end of

2008. Moreover, many specific jobs, such as train drivers, shunters or train attendants make increased demands on health and fitness. Deutsche Bahn's aim is to retain employees as long as possible at the company and in their job and has therefore enshrined the goal of "Maintaining Employability" in its HR strategy.

Health problems can have many causes, and some of them are directly work-related - such as accidents or injuries. Non-ergonomic practices and lack of exercise can lead to musculo-skeletal disorders. Targeted remedial measures at the workplace help out here. On the other hand, problems can arise due to private behavior: one addictive behavior, for instance, is one of the predisposing disease factors that not only represent a health problem, but also a safety risk. The sooner the company gets involved with health problems, the lower the long-term consequences.

Health is more than just fitness

Health at Deutsche Bahn goes far beyond just physical and mental fitness - motivation and general well being in particular are essential building blocks. Deutsche Bahn's health management can only succeed over the long term if its employees develop their own skills to use their physical and mental abilities. DB has over 190,000 employees in Germany who have to handle diverse and often physically demanding tasks and who do mainly shift work. The company therefore provides tailor-made offers and encourages them to take on personal responsibility for their health. The DB Group laid the foundations for this with its corporate employer/works council agreement "Promoting Health" in 2001, which aims to improve health at the Group companies. The commitment has paid off: 4.48 percent of our employees were off sick in 2008 compared to 4.9 percent in 2000.

4.5.2 Health program

Health measures

DB promotes the health of its employees in different projects. At DB, health promotion reaches across the entire Group, or its focuses on vulnerable occupational groups or employees with risk factors.

Occupational projects

Deutsche Bahn takes care of its employees' health on several different levels: At the Group level, the working group "Health" develops strategies and pilot measures under the direction of the Health Management Department and with the participation of all business units and the Group Works Council. The project Healthy & Active was launched in 2004 as a systematic approach to improving the employees' health and is now well established. Healthy & Active offers executives practical support and technical advice in implementing occupational health management. Based on the data obtained and after an analysis of the specific operational situation, management and experts on site introduce concrete measures and subsequently evaluate them.

DB is very effective in countering the stress that arises from the physically strenuous activities of its employees. At reference companies, a relatively high number of employees complained about temporary back ache. Various adverse conditions, such as incorrect posture or drafts or cold in the workshop can trigger such complaints. As part of the project, a working committee composed of HR managers, executives and operational specialists developed appropriate countermeasures and trained the staff directly at work in their motion behavior. Due to the great success achieved, in 2008 DB handed over the project to its cooperation partners VDES and BAHN-BKK for them to continue as a provider.

Health days and health courses

Cooperation with the Association of German Railroad Employees' Sports Clubs (VDES) and BAHN-BKK enables Deutsche Bahn to carry out health days and health courses to enhance general wellbeing and prevent lifestyle diseases such as back pain or eye pain in many locations. Moreover, these health courses are very often tailored to the specific needs of certain occupational groups.

Overcoming traumatic events

Despite intensive education and safety work, fatal accidents do occur on the tracks of DB. For the train personnel, and especially the train driver, this can lead to persistent mental problems and to professional or personal crises. In order specify its duty of care in these cases, DB concluded a corporate employer/works council agreement on "Overcoming Traumatic Events" in 2002. In collaboration with the Psychological Service of dbgs GesundheitsService GmbH, this agreement makes for a rapid and targeted assistance and support for those affected. Deutsche Bahn thus becomes involved before chronic symptoms or even a permanent occupational disability arises.

Group-wide flu shots

To prevent influenza, DB carries out Group-wide influenza vaccinations for employees free of charge. This vaccination is now an integral part of a comprehensive pandemic prevention, including specific contingency plans and the storage of personal protective equipment.

Health talks and occupational integration management

Since 1997, Deutsche Bahn supports employees who cannot work due to illness with different levels of health talks. Since 2007, we support employees on sick leave for more than six weeks in the form of prevention talks. If appropriate, occupational integration management aims to detect early on whether the employer can support the employee in overcoming the illness and prevent further work incapacity.

DB Health World and health advice

The employment opportunities against the background of demographic change is the subject of an HR initiative on the part of DB's human resources management. Against the backdrop of a changing age structure, DB Health World brings together occupational health management, all health services offered, such as fitness, prevention courses or special offers at DB Gastronomie. New health measures have been developed which complement the proven health programs.

DB's electronic ordering system the Click Shop provides a catalog shopping system offering fitness equipment which can be ordered on the Intranet, for example for common rooms. A further component in DB's new Health World is free telephone counseling and health coaching available to DB employees since March 2009. The coaching is aimed specifically at employees under physical stress, such as those in operations, and is carried out by the health advisors from dbgs GesundheitsService GmbH. The aim is to help staff realize their health goals and achieve a healthier lifestyle. In addition to individual counseling, other offers include information on various health topics and arranged health courses near people's homes.

Participation in the health coaching is agreed, for example, in employee appraisal interview. Since physical and mental wellbeing, as well as reconciling work and family, are important issues in the rail sector, two questions on health have been added to the employee appraisal interview. The entire range of DB Health World offers was compiled in a newly created practice guide.

Strengthening leadership responsibility

DB Training offers seminars for managers on "Leadership in Balance," which allows them to enhance their own health skills and reflect on their own health behavior.

An internal checklist, the management self-check, was developed as a starting point for operational measures for the companies and workshops. This covers the operational details of the initial situation and examines the systematic entrenchment of occupational health management in operational processes and structures, as well as typical individual measures. The health measures resulting from the checklist and determined in a counseling interview on the spot are evaluated after the conclusion. The DB Sprint Program enables executives to participate in medical screening at regular intervals.

Healthy eating in the company restaurant

Tasty, healthy food in a pleasant environment: so our employees on the train service and in our workshops and depots and administration can eat lunch close to work, DB's in-house service provider DB Gastronomie GmbH operates over 100 employee restaurants and signs countless contracts for co-use with outside catering providers. The wide range of healthy foods is an essential component of health promotion at the DB Group.

DB Schenker's world-class health program

Schenker also sets high standards in its health program. Its Global Safety Team monitors the worldwide safety and health programs. In addition to 60 U.S. locations, the Team examined 15 additional branches around the globe in 2005. Special approval was given to the branch in Xiamen, China, which practices what Schenker calls a "World-Class Environmental Health and Safety (EH&S) Program." Xiamen achieved the best results mainly through two approaches: a clear communication of the program and personal responsibility. Schenker's motto in China is also "Safety First."

Health Management in Finland

Another example of DB Schenker's health programs abroad is the "Health Management" program in Finland. DB Schenker Finland has an action plan for company health care, which was created jointly by employers, workers and the health insurance. The plan contains practical measures to promote the welfare of employees. The implementation of the plan is continuously monitored and the plan is revised as necessary.

Some examples of ongoing activities: DB Schenker Finland, together with employee representatives and the occupational health specialist, carry out active risk monitoring. Specialists assess the physical conditions at work, talk with the workers and carry out surveys to gather information on potential health hazards. Based on the findings, DB Schenker Finland takes remedial measures to reduce the risks and increase the ability of its employees to work. DB Schenker Finland also provides comprehensive health examinations and counseling services for all newly employed workers. In the event of conflicts or crises in the workplace, the company health service offers managers and employees support in the form of coaching.

The company health service is the result of a long development in Scandinavia. DB Schenker Finland supports this concept in order to underpin its competitive advantage as an employer of first choice.

4.5.3 Drug policy

Dealing with drugs

Alcohol and drugs not only endanger the health of employees, but also safety.

As transport company operating internationally, DB has a clear line: zero tolerance on drugs. Because drug and alcohol abuse are major safety risks, lead to increased absence from work and impair the performance of employees.

In 1998, Deutsche Bahn adopted the corporate employer/works council agreement to ban drugs and deal with drug exposure and dependency at the company. Safety at a transport company such as DB not only on the track, but also in the workshops and management must be paramount – a Group-wide zero alcohol limit therefore applies at work. The employee restaurants may neither sell nor serve alcohol. At the forefront of efforts however, are support, prevention, early detection and a four-stage rehabilitation program for disorders arising from substance dependence. The measures in the framework of the corporate employer/works council agreement "Addiction" aim to improve work and operational safety and maintain employee health. In addition, the DB Group would also like to raise awareness on the use and abuse of alcohol and show ways to end dependence.

The company social advice provided by the dbgs GesundheitsService GmbH makes an important contribution to prevention by giving employees at risk from alcohol advice, trains people to help addicts and instructs executives. Another important partner is the Railway Central Office against the Dangers of Alcohol (BZAL), which is part of the BSW Foundation. In addition to flyers and media kits, BZAL publishes a regular magazine „Null Promille“ and maintains an Internet site under the motto "Addiction Prevention is our Job." The new BZAL education film

“CRASH” tells the story of 17-year-old apprentice Max, played by Wilson Gonzalez Ochsenknecht, from his first contact with alcohol to the big crash.

Even if alcohol is “People’s Drug No.1” and its prevention in the Group is highly important, Deutsche Bahn by no means neglects other addictive substances. Thus, each applicant must undergo a drug-screening test as part of the recruitment process.

Protecting non-smokers

After alcohol, nicotine is the second most addictive substance. It endangers the smoker and his surroundings much more than many other carcinogens in our environment. Hardly any other health measure has such a sustainable and cost-effective impact as protection for non-smokers. Deutsche Bahn therefore aims at protection for non-smokers on several levels. DB has introduced a general smoking ban in most of its premises and buildings. In addition to programs aimed at stopping smoking, the DB Group offers its employees the opportunity to end their dependency.

DB has also introduced measures to protect non-smokers in jobs located outside offices, both among customers and employees. In addition, all trains and stations are now non-smoking.

4.6 Occupational health and safety

Occupational health and safety

4.6.1 Occupational health and safety strategy

The DB Group’s occupational health strategy

The safety and the right to physical integrity of our employees and customers are central precepts of Deutsche Bahn’s way of doing business.

The majority of the DB Group’s employees work in rail transport. In this area, the operational activities in particular require rules and special measures, for example when working in the track area, at construction sites, in maintenance and at electrotechnical installations.

At DB Schenker Logistics, occupational health and safety are mainly directed at the activities of its own employees at the customer’s on-site location and the work of the contractor. Here, other important measures are important, not least because specific national regulations must be observed abroad. The DB Group therefore distinguishes between occupational health and safety for the DB Group in Germany and the labor protection for DB employees at DB Schenker Logistics worldwide.

Common principles and targets apply to the entire Group worldwide, however, and these are set out in ethical principles and in the corporate guidelines on risk minimization.

- The safety and the right to physical integrity of our employees and customers are central precepts of Deutsche Bahn’s entrepreneurial activity. With a consistent, preventative approach to occupational health and safety, dangers and hazards to people are prevented and the health of our employees supported through humane working conditions and additional measures.
- All of the DB Group’s managers are always obliged to take the necessary measures to comply with the internal and statutory arrangements. They have to ensure that risks are constantly and thoroughly analyzed, that measures are taken to prevent major risks and that the appropriate internal and statutory requirements are fulfilled. Employees must be adequately and appropriately instructed about the relevant statutory and internal regulations.
- Occupational health and safety is also part of the personal responsibility of every employee. Hazards should be avoided through proactive, vigilant and safety-conscious behavior. Shortcomings in occupational health and safety must be reported promptly to the manager responsible. Employees must always observe the appropriate laws and internal regulations that apply to them.

DB occupational health and safety policy in Germany – rigorous action on accident prevention

In terms of occupational safety at the Group companies in Germany, the most important thing is to manage rail transport, the workshops and all other commercial and service areas in such a way as to ensure that safe working conditions are guaranteed to avoid hazards to people, property and the environment. DB does everything to prevent accidents and occupational diseases through a consistently preventive occupational health and safety policy, which naturally includes trusting cooperation with the works councils. DB also therefore makes a contribution to the status of the railway as one of the safest modes of transport. The rules and regulations of occupational health and safety are taken into account in all business processes and are anchored in our internal regulations.

We also attach great importance to the commitment of all employees – especially managers – since the personal attitude to occupational health and safety makes a significant contribution to our entrepreneurial success and the maintenance of our employees' health. Supervisors should always set an example, motivate employees to safe behavior and take uncompromising action against dangerous behavior. All employees are encouraged to identify weaknesses and make suggestions for the safety of the workplace and work processes. Deutsche Bahn receives support in these efforts, especially from the accident insurance providers of the Group companies, such as the railway accident fund.

Occupational health and safety is an integral part of DB's training objectives and is therefore integrated in the courses held by DB Training. Young people at the beginning of their working lives should become acquainted with their responsibilities and tasks at work and be able to carry them out. They therefore learn from the very outset how to identify and eliminate risks and hazards, how to behave safely and how they can influence their physical integrity and health.

Occupational health and safety policy at DB Schenker Logistics

For many years, DB Schenker Logistics has been implementing occupational health and safety at its national companies worldwide in line with national requirements. In 2009, central control was set up to achieve further optimization and with a mandate to launch a global occupational health and safety management system and network. This will also include common standards that apply globally.

4.6.2 Occupational health and safety management system for the railroad

Occupational health and safety management system for the railroad

The Group Committee for Occupational Safety ensures common principles and their implementation at Group companies in Germany. The occupational health and safety management system is an integral part of the integrated management system.

The importance of safety to Deutsche Bahn is reflected in the Group Committee for Occupational Safety, which works across all the company's divisions. The committee works on behalf of the Group Management Board and advises the Group management on all matters of occupational health and safety, as well as the prevention of work and commuting accidents. The task of the Group Committee for Occupational Safety is to coordinate the interests of the core rail business in Germany with regard to occupational safety and to prepare the medium to long-term occupational health and safety strategies, including the necessary concepts, safety and health programs and measures. The Group Committee for Occupational Safety represents all employees of the Group companies in Germany, which account for around 75 percent of the DB Group's employees.

Occupational health and safety management – the DB Group in Germany (excluding DB Schenker Logistics)

Since 1996 DB has been establishing a comprehensive occupational health and safety management system for covering the whole of its rail operations. In 2005, this it was extended to the entire DB Group in Germany. Since 2008, the occupational health and safety management system has complied with the requirements of the international standard OHSAS 18001. The essential elements are:

- Occupational health and safety policy
- Organizational and operational structure
- Goals and measures
- Review and continuous improvement through monitoring, audits and management evaluation

Comprehensive internal regulations specify the implementation of the individual elements of the occupational health and safety management, as well as the implementation of occupational health and safety in specific areas of the core business rail operations, such as:

- Working in the track area
- Occupational safety on or near rolling stock
- Work on or near electrical installations and equipment
- Occupational safety in construction
- Occupational safety when using contractors and temporary workers
- Occupational safety when employing DB staff abroad
- Implementing and documenting risk assessment in accordance with the Occupational Health and Safety Act and the Dangerous Substances Ordinance
- Basic and advanced training in occupational health and safety

The Group's occupational health and safety department designs the occupational health and safety management system and assumes the technical management of the occupational health and safety organization of the Group companies in Germany. As such, it develops the Group-wide principles and aims, as well as programs for occupational health and safety in the context of the integrated management system and the corporate strategy. DB Group representatives play a major role in international decisions on occupational health and safety through their participation in national and international regulatory bodies such as the International Union of Railways (UIC), the German Social Accident Insurance (DGUV) and the business associations BDA and BDI.

In every business unit, specialist and staff departments for occupational health and safety manage the occupational health and safety organization in their area and develop the aims, programs and measures for their specific business unit. They also directly manage the specialists in occupational health and safety (experts on occupational safety and safety officers). In the Group companies in Germany, over 200 professionals work in health and safety.

All sectors within the Group that have to apply the occupational health and safety management system are regularly reviewed by the audit team of the integrated management system to ensure compliance with the requirements and processes. The auditors are specially trained and supported by the Group's occupational health and safety department. A management evaluation of occupational health and safety is carried out once a year in a joint review of the DB Group's integrated management system.

The internal reporting on occupational health and safety is done directly to the Members of the Group Management Board and the Board Committee for Safety and Occupational Safety and on various other committees. Employees receive comprehensive information on occupational health and safety from their supervisors, from the competent specialists for occupational health and safety and from various media in the DB Group such as DB's intranet.

4.6.3 Goals and program

Goals and program in occupational health and safety at DB in Germany

The long-term objectives and measures of occupational health and safety are laid down in a five-year program for 2006 to 2010. It is defined each year with an annual occupational health and safety program.

The Group's occupational health and safety department develops the objectives and measures in consultation with the participating business units within the framework of strategy conferences, whereby objectives and

measures specific to the whole Group and to each business unit involved are developed. The Group Committee for Occupational Safety adopts these in agreement with the Group companies involved and monitors their implementation.

The strategic goal in occupational health and safety is and shall remain the prevention of work accidents and at least maintaining the good level achieved so far in preventing accidents and occupational illnesses, as well as in occupational health and safety management.

This is supported by the following individual aims:

- Sustainable reduction of absence from work due to work-related accidents and the targeted reduction of costs associated with this absence
- Improving customer satisfaction through operation without failures and accidents
- Encouraging the staff to behave responsibly for their personal protection against work-related hazards
- Motivating executives and employees in the Group companies, consciously advocating occupational health and safety
- Further development of occupational health and safety as part of the company's tasks and even better advice, consulting and support of managers in occupational health and safety

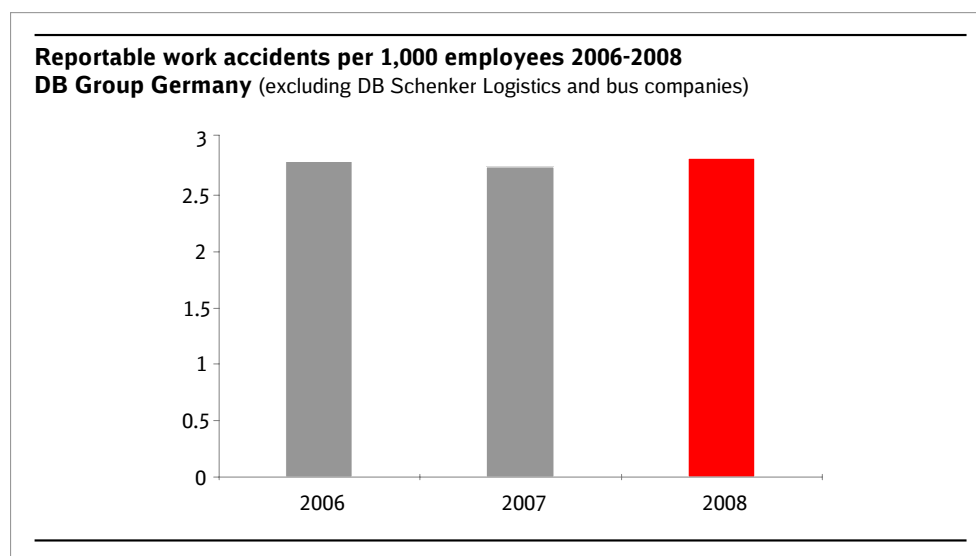
These aims are to be achieved through various measures, including the following:

- Through briefings on the objectives and measures of health and safety issues for managers and employees during the occupational health and safety days or weeks at the Group companies
- Achieving safe work by motivating all executives and employees with specific business unit measures and actions
- Further development of specialists for occupational health and safety to managers for Safety and Health Protection

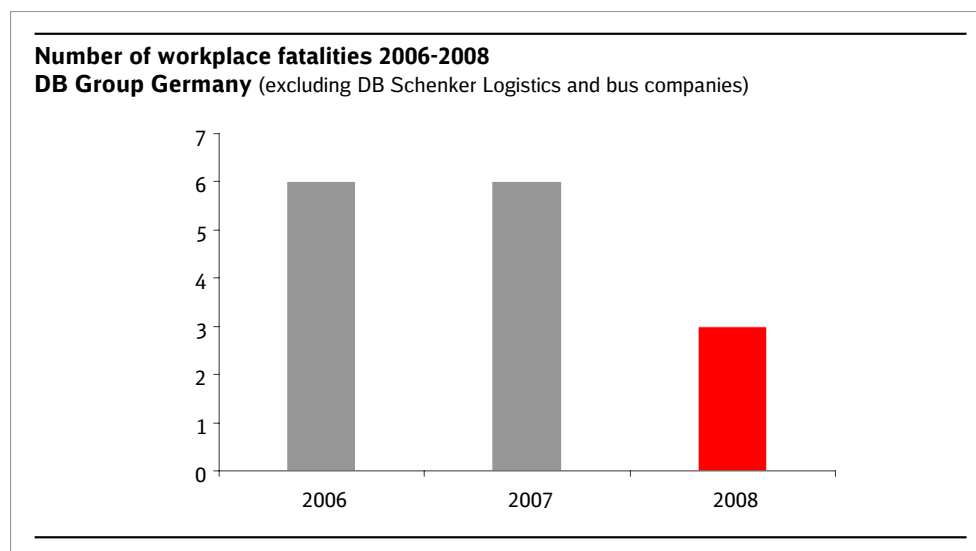
Facts and figures

DB's commitment to occupational health and safety and job safety was and is very effective. This is due in particular to the increased motivation achieved in recent years among employees and managers with regard to occupational safety.

Our benchmark in achieving our targets for occupational safety is the number of work accidents resulting in more than three days time off per 1,000 employees. With a monthly average accident rate of 2.83 in 2008, we maintained the good level of the previous years.



The number of reportable accidents at work per 1,000 employees remained stable compared to the previous year.



2008 saw the lowest number of workplace fatalities since DB was founded.

4.6.4 Avoiding hazards

Risk assessments, dangerous materials management and protective equipment

Hazards can never be completely ruled out. But depending on the risk, we take technical, organizational and personal protective measures to meet these dangers.

Risk assessments

Employers in Germany have to assess potential hazards and identify appropriate measures for each workplace. This ranges from the ergonomic design of office workplaces to the prevention of danger when working with dangerous materials or activities in hazardous areas. A risk assessment evaluates what hazards might exist, how they should be analyzed (risk analysis) and what technical, organizational and personal measures are appropriate to protect employees. These measures range from eliminating the source of the danger through posting operating instructions to the use of personal protective gear. The process of hazard identification, risk assessment and risk analysis is uniform in Germany and regulated by the occupational health and safety management system.

With the deregulation of the German occupational health and safety law, fewer and fewer measurable requirements are prescribed, but this is countered by the increasing demands in terms of knowledge and individual awareness made on the responsible manager. The DB Group is currently designing model documents and compiling "best practice" measures to support our executives in their work.

Dangerous substances

Dangerous substances are used in many areas of the DB Group, such as in vehicle and infrastructure maintenance and cleaning train exteriors, including removing graffiti. The safe use of these substances is an important task for all work areas, which is based on the risk assessment. This in turn requires correctly identifying and classifying dangerous materials and activities to be performed in accordance with statutory provisions in order to identify and assess the danger emanating from them.

With the entry into force of the EU Regulation on chemicals REACH (**R**egistration, **E**valuation and **A**uthorization of **C**hemicals), DB undertook a revision of its dangerous materials management across the Group since the regulations also affect the users of dangerous substances. For example, the new rules could lead to certain substances that were previously used no longer being available on the market or becoming more expensive. In addition, new mandatory labeling requirements were introduced. As a result, collaboration with suppliers and the

internal handling of dangerous substances must be adapted, the regulations revised, and employees and management fully trained. A permanent working group was founded in April 2008 to ensure uniform implementation. An important goal of the group is also to reduce the number of dangerous substances used hitherto through a Group-wide approach and systematic internal audits or by replacing them with less dangerous substances.

IT tools to support - EIS Dangerous Substances

Risk assessment, risk analysis, dangerous materials management and the documentation associated with occupational health and safety are complex tasks. In the framework of the Environmental Information System (EIS), the DB Environmental Center, together with the Group's occupational safety department, has been developing the IT tool "EIS Dangerous Substances" since 1999, which supports the implementation of occupational safety and environmental regulations. The required aids for risk assessment, such as databases, checklists and tools, are available to managers and specialists for occupational safety. For dangerous materials management, the EIS Dangerous Substances provides a central database of dangerous materials used at the Group. Quality assured data from the material safety data sheets of the manufacturers are directly available here and support the automated creation of job-related and material-related operating instructions. The IT tool greatly simplifies materials research and the management of the mandatory register of dangerous materials.

Personal protective equipment

On behalf of the Group Committee for Occupational Safety, our own working group coordinates the equipping of employees with personal protective equipment (PPE) for all DB Group companies in a uniform manner. The selection of the PPE required is based on a risk assessment and risk analysis. The personal protective equipment used in the business units is subject both before and after its introduction to permanent quality control to detect and remedy problems.

When working in the track area and on other exposed workstations, reflective clothing for all employees is essential. It is simply vital that people are seen in time. Equipping drivers of motor vehicles and construction equipment with safety vests is a matter of course.

4.6.5 Tracks and construction sites

Working in the track area, at construction sites and at electrotechnical installations

The protection of human life is our top priority. All work in the track area and at construction sites is secured by warning systems and/or flagmen. Certified electricians provide additional safety at electrical installations.

Special caution is needed in the track area because they are generally equipped with live overhead contact lines. In order to protect employees from danger, people are separated from danger by spatial or temporal measures as a matter of priority. In the track area and at electrical installations, at elevated workplaces, and in assembly pits or in the vicinity of in-plant transport routes, physical barriers serve primarily to separate people from danger. The temporal separation comes into play, e.g. when track facilities are closed for repair and maintenance work. Safety plans set out the various measures, which are then binding.

If work must nevertheless be carried out in the track area during operations, automatic warning systems and flagmen warn about dangers. The influence of signaling on the environment should be kept to a minimum as far as possible, but temporary disruptions for residents cannot always be avoided. Here, the protection of human life is the highest priority.

The provisions apply not only to the DB Group's employees, but of course also to all those working in the track area, including contractors and third railroad companies - they are an integral part of the contracts and safety plans.

Working at construction sites

Work at construction sites is usually carried out with the participation of the DB's companies, but also by external firms. To ensure safety and order, DB appoints health and safety coordinators. They organize the safety measures when several firms are working.

Electrotechnical occupational health and safety

DB has several power supply systems for different types of rail tracks. In addition, the DB Group's operating facilities, workshops and training establishments contain a wide range of electrical installations. The requirements of occupational health and safety and ensuring safety are similar to those at utility companies. In addition to safety specialists, a variety of certified electricians provide for safe work on or near power lines and systems, as well as electrical installations. They make an effective contribution to safe rail operations. The equipment and vehicles are inspected and tested regularly to ensure safe operation in accordance with manufacturers' instructions and successful tests documented with test seals or protocols.

4.6.6 Accident management system

Group-wide accident management system

The analysis of accidents and dangerous situations enables targeted countermeasures to be planned and conducted.

Collecting, analyzing and documenting accidents, as well as the monitoring of measures are part of the management instruments available to managers - from board members to team leaders. DB has a Group-wide accident management system (KUMaS) in Germany, which is managed by the Group's occupational health and safety department. Analyses are carried out and target ratios prepared in occupational health and safety based on KUMaS. KUMaS includes all the processes in which information on accidents is collected and processed. The use of the IT system for recording accidents and processing and evaluating accidents performs the following functions:

- Shorter information time for accident reports
- Shorter accident processing times and lower processing effort
- Faster initiation of accident reduction measures
- Optimizing work processes in occupational and health safety
- Complete documentation immediately after recording accidents
- Reduction of lost time by identifying spots of accidents
- Complex ways of monitoring for specific countermeasures

4.6.7 Logistics occupational health and safety management

Occupational health and safety at DB Schenker Logistics

The DB Group also sets standards in occupational health and safety internationally. Occupational health and safety has long been successfully implemented at DB Schenker Logistics' national companies around the world. It is now also implementing a central control system.

In our global activities, it is not only important to protect our own employees and contractors by implementing effective occupational health and safety management, but also to meet customers' expectations that their own employees on site are not endangered and that the processes are carried out smoothly.

DB Schenker Logistics has for many years been implementing occupational health and safety at its national companies in accordance with national legislation. But not only the various national regimes, but also the logistics requirements play a central role. For example, in Indonesia work safety guidelines apply which take into account specific aspects of logistics companies, such as the use of hoisting devices and cranes, safety standards when loading and unloading vehicles, handling cargo in warehouses and working in noisy areas. Even general aspects,

such as inspecting and maintaining facilities and vehicles, handling dangerous waste, electrical safety and fire prevention, as well as basic hygiene requirements, are comprehensively addressed. For the occupational health and safety management system that is being set up locally to cover these, the guidelines prescribe a complete management system: work with an occupational health and safety policy as well as specifications for organizational and operational structure, communications, notification and reporting, investigations, risk assessments, job analysis, reviews, and an emergency management. Regular audits will ensure compliance with the standards. The national company in Indonesia intends to be certified according to OHSAS 18001 by the end of 2009.

This is just one of many positive examples of how DB Schenker Logistics implements occupational health and safety worldwide. But DB Schenker is now going one step further. To ensure that the highest safety and environmental standards are maintained worldwide in the DB Schenker Logistics network, and in order to meet the high demands of our customers in terms of health, occupational safety, and environmental requirements, in 2009 the DB Schenker Management Board set up a central control system on "Health, Safety, Security and Environment." This entailed collecting the current status of the occupational health and safety organization worldwide. Furthermore, an overview of customer expectations and requirements, as well as the respective legal requirements, is to be compiled. A worldwide network and an occupational health and safety management system is to be established on this basis in cooperation with regions, country organizations and product management.

5 OUR ENVIRONMENT

5.1 Environmental protection

Environmental and climate protection play an important role at the DB Group and is an expression of our corporate and social responsibility.

5.1.1 Environmental strategy

The DB Group's environmental protection strategy

DB has long since been taking a proactive approach to environmental protection and has also set challenging targets for the future to ensure its environmental compatibility and future viability. The main focus is on climate, resource and noise protection.

Globalization, resource scarcity and climate change are key challenges for the transport market. The DB Group is adjusting its strategy to take these challenges into account and considering them as an opportunity in environmental protection. Deutsche Bahn is able to effectively curb the environmental impact of the constantly growing traffic volume: the environmentally optimal combination of means of transport with environmentally friendly rail at the center gives DB a unique model to offer sustainable and environmentally friendly mobility - for both passengers and freight. Environmental friendliness and sustainability are increasingly important to both passengers and freight customers. Now in demand is reliable, fast and safe transportation with a low environmental impact. On this basis and based on the opportunities and risks in environmental protection that we have identified, the DB Group's sustainability strategy focuses on the following environmental areas:

- **Climate protection:** With its energy saving and climate protection programs the DB Group has already achieved a lot. But the DB Group is continuing its efforts: by 2020, we want to reduce our specific carbon dioxide emissions by another 20 percent compared to 2006. This new climate protection target includes all modes for the first time, in other words trucks, ships and aircraft, as well as rail. Significant factors in our CO₂ emissions reduction are the use of modern vehicles with increased energy efficiency, energy-efficient driving by train, bus and truck drivers, optimizing the utilization of renewable energy and improvements in operations. This in turn represents both a significant contribution to reducing air pollution emissions and conserving resources.
- **Noise reduction:** Noise reduction is an important environmental issue in freight transport and is of increasing importance for rail's environmental advantage. By 2020, DB wants to reduce rail noise by a total of 10 dB(A), a reduction of half compared to the year 2000. In order to achieve our goal, DB is not only implementing the federal government's voluntary noise reduction program (in 2009, 21 percent of the 3,400 route kilometers nationwide have already been rehabilitated), but focuses especially on avoiding noise at the source. This reduces the noise permanently along the entire route network and not just selectively, for example, where passive noise barriers have been erected. As part of this effort, DB is buying new freight cars fitted with so-called composite blocks that reduce by half the perceived rolling noise in conjunction with a smooth track. DB Schenker Rail consistently orders new cars fitted with these whisper brake blocks and now has a total of 4,400 such cars in operation. In addition, DB is involved in European projects and research collaboration that is trying to further reduce noise at the source in ways that are both operationally and commercially successful.
- **Resource efficiency:** The careful use of resources has been a matter of course at DB for a long time. Vehicles have a long service life and are modernized during this time in a way to conserve resources. A good example is our ICE-1 fleet. Materials are refurbished and reused as often as possible, and priority is given to salvaging unavoidable waste and feeding it back into circulation as secondary raw materials. This has enabled us to continuously reduce the waste generated and increase the recovery rate to its present

level of 80 percent since 2001. About 95 percent of the track materials used in infrastructure maintenance, i.e., rails, ties and ballast, for example, come from recycled construction waste. The vast majority of metals go back into the business cycle. DB's stated goal for 2020 is now to hold the recycling rate, depending on the market and regulatory developments, at least at the level of 2007 and make types of waste with full commercialization potential available to the market as secondary raw materials.

- **Environmental management:** for the DB Group, environmental management is the systematic basis for the strict implementation of our environmental strategy and for matching achievable objectives and activities globally. We define the relevant improvement measures through opportunity-risk-analyses. The specific strategies, approaches and measures for an innovative, pro-active approach to environmental protection are based on our own data and also take into account global mega trends, stakeholder demands and requirements, as well as the needs of customers. In every environmental area, the DB Group has long been operating such an efficient management in close cooperation with the business units.

In addition to these priorities, which are also part of the DB Group's sustainability strategy, ecologically and commercially viable improvements are on the agenda in the areas of air pollution prevention, nature protection and water protection.

5.1.2 Group environmental management

Environmental management at the DB Group

DB is consistently expanding its environmental management. The Group's environmental protection system provides the framework for all of DB's environmental activities.

Each strategy will be ineffective if it is not systematically implemented. Environmental protection is therefore anchored in the Group's management through a strict management system.

Group Environmental Protection System - the DB Group's environmental management system

Since 1994, DB has been organizing its environmental protection with the help of environmental management systems. In 2003, DB's environmental management system was process-oriented and designed to conform to ISO 14001 and statutory environmental requirements integrated in a revised form. Since then, this Group environmental protection system provides the framework for all environmental activities within the Group. It is regularly evolving to reflect the latest standards: collaboration with the Integrated Management System in the Integrated Systems Rail began in 2005 and the integrating into the new management system of the DB Group with an international orientation in 2008.

The Group's environmental protection system includes the following elements for the management of all environmental issues:

- **Environmental indicators:** to assess the DB Group's environmental impact, once a year the DB Environmental Center systematically collects all relevant environmental data from across the entire Group, evaluates and presents them to the Group Committee for Environment. The environmental indicators serve to document both progress and identify the need for action.
- **Environmental review:** The opportunities and risks in environmental protection for the DB Group are evaluated annually by the DB Environmental Center in collaboration with the business units and any need for action identified. In addition to the environmental indicators, the analysis incorporates information from environmental audits, the monitoring of the environmental program and the corporate strategy (megatrends), as well as information on current conditions and developments in the DB Group and its environment (such as customer needs and stakeholder requirements). On this basis, the DB Environmental Center in cooperation with the business units develops common strategies, objectives and measures for environmental protection at the DB Group.
- **Environmental program:** The measures in environmental protection are bundled in an environmental program that is updated annually and adopted by the Group Committee for Environment. The

implementation of the environmental program is monitored and reported to the Group Committee for Environment.

- **Targets in environmental protection:** The commitment to environmental protection is enshrined at the highest level of the DB Group in its guiding principles. The basic rules are agreed in the corporate guidelines, which are in force worldwide. How the various environmental issues can be implemented in legally secure and commercially efficient terms is subsequently explained in the Group's environmental protection documentation, with instructions, processes and guidance.
- **Environmental audits:** implementing the requirements for environmental protection at the DB Group Germany (excluding DB Schenker Logistics) is overseen by the team of auditors from the DB Group's integrated management. In 2008, all sectors were audited, with the result that the DB Group's requirements were being implemented as agreed.

The Group's Environmental Protection System meets all the requirements of the ISO 14001 for an environmental management system and is an integral part of DB's sustainability management. The requirements and results of environmental protection flow into the corporate strategy and planning via the sustainability management and the integrated management. This ensures the strict implementation of environmental goals in all sectors of the Group.

Group Committee for Environment and the DB Environmental Center

- **The Group Committee for Environment**, on which the DB Environmental Center and all business units of the DB Group are represented, ensures the optimal cooperation and continuous improvement on the environmental area across the entire Group. The results are reported to the Group Management Board through the integrated management and sustainability management. Every year, the Group Committee for Environment carries out the Group's environmental review to assess the opportunities and risks in environmental protection. Its results form the basis for all further measures. The Group Committee for Environment decides on the environmental program for the following year and monitors its implementation. It also sets up expert groups on particular themes or temporary working groups to deal with the content of the work.
- **The DB Environmental Center** is the Group's competence center on all environmental protection issues. Forty staff members support experts at the Group level and the business units in developing, implementing, monitoring and improving strategies, goals and measures in environmental protection and carry out environmental management at the Group level. The DB Environmental Center works closely with both the integrated management of the DB Group, as well as with the environmental departments of the business units. The content and results of the Group's environmental protection are jointly developed and coordinated in the Group Committee for Environment's working and expert groups under the auspices of the DB Environmental Center.

Environmental education: the DB Environmental Center's basic and advanced courses

With an extensive environmental education program, the DB Group creates the conditions for the employees working on the environment to learn about, observe and effectively implement the relevant laws and DB's internal rules on environmental protection. To this end, the specialized experts from the DB Environmental Center, in cooperation with DB Training, offer 30 different basic and advanced seminars in environmental management, waste disposal management, nature conservation, soil conservation and other topics, which teach the current requirements and can respond to specific questions about the rail sector. At nearly 40 seminars on the environmental held in 2008, around 450 DB employees involved in environmental protection received specific training.

IT support: the Environmental Information System

We support our employees in environmental protection in their daily work using Group-wide IT systems, which also allows us to gain meaningful information about the environmental impact of our operations. Through its

environmental information system, the DB Environmental Center currently provides support in five key environmental topics:

- **Legal information:** all applicable legislation in environmental protection, occupational safety and fire prevention, as well as that covering dangerous goods and construction law
- **Waste:** collecting all waste data and supporting the obligation to produce supporting documents in waste management
- **Dangerous substances:** information on substances and support of documentation required under labor law in handling dangerous substances
- **Hygiene:** data and the rational management of drinking water tests
- **Acoustics:** presentation of the noise emissions along the route network and documentation of noise reduction measures

The environmental information system is now supplemented by the “Mandatory Information Tool” (MIT), which provides the relevant obligations for the individual facilities and processes under environmental law.

Environmental communication

The DB Group fully informs the public, customers and authorities on the impact of its business activities on the environment and conducts an open dialog with interested members of the public. In addition, targeted information promotes the environmental awareness of DB employees, who are also encouraged to play an active role in shaping environmental protection.

5.1.3 Environmental management in the business units

Environmental management in the business units

On the rail side, the DB Group has longstanding environmental management systems in the context of integrated management systems. Also in logistics, the development of environmental management systems internationally is being pushed forward successfully.

The overall environmental management at Group level is complemented by environmental management systems in the DB Group’s business units, which implement the specific measures, carry out regular reviews, agree and lay down the annual environmental goals and actions and review the achievement of the goals. The environmental policies and regulations of the business units are contained in their own management handbooks. Environmental activities are comprehensively monitored and improved through regular internal audits and to some extent random monitoring by external experts.

So far, the introduction of environmental management systems has previously been recorded only at the DB Group Germany (excluding DB Schenker Logistics and buses) for locations involved in environmentally relevant activities. Here, we achieved 90 percent in 2008, an improvement of 5 percentage points compared to 2006. However, the international locations should also be gradually integrated into this process. To aggregate the data, a Group-wide uniform benchmark is required, which was duly introduced in 2008 for the first time. Now, the recording of the environmental management systems in the DB Group encompasses the major equity participations of the DB Group in accordance with the annual report. A distinction as to whether environmentally relevant activities take place there or not, has so far not been made. According to this, currently 64 percent of all the significant participations in the DB Group have an environmental management system and 45 percent are certified under ISO 14001. On this basis, new goals for environmental management will be developed jointly.

Passenger Transport division

Passenger transport is not only improving its environmental performance, staff motivation and legal security through organized environmental protection, but is also increasing its competitiveness in future tenders for transport services (especially in Europe). In the Passenger Transport division, all 24 Group companies in the business units DB Bahn Long Distance, DB Bahn Regional and DB Bahn Urban have an environmental management system, 18 Group companies are also certified under ISO 14001.

Transportation and Logistics division

DB Schenker Rail has had an environmental department for over ten years, which has largely been driving the building, development and pursuit of environmental principles and bundled the continuous monitoring of environmental activities. DB Schenker Rail Deutschland has been certified under ISO 14001 since 2002 and since then has completed all re-certification procedures successfully. At DB Schenker Rail, DB Intermodal and RBH Logistics also have an environmental management system.

Environmental management at DB Schenker Logistics is supervised by a central team in product management Land Transport - Network Operations. The implementation of environmental management is done on a decentralized basis by environmental managers in the country organizations. At DB Schenker Logistics, a total of 306 locations in 32 countries out of 35 in Europe have introduced environmental management systems and undergone ISO 14001 certification. The Asian national companies are now also following that path - our locations in Indonesia, Singapore, Thailand and Vietnam with environmentally relevant activities are already certified under ISO 14001.

Infrastructure division

An impact on the environment is also unavoidable when working on the rail network, so DB Netze Track began introducing environmental management systems in 2004, so that six of the eight major equity participations have an environmental management system, with DB Fahrwegdienste and two DB Netze locations certified. An integrated environmental management system has been introduced at passenger stations and at DB Energy, but certification is currently not being planned. As a result, eight of our ten Group companies in the Infrastructure division have environmental management systems and one Group company has been certified in accordance with ISO 14001.

Human Resources and Services division

In 1997, our Dessau workshop was the first in the entire DB Group to be certified under ISO 14001. Since 2004, all DB Rolling Stock Maintenance locations have been certified. Meanwhile, all of the other Group companies in the business unit DB Services up to DB Rent GmbH now also have an environmental management system. As a result, 11 of the 12 Group companies in the Services divisions have environmental management systems and seven Group companies are also certified.

Other participations

DB Projektbau has had a non-certified environmental management system at all locations since 2006.

5.1.4 Traveling DB employees

Employees' business trips - environmentally friendly on the move

DB offers not only its customers an environmentally friendly means of transport - its employees, if possible, also go by train.

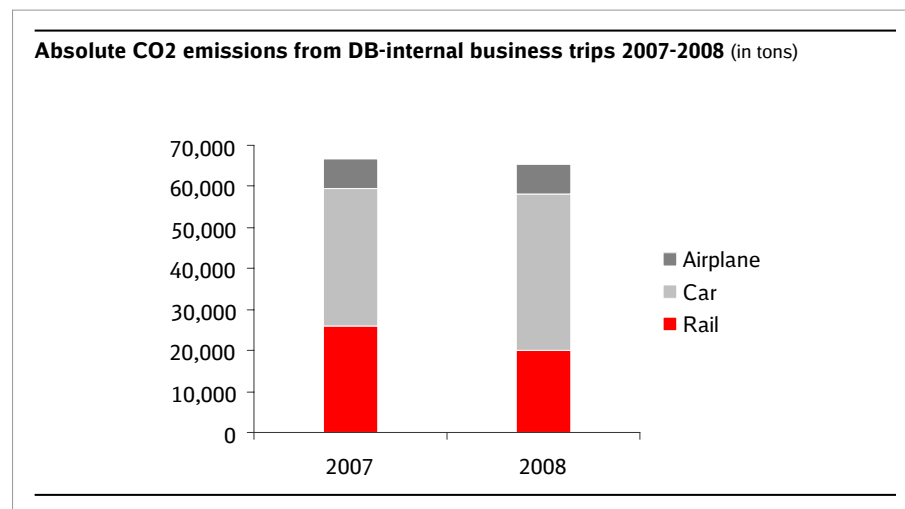
In a company that operates throughout Germany and in 130 countries around the world, the employees must be mobile. In 2008, the 190,000-odd employees in Germany alone covered almost 800 million passenger-kilometers for DB in-house business trips, such as traveling to meetings and conferences and to locations where maintenance had to be carried out. Since 2007, DB has been annually recording the climate impact of its employees' business trips, initially in Germany. We plan to extend this to the international arena in the future.

Half of all business trips are by train

Making as many business trips as possible by train is not only the best option in terms of the environment, but it also makes economic sense for DB. In a guideline, DB therefore requires its employees to use the train when traveling to business appointments if possible. As a result, a high proportion of business travel is done by train compared to air: DB employees in Germany use the train for about 99 percent of their business trips and the plane for only about 1 percent. At DB, as an international mobility and logistics company, more than half of those

flights are now to European and international destinations. These greater distances have an impact on the CO₂ footprint. DB's numerous service technicians in particular depend heavily on cars, for example to reach a specific location on the rail network to carry out their work. Compared with 2007, the total distance traveled declined by 8 percent. While the number of passenger-kilometers by train declined by around 20 percent in 2008 and remained roughly static in air travel, the distance traveled by car for official purposes rose by about 10 percent. As a result, at around 65,000 tons, absolute CO₂ emissions remained almost the same, despite the decline in total travel volume compared to the previous year.

Although there is no substitute for personal contact, in some cases, meetings can be done via telephone or video conferencing. Again, this has a beneficial effect on the environment. In 2008 alone, DB Systel, our Group-wide conference call service, held about 42,000 telephone conferences with some 210,000 participants.



Development of absolute CO₂ emissions from business trips and service trips of DB Group employees in Germany in tons in 2007-2008. Distribution of passenger-kilometers in trains: 90% long distance, local transportation 10%, service use for personal cars = 60%, for pool vehicles = 100%, occupancy = 1P, German domestic flights (15%), Europe-wide flights (30%), global flights (55%)

JobTickets - environmentally friendly travel to work

To improve our environmental performance further, the DB Group offers its employees covered by collective agreements of the DB Group Germany (ex- DB Schenker Logistics and busses) so-called job tickets, which provide them with environmentally friendly and favorable conditions to travel to work using public transportation. In 2008, over 64,000 DB employees had a so-called M Jobticket for traveling on DB rail lines, up from 58,000 in 2007. These job tickets are free-of-charge to employees, but seen as a pecuniary benefit and are therefore liable to tax and social insurance payments: 25 percent of the lump-sum taxation incurred by the employer is borne by the employees. In addition, DB employees can acquire job tickets from other transport companies on favorable terms through corporate discount contracts, although details vary from one region to another.

5.2 Climate

Deutsche Bahn contributes actively to climate protection

In the future, our motto will be: save energy and protect the climate. With new vehicles, more efficient driving and better utilization the climate benefit will be further expanded in the entire DB Group.

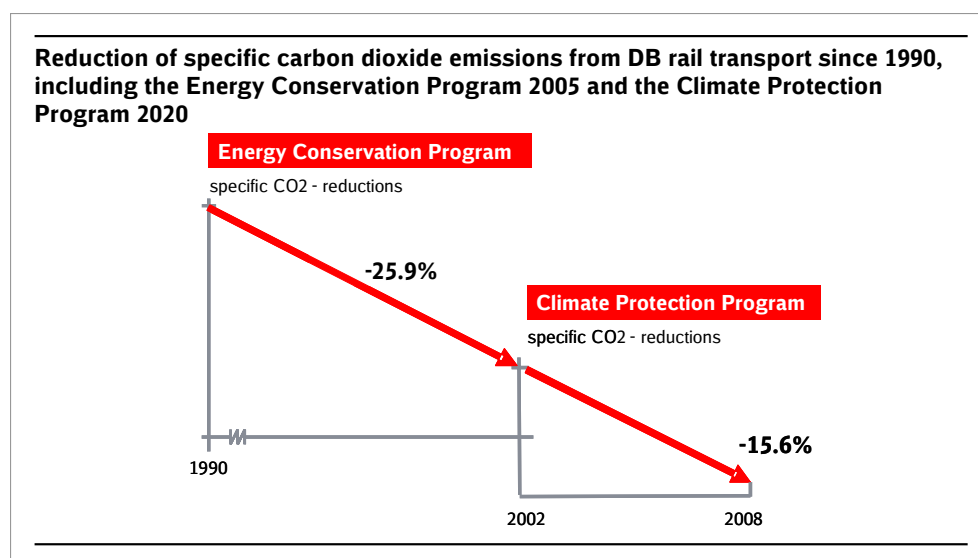
5.2.1 Climate strategy

Climate protection as a competitive advantage

Climate protection and energy efficiency are not only significant challenges for sustainable transportation, but also crucial competitive advantages in the transport market of the future.

Protecting the environment and climate is an expression of the DB Group's corporate and social responsibility. In addition to industry and energy, transportation, with a proportion of about 20 percent, is one of the largest emitters of CO₂, making it one of the main causes of climate change.

Already in the first year of the Rail Reform, DB developed an "Energy Conservation Program 2005": as early as 1994, measures were established aimed at reducing specific CO₂ emissions by 2005 by at least 25 percent compared to 1990 as the base year in line with international climate protection agreements. But in 2002, as a result of rigorous renovation and modernization, we achieved this goal early with a reduction of 25.9 percent.



Reduction of specific carbon dioxide emissions from DB in rail transport since 1990 with the "Energy Conservation Program 2005" and the "Climate Protection Program 2020"

In 2002, DB adopted a new reduction target for rail transport between 2002 and 2020. Following the integration of Schenker in 2005, the basis was developed jointly for a Group-wide target for all transportation in the DB Group, which was made binding in 2008: by 2020, DB wants to cut specific CO₂ emissions per passenger and transportation kilometer in its global transportation by rail, road, air and sea by a further 20 percent compared to 2006, and at the same time reduce the energy consumption and CO₂ emissions from stationary facilities.

"At Deutsche Bahn, we have already reached nearly 40 percent of the specific CO₂ reductions since 1990", says Dr. Lutz Bücken, generally authorized representative for Integrated Systems Rail. "This is the result of fifteen years' experience that we have gathered through our work with our efficiency programs on the railways. We now use the know-how for the climate protection program of the entire Group. Now, we have to transfer these experiences to all the other Deutsche Bahn business units, including logistics, with transport by road, water and air. That's because reducing CO₂ means saving energy, and that means lower costs. Environmental friendliness pays off!"

With its resource-saving logistics, high energy efficiency and low CO₂ emissions as major success factors in passenger and freight transport, the DB Group is exceptionally well positioned against the background of the climate change mega trend. DB puts climate-friendly rail transport at the heart of business model and can at the same time combine optimally all modes of transport. It can thus offer its customers commercially and ecologically intelligent mobility and transportation “from-door-to-door” and has the best conditions for a further strengthening of its pioneering role and competitive advantage in the design of climate-friendly transport.

Climate protection is corporate strategy

Climate protection is a central focus of DB's sustainability strategy and thus an integral part of our corporate strategy. Climate protection is managed directly below the Group's Management Board through the Integrated Systems Rail. Within the Integrated Systems Rail, the DB Environmental Center, as the competence center, coordinates and evaluates all measures to reduce specific CO₂ emissions. For over 15 years, the staff of the DB Environmental Center has been studying the Group's climate-relevant processes. They identify areas where action is required, monitor developments and document progress. In cooperation with the business units, the corporate strategy, DB Energy and the technical sector, they develop strategies in order to make both DB transportation as well as stationary processes even more climate-friendly in the future.

With this portfolio, a stringent management and its climate protection program, Deutsche Bahn is superbly positioned to achieve its own targets and thus make an effective contribution to climate protection.

5.2.2 Climate targets and program

New climate protection targets by 2020

Based on its experience with rail transport, the DB has developed Group-wide climate protection goals. Our “Climate Protection Program 2020” aims to cut our specific CO₂ emissions by 20 percent - on land, sea and air – between 2006 and 2020.

By 2020, DB wants to reduce the specific emissions of the greenhouse gas CO₂ from its rail, road, air and water transport per passenger and ton-kilometer by at least 20 percent compared to 2006. In rail transport, we had already achieved a reduction in specific CO₂ emissions of 36 percent since 1990 by 2006. The other modes of transport are now following suit and contributing to the Group's climate protection goal with specific objectives for each mode. Thus, DB Schenker Logistics has committed itself to reducing specific CO₂ emissions amounting to 26 percent in trucks in land transport, to 25 percent in airfreight and 15 percent in ocean freight by 2020. The previous target using 2002 as the base year was thus tightened once again for rail. All our subcontractors which perform transportation services on behalf of DB Schenker Logistics, and whose vehicle technology or branding are decisively shaped by DB Schenker Logistics, are involved in developing and implementing these goals.

New Climate Protection Program

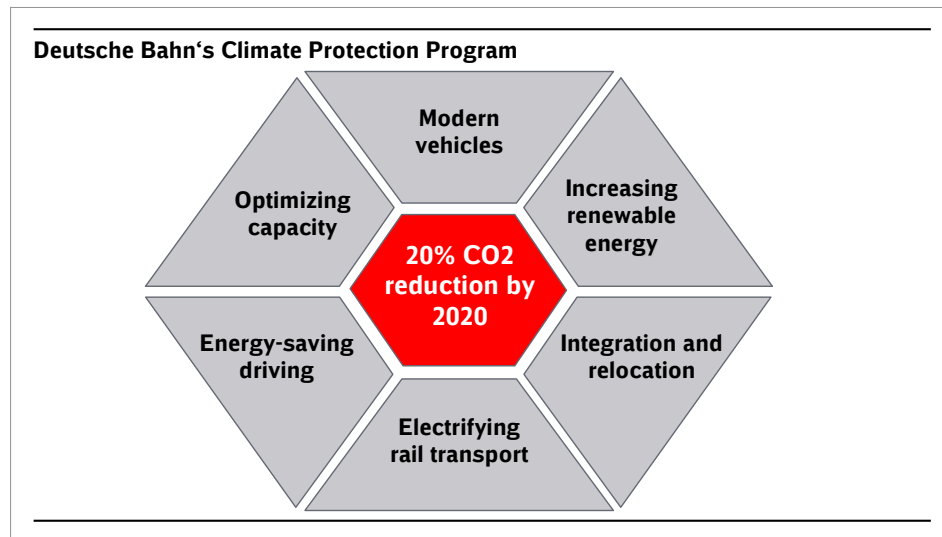
In the new “Climate Protection Program 2020,” the DB Group has bundled the measures for rail and the freight forwarding and logistics sectors, as well as for the stationary processes, with which the climate protection target is to be achieved:

- Economically and ecologically intelligent optimization of transportation and travel chains across all modes of transport and increasing shift to energy-efficient means of transport, pooling shipments through hub systems
- Using modern and energy-efficient vehicles, a higher proportion of electrically-powered trains, increasing vehicle capacity utilization, increasing the proportion of regenerative energy
- Continuing training in energy-efficient driving for train, truck and bus drivers
- Close cooperation and monitoring of subcontractors in the field of land transport, air and ocean freight
- Energy optimization in stationary areas (manufacturing plants, workshops, transshipment terminals and logistics centers)

Stationary facilities such as transshipment terminals, logistics centers, office buildings or service workshops are also part of the climate protection program. The focus is on reducing CO₂ emissions per square meter or

substituting energy from fossil fuels. Where technically and economically feasible, the objectives are to be achieved by:

- insulating existing buildings
- natural cooling systems
- innovative lighting engineering and technology
- solar technical applications for new and existing installations
- use of geothermal power plants



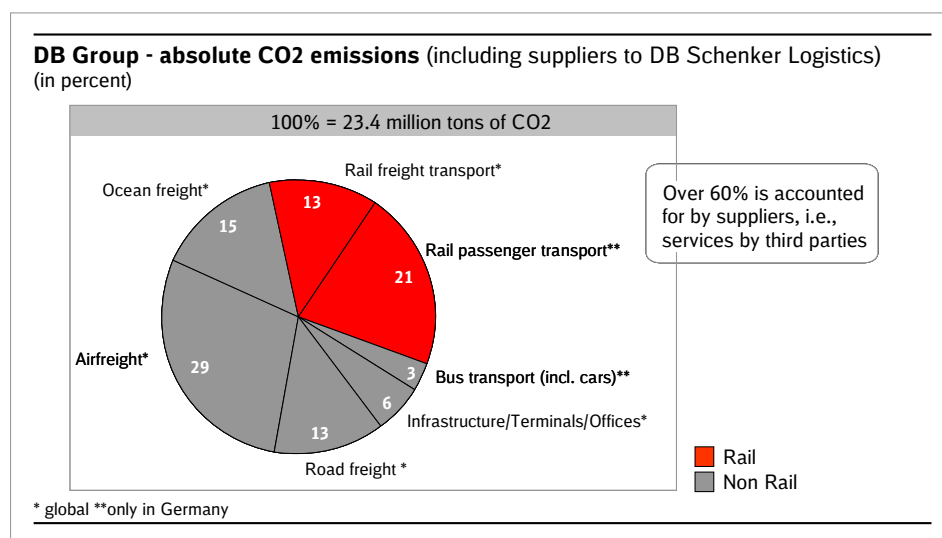
Climate protection for the entire Group: new goal and new program

5.2.3 CO₂ emissions

Steadily reducing CO₂ emissions

Since 1994, DB has been systematically and comprehensively recording the CO₂ emissions from its rail transport. Since 2008, all business units worldwide are included in Group's carbon footprint.

DB first presented a CO₂ emissions footprint that includes all the Group's business units in 2007. The data have now been updated to include 2008: worldwide, about 23 million tons of CO₂ were emitted by all vehicles and equipment of the DB Group and by its own and subcontracted shipments.



Absolute CO₂ emissions from the entire DB Group

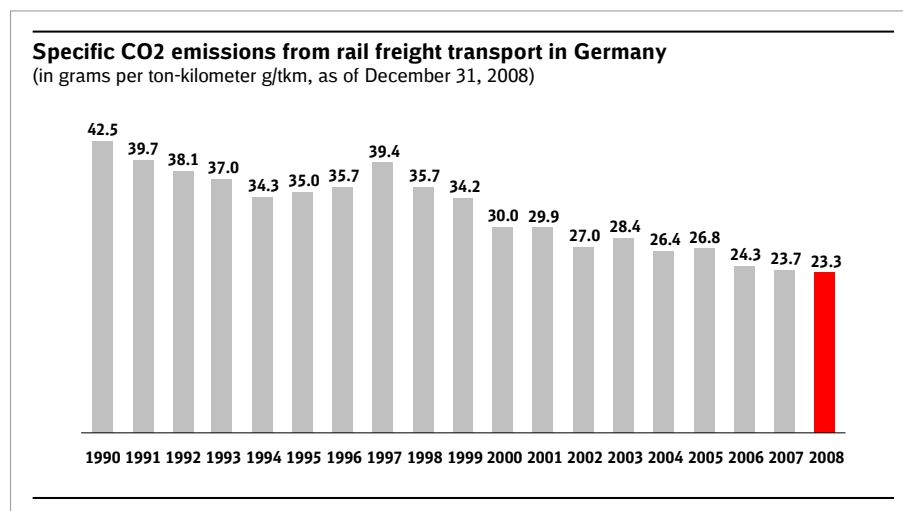
In calculating CO₂ emissions, DB always refers to the primary energy consumption, since a systematic comparison of different modes of transport can only be made on this basis. For example, while there are no direct emissions from electric trains, these do take place upstream during electricity generation in the power plants. Also, the production, transport and processing of energy raw materials, such as coal, oil or uranium, are included in DB's emissions footprint under the so-called concept of the upstream chain in order to provide a realistic picture of the actual environmental impact throughout the active chain of effects.

CO₂ emissions from rail transport

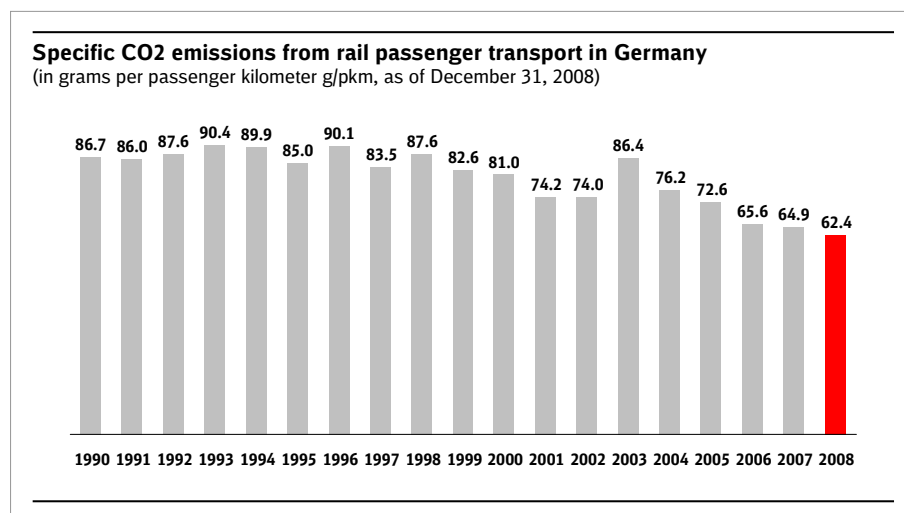
With a reduction in specific CO₂ emissions of 15.6 percent since 2002, DB is well on the way to implementing its ambitious goal. It is crucial to the development to continue with our environmentally friendly power mix, all measures in energy-saving driving and transporting more and more people and goods by rail. Absolute emissions from traction were reduced by around 1 percent compared to 2007 and the first time in the company's history fell below 7 million tons of CO₂. This represents about 3 percent of transport-related CO₂ emissions in Germany.

Specific CO₂ emissions from freight transport have been declining over the years and in 2008 showed an improvement of 1.7 percent compared to the previous year. With about 23 grams per ton-kilometer, rail's CO₂ emissions are about a quarter of those from trucks. This environmental advantage should remain in the future, and if possible be expanded.

Rail passenger transport has also pulled away from other modes. Its specific CO₂ emissions in long distance fell by 5.1 percent in 2008 compared to the previous year and in local transportation by 3.0 percent. In order to allow systematic comparisons, the data are based on an average utilization of the means of transport, so that energy-saving cars in particular show competitively low CO₂ emissions per capita with several passengers. But CO₂ emissions are high in comparison to rail when using one's own car. The average CO₂ emissions from the car fleet in Germany are currently around 140 grams per passenger-kilometer and are characterized by a wide spread. While fuel-efficient vehicles are more in demand, there is also the trend toward ever-increasing car ownership which remains unabated. As a result, the average specific emissions in the fleet are declining only slowly.



Specific CO₂ emissions in rail freight transport in Germany



Specific CO₂ emissions in rail passenger transport in Germany

CO₂ emissions from road, air, sea, and logistics 74

Using data from 2008, DB Schenker Logistics has again recorded its emissions in land transport, air and ocean freight, contract logistics and its operational facilities and thus calculated the resulting footprint for the reporting year 2008. The calculation of the footprint was done in a similar way to the initial calculations for the base year 2007. In order to do this, the central environmental management team established a task force to collect and record all the data. These were then given to an external consultant, the Ökoinstitut Berlin, in order to calculate the CO₂ footprint of DB Schenker Logistics in compliance with the requirements of ISO 14064-1. The methodology has been validated by Deloitte Cert., Dusseldorf/Germany in accordance with DIN ISO 14064-3.

The following data always refer to primary energy ("well-to-wheel") and were collected in accordance with Scope 1-3 under the Greenhouse Gas Protocol (GHG) and ISO 14064:

- With global transport services provided of approximately 20 billion ton-kilometers in land transport, including the ferry transport of trucks, absolute CO₂ emissions in 2008 were about 2.6 million tons. The specific CO₂ emissions for Europe amount to an average of 178 grams per ton-kilometer for trucks in local transportation (distribution), and for trucks in long distance (main run) of 89 grams per ton-kilometer.
- With global transport services provided of approximately 10 billion ton-kilometers in 2008, absolute CO₂ emissions in air transport without pre-carriage and onward carriage amounted to around 7 million tons. Specific CO₂ emissions in air transport average 713 grams per ton-kilometer.
- Although at almost 200 billion ton-kilometers in 2008 global ocean transport makes up the largest proportion of the transport services provided by DB Schenker Logistics, they account for only 3.5 million tons of absolute CO₂ emissions (with feeder traffic of smaller vessels in the pre- and post-run). Their specific CO₂ emissions average only about 18 grams per ton-kilometer.

Below are some examples of CO₂ reduction measures at DB Schenker Logistics:

DB Schenker Logistics handles truck transportation through a nationwide system of transshipment centers and terminals where shipments are bundled, sorted according to target regions and redistributed. In-house DB investigations have revealed that local distribution systems where round trips or milkruns are made – as opposed to having trucks head to a central point or hub – can cut up to 60 percent of the routes in distribution and thus the associated emissions. In addition, DB Schenker Logistics optimizes the utilization of its transport flows in land transportation for loads and storage at short notice traffic through the freight rate exchange DB Schenker Cargonet.

In the United States, DB Schenker Logistics takes part in the so-called SmartWay Program of the U.S. Environmental Protection Agency (EPA) to reduce transport emissions. The objective of this program is to save from 3.3 to 6.6 billion gallons of diesel fuel per year, which is equivalent to an emissions reduction of between 33 and 66 million tons of CO₂ and up to 200,000 tons of nitrogen oxide.

Our customers can also directly influence the reduction of CO₂ emissions: to reduce emissions in ocean freight, DB Schenker offers its customers the “Speed Reduction Program” in cooperation with the shipping company Hapag-Lloyd. Through the program, customers can elect to use ships sailing at a reduced velocity and thus producing lower CO₂ emissions and pollutants for non-time critical shipments. Instead of sailing at 23 knots, these slower container ships only go at 20 knots between Europe and Asia, thus saving up to 30 percent fuel and the same amount of CO₂ emissions, while the transport time is only a maximum of four days longer. For destinations in Sweden, it is also possible to opt for a green distribution transport locally through the “green tradelane” for distribution

For time-critical shipments between Europe, Asia and North America, DB Schenker offers a combination of ocean and airfreight, for example, via Dubai, with “DB SCHENKERSkybridge.” This reduces journey times by 30 to 50 percent compared with pure ocean freight, while CO₂ emissions are cut by up to 50 percent compared with pure airfreight.

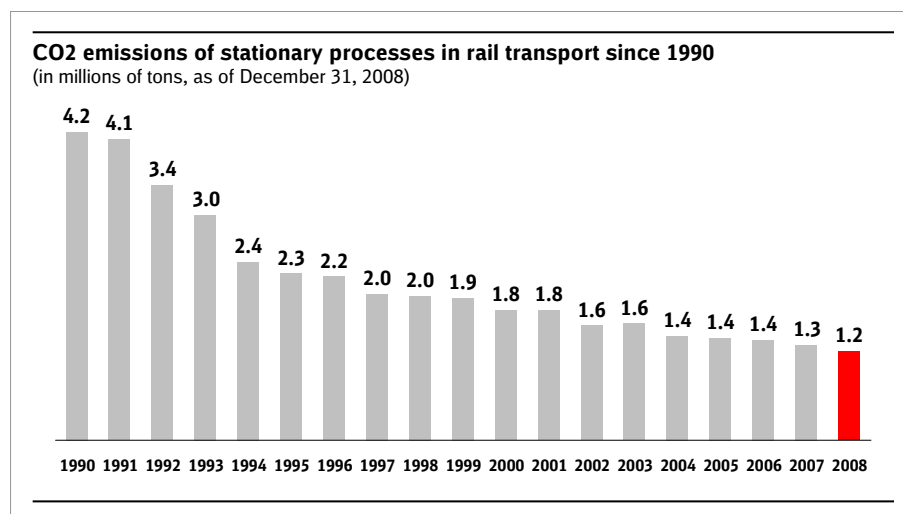
DB Schenker Logistics is in close contact with its partner airlines and shipping companies in order to develop and implement more opportunities for long-term CO₂ reduction. In October 2008, an environmental workshop was held with the environmental managers of seven of the most important shipping companies and airlines, the so-called “preferred carriers,” which carry out shipments on behalf of DB Schenker Logistics, and representatives of air and ocean freight product management at DB Schenker. The focus was mainly on exchanging experiences in environmental management and on methods of calculating CO₂ and the potential for its reduction. DB Schenker Logistics supports its contractors’ CO₂ emission reduction targets by monitoring their emissions levels annually and reconciling the calculation methods.

CO₂ emissions from road - buses, cars and trucks - Urban Transport and Fleet Management

At 12 percent, CO₂ emissions from DB’s buses, cars and trucks make up the lowest proportion of absolute CO₂ emissions from passenger transport in the DB Group. Specific CO₂ emissions from its own buses and from buses from contractors of DB Bahn Urban amounted to 75 grams per passenger-kilometer in 2008 and had thus risen slightly over the previous year by 2 percent. Specific CO₂ emissions per passenger-kilometer of the DB bus fleet thus correspond approximately to the average in the public local bus transport. The absolute CO₂ emissions from cars and trucks of the mobility and fleet managers DB Fuhrpark (DB Motor Vehicle Fleet) in 2008 amounted to 108,000 tons.

CO₂ emissions – stationary facilities

In addition to the mode of transport in its core business, DB also reduced the absolute CO₂ emissions of its stationary facilities (stations, workshops, offices) by around 7 percent in 2008 compared to the previous year, primarily due to the continued reductions in energy consumption.



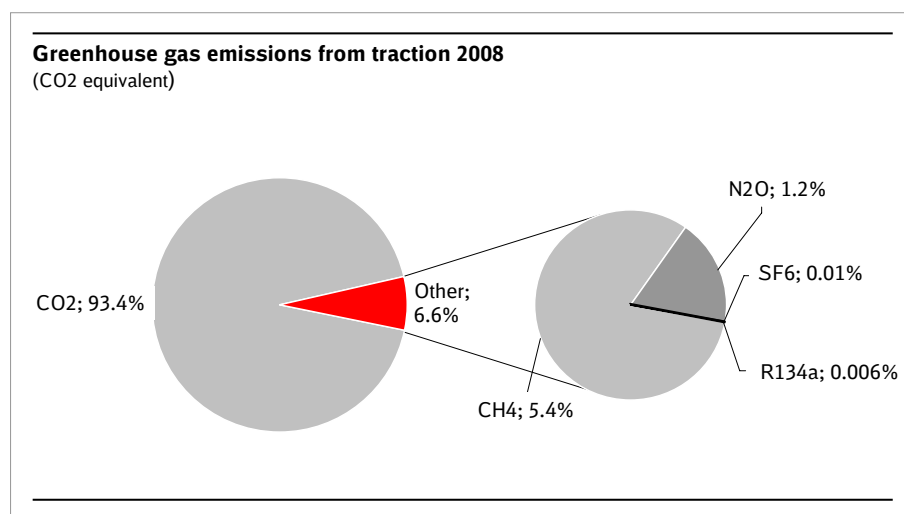
CO₂ emissions from stationary processes in rail transport since 1990

5.2.4 Other greenhouse gases

DB also avoids emissions of other greenhouse gases

Besides carbon dioxide, other gases also account for greenhouse effect. Here too, Deutsche Bahn is also very aware of its responsibility and has been reducing these emissions for years.

CO₂ alone is not responsible for climate change – other gases also contribute to global warming. Although these gases can have a greater greenhouse effect than a comparable amount of CO₂, the amounts that transport emits still play a minor role when it comes to assessing the impact on the climate. Research on this is still in the early stages, so the impact of the other greenhouse gases has therefore not been taken into account in comparisons of the different modes of transport. However, DB is aware that emissions of these greenhouse gases should be avoided just as much those of CO₂. In documenting all greenhouse gas emissions, we calculate them in terms of so-called CO₂-equivalents in order to compare their respective impacts on the climate. In 2008, greenhouse gas emissions were equivalent to a global warming potential of around 0.5 million tons of CO₂.



Proportion of the various greenhouse gas emissions in traction in 2008

Sulfur hexafluoride (SF₆) has a very high greenhouse gas potential: the harm to the climate from a kilo of this gas in the atmosphere corresponds to approximately 22.2 tons of CO₂. In rail operations, it is used as a shielding gas in electrical switchgear.

Other greenhouse gases are hydrofluorocarbons (HFCs), which are still used in air conditioning in rail vehicles, mainly as refrigerants, and R134a, for example, which still dominates in the automotive sector. In 2008, the specific amount in rail transport at DB was 35 milligram per passenger-kilometer. Thus, the specific use of refrigerants has increased sharply in recent years due to the greater number of air-conditioned vehicles. In the medium term, DB wants to reduce this amount by using refrigerants that don't contain HFCs, such as normal air.

Methane (CH₄) and nitrous oxide (N₂O) do not occur directly at DB, but are released in the production, transport and manufacture of the fuel we use. DB also contributes to their reduction by its constant improvements in fuel efficiency.

The use of ozone-depleting substances is restricted by law in Germany and no longer has any relevance for Deutsche Bahn's commercial activity. The Federal Statistical Office has therefore discontinued collecting information on these materials.

Proper operation and particularly careful handling of greenhouse gases are a matter of course at DB. The Group therefore takes part in the negotiated agreement between German business and the German government to support Germany's climate protection targets by reprocessing and recycling used gases and through effective emission reduction measures.

5.2.5 Energy consumption

The Group's energy consumption

Although the DB Group is one of the biggest energy consumers in Germany, it protects the climate. It has been reducing its specific primary energy consumption for the last 15 years and has thus even been able to reduce its absolute consumption – despite increasing its transport performance.

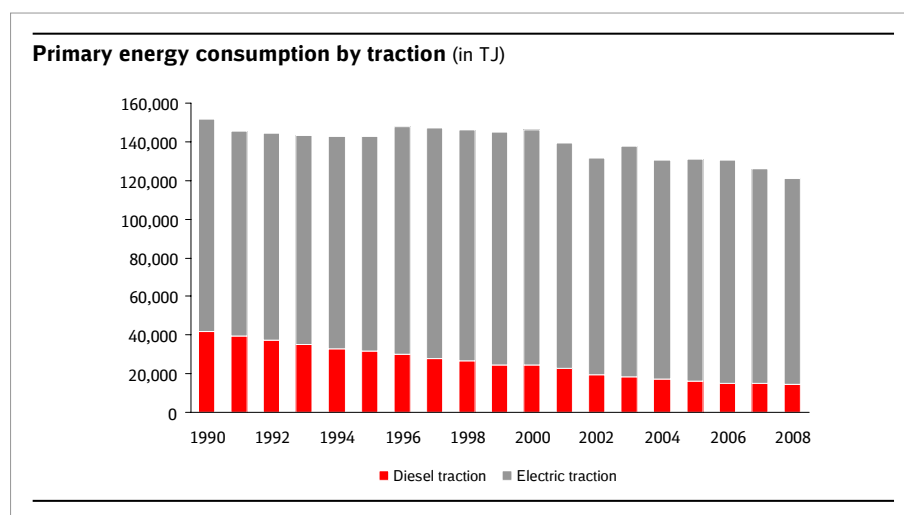
DB has also been steadily reducing energy consumption in train operations since its founding in order to increase yet further rail's environmental advantage. In 2008, the DB Group's rail operations consumed a total of 121,000 terajoules of energy, or about 20 percent less compared to 1990. Thus, DB still remains one of the largest single energy consumers in Germany - but also a provider of highly energy-efficient mobility.

In order to really be able to compare the energy efficiency of different mobility offers, it makes sense to look at the specific, that is the primary energy consumption in relation to the transport performance of the system in question. In contrast to the so-called final energy consumption or direct energy consumption (the consumption from the gas pump nozzle or pantograph), the primary energy consumption also includes the total energy loss, which is also known as indirect energy consumption, which occurs in the production and delivery of high quality energy sources of diesel fuel or electricity.

The distinction between primary and final energy has been firmly established in Deutsche Bahn's environmental indicators and reporting for years. Also, the information platforms UmweltMobilCheck (Environmental Mobility Check) and EcoTransIT also differentiate according to this pattern. The frequently used indicator of indirect energy consumption in relation to energy consumption is merely a measure of the primary energy consumption, so that Deutsche Bahn dispenses with any further differentiation and follows its reporting as in the past.

Rail transport energy consumption

As a transport company, most energy needs at DB are for train operations, the so-called traction in freight and passenger transport. In 2008, their proportion of primary energy consumption in rail was about 88 percent, with the rest accounted for stations and operations facilities.



Primary energy consumption in traction (rail passenger and rail freight transport) 1990-2008

A whole series of measures contributed to a reduction in rail energy consumption: the modernization of the vehicle fleet, the training of train drivers in energy-saving driving, the higher utilization rates in freight transport and significant gains – and thus higher utilization – in passenger traffic.

Energy-saving driving in particular has led to enormous reductions in energy use, with the DB Group's 19,000 train drivers receiving training since 2001 in the case of passenger transport and since 2005 in rail freight transport. In passenger transport, this has saved 270 gigawatt-hours of electricity and 8.8 million liters of diesel fuel since 2002. At DB Schenker Rail, power consumption has so far been cut by 124 gigawatt hours and diesel

consumption by 5.5 million liters. Since the beginning of the project, train drivers have thus reduced the impact on environment as a whole by more than 280,000 tons of CO₂.

The recovery of braking energy has also led to significant energy savings – both in freight and in passenger transport. DB uses every twelfth kilowatt-hour of electricity flowing through the overhead lines twice. In 2008, the power fed back into the power network was sufficient to cover the electricity needs of a city with about 200,000 households.

Energy consumption road, air and sea - Logistics

In March 2008, DB Schenker Logistics carried out a central survey of energy data from all DB Schenker national companies around the world. The data were checked in terms of their quality and plausibility by the Ökoinstitut Berlin and the calculation methodology validated by Deloitte Cert.

By 2014, all 20,000 truck drivers at DB Schenker and the subcontractors are to undergo training in green driving since a driver exerts a great influence on fuel consumption by his driving style, for example, through proactive and steady driving. Experience has shown that trained drivers use on average up to ten percent less fuel. Even a one-day training session leads to significant results.

Other measures include reducing speed when covering long distances by 2 kilometers per hour in Scandinavia. This prolongs journey time only slightly, but should lead to an annual saving of around 1.5 million liters of diesel fuel.

In addition to an environmentally friendly rolling stock technology, the national companies of DB Schenker Logistics that have a significant proportion of road transport are examining to what extent an increase in the shipping volumes are possible for energy-efficient transportation, for instance through large-capacity equipment (swap bodies and trailers). In the first quarter of 2009, 31 new double-deck trailers for European hub transports were delivered and integrated in 11 European transport lines. These trailers hold 20 to 25 percent more than standard trailers and thus increase the efficiency of the shipments.

In airfreight, DB Schenker Logistics favors above all the use of more energy-efficient cargo planes on long-haul flights, and supports the use of the most advanced propulsion technologies and fuels on the part of its subcontractors. We expect from our partners a regular update of their emission calculations, if possible broken down by transport routes, with proof of successive emission reductions. Regular workshops support methodological issues and improved environmental performance.

In coastal areas, in so-called “Sulfur Emission Control Areas” (SECAs), such as the Baltic and North Seas, DB Schenker Logistics mandated shipping companies switch to low-emission fuels and during wait times use the port’s electricity system (“cold ironing”), provided the country-specific electricity mix has low emissions. In addition, the resulting heat loss is used for the energy needs at sea, saving 10 percent of the fuel consumption and CO₂ emissions. Similarly, we expect from the ship owners a regular updating of their emission calculations, if possible by route, with proof of successive emission reductions. Regular workshops support methodological issues and improved environmental performance.

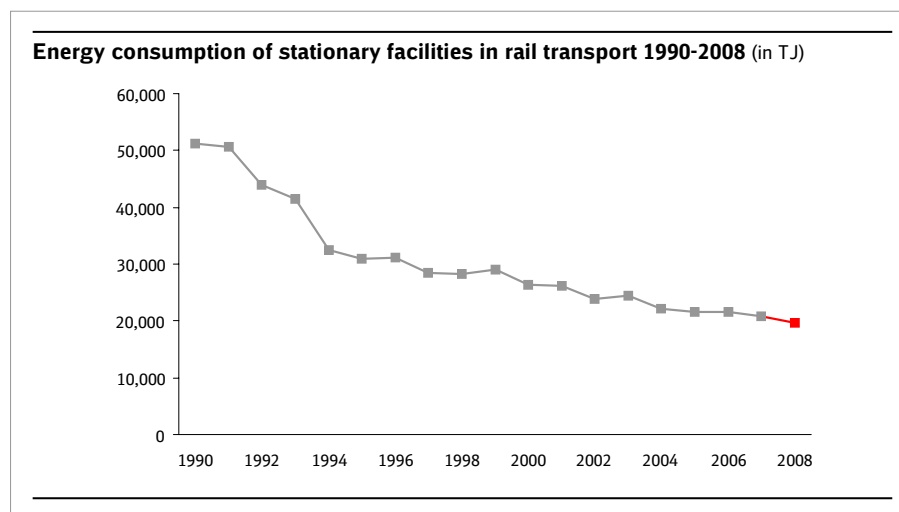
Energy consumption buses, cars and trucks - urban transport and fleet management

At around 205 million liters, the diesel consumption of their own buses and buses from the contractors of DB Bahn Urban was about 4 percent above the previous year. In addition, buses using natural gas consumed roughly 6 million kilograms of natural gas, about 14 percent more than in the previous year. The reason for the increase in the absolute consumption was due to the increase in transport services provided from 8.2 (2007) to 8.4 (2008) billion passenger-kilometers.

In the fleet business, the consumption of fuel can be followed using gas cards, according to which the consumption of the DB Motor Vehicle Fleet’s cars and commercial vehicles (ex-DB Rent with DB Carsharing) of end energy in 2008 remained at roughly the same level as the previous year. Here, the trend toward more modern low-consumption diesel vehicles began to emerge (currently 92 percent). A very small part of the vehicle fleet runs on natural gas.

Energy consumption at stationary facilities

Since 1990, we have more than halved the energy consumption at our stationary rail facilities, such as factories, workshops, office buildings and train stations. The main reasons for this sharp decline in stationary energy consumption are the lower maintenance requirements of modern vehicles, changed freight technologies, the centralization of interlocking technology and the resulting capacity reductions in workshops and on the network. The infrastructure business unit DB Energy provides consumers at DB with stationary processes with power, light and heat on a daily basis. At the same time, experts in energy consulting at DB Energy support the sustainable reduction of energy consumption and cost through energy audits and by building energy management systems. In 2008, the heat consumption decreased in comparison with the previous year, electricity consumption increased slightly, inter alia, due to the increased power of new and upgraded stations with large useful areas, such as Berlin Central Station.



Stationary primary energy consumption in rail transport 1990-2008

We also save energy at our international locations. Excellent examples are our activities in Belgium and Australia. At its logistics center in Willebroeck in Belgium, which mostly serves customers in the consumer goods sector, DB Schenker has installed a natural cooling system that uses low outside temperatures at night to keep the entire plant cool during the day. As soon as the outdoor temperature at night becomes two degrees lower than the hall temperatures, the cooling system comes on and holds them constant during the day. This system saves DB Schenker more than 600 kilowatt hours of electricity every day compared to conventional cooling systems. At Melbourne Airport in Australia, DB Schenker is currently building a new environmentally friendly large terminal that has 11,000 square meters of logistics space and 2,500 square meters of office space. At this mega-hub, which will come into operation in July 2009, solar power plants and the conversion of 80 percent of the forklifts to electric power will lead to a significant reduction of energy consumption.

5.2.6 Renewable energy

The rail energy mix and alternative fuels

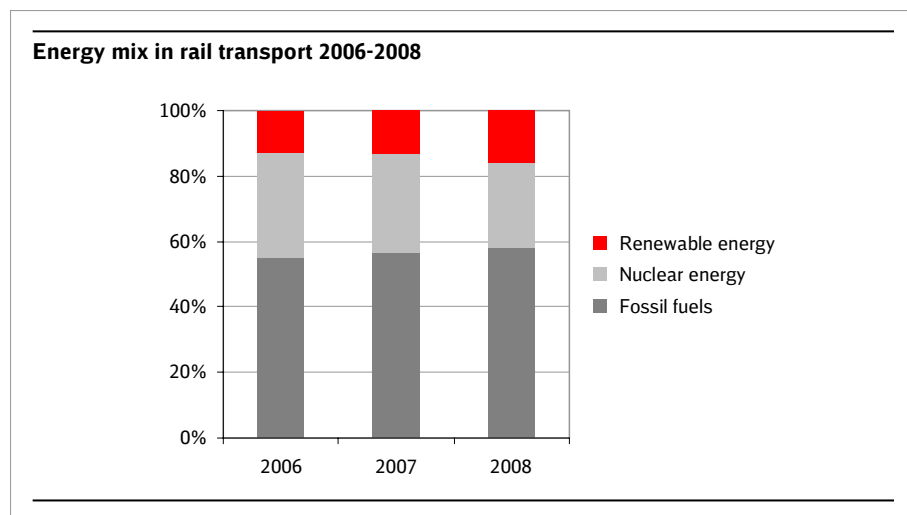
Renewable energy sources play an important role at the DB Group: in addition to the expansion of regenerative sources of energy, we are also pursuing the development and use of alternative fuels.

About 90 percent of Deutsche Bahn's rail transport is powered by electricity. This high proportion protects environmental resources since traction is based on an intelligent energy mix. Thus, regeneratively produced electricity accounted for 16 percent in 2008. Today's proportion continues to put DB above the national average of around 15 percent.

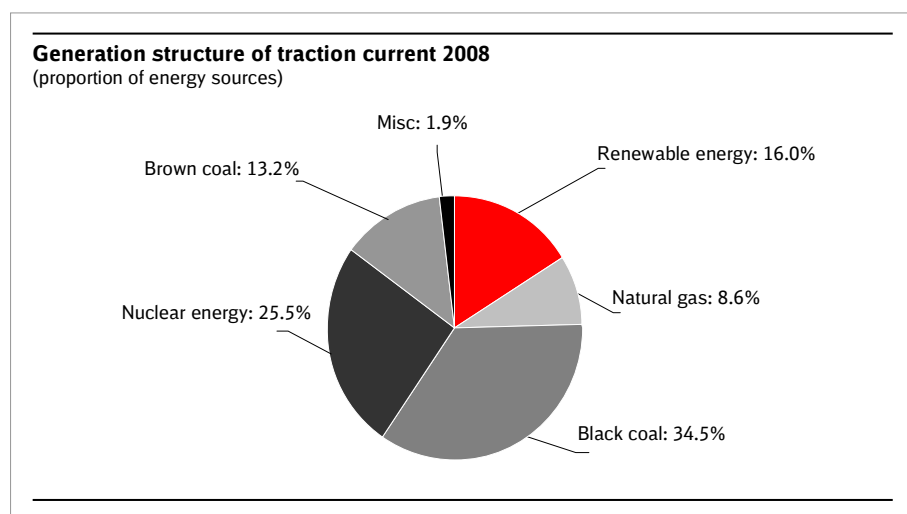
Renewable energies in the electricity mix of rail transport

Most of our regeneratively produced electricity is supplied by twelve hydroelectric plants in Germany with traction power generators, two of which belong to DB Energy. In 2008, DB Energy obtained more than 1.8 billion kilowatt hours of traction from hydroelectric power. At the moment, about 30 percent of traction comes from the public 50Hz grid and has to be converted to 16.7Hz traction current. We draw renewable energy from wind power as our second major source of renewable energy. In reducing CO₂ when generating traction current, we exploit the improved efficiency of the power plant park used and steady improvements in energy efficiency of traction current generation and energy distribution.

DB uses the Renewable Energy Certificate System (RECS), Guarantees of Origin and other instruments to ensure a high proportion of renewable energies in the traction current mix. The aim is to achieve a similarly high proportion of renewable energies as in the public electricity mix. In 2008, we increased the proportion of renewable energies in the traction mix from 9.7 to 16.0 percent through the use of RECS certificates. The tradable RECS certificates prove the origin of electricity from renewable sources. The national registers - kept in Germany by the Öko-Institut - ensure that the certificates cannot be used twice. This guarantees that the demand for renewable energies in Europe is growing and fossil fuels are being displaced accordingly.



Energy mix in rail transport 2006-2008



Traction current production by energy source in rail transport 2008

In order to ensure its environmental advantage in the future, DB wants to continue to expand the proportion of renewable energies in the long term, taking into account supply security and efficiency, because in addition to saving energy, this is the second major lever to reduce CO₂ emissions.

Alternative fuels and drives

The technical and fiscal developments for the use of biogenic fuels are being pursued at the DB Group and the use of renewable fuels tested. Commercial benefits or technically satisfactory results have not yet been demonstrated for the use of pure biofuels in rail transport. The admixture of biogenic proportions at the refinery during diesel production could be a useful alternative since in-house model calculations show that the specific CO₂ emissions of rail transport could fall by about half a percentage point as a result of the admixture already practiced.

DB Schenker Logistics is currently carrying out tests of improved fuels with a focus on second-generation biofuels and blends of conventional fuels and biofuels. Schenker AS in Norway has been a pioneer within DB Schenker in the use of biodiesel trucks. Today, the Norwegian national company operates a large number of trucks powered by biodiesel made from rapeseed oil. There are two alternatives: either a biodiesel admixture of 30 percent, or 100 percent biodiesel. In cooperation with the fuel supplier Statoil Hydro, DB Schenker offers this biodiesel at service stations at strategic points in Norway. In addition, DB Schenker Norway has committed its subcontractors to including two hybrid vehicles in their fleets from 2009.

Solar power plants and photovoltaic systems for stationary facilities

Since 1997, third parties have been installing photovoltaic systems and solar power plants on the roofs of DB stations. The first was at the Hundertwasser Station in Uelzen. In July 2003, DB commissioned Berlin's largest photovoltaic plant on the roof of Berlin Central Station. Since then, the solar power plant has been providing on average 160,000 kilowatt hours annually and nearly 2 percent of the Central Station's electricity needs.

The international locations of DB Schenker Logistics are also thinking about the use of renewable energy sources. The use of photovoltaic systems and solar power plants is currently being examined for Southeastern Europe, for example Slovenia. At the major new terminal DB Schenker is building at Melbourne Airport in Australia, solar power plants, an energy-efficient architecture and the conversion of 80 percent of the forklifts to electric power led to a significant reduction of energy consumption. The south-facing office building will protect the adjacent warehouse from direct sunlight. As a result, the energy consumption required for air conditioning should fall by 40 percent.

5.2.7 Comparison of transport modes

Especially climate-friendly rail

Comparing rail with car and aircraft shows that rail does especially well on climate protection, energy consumption and external costs. Nevertheless, Deutsche Bahn is Germany's largest payer of the eco-tax.

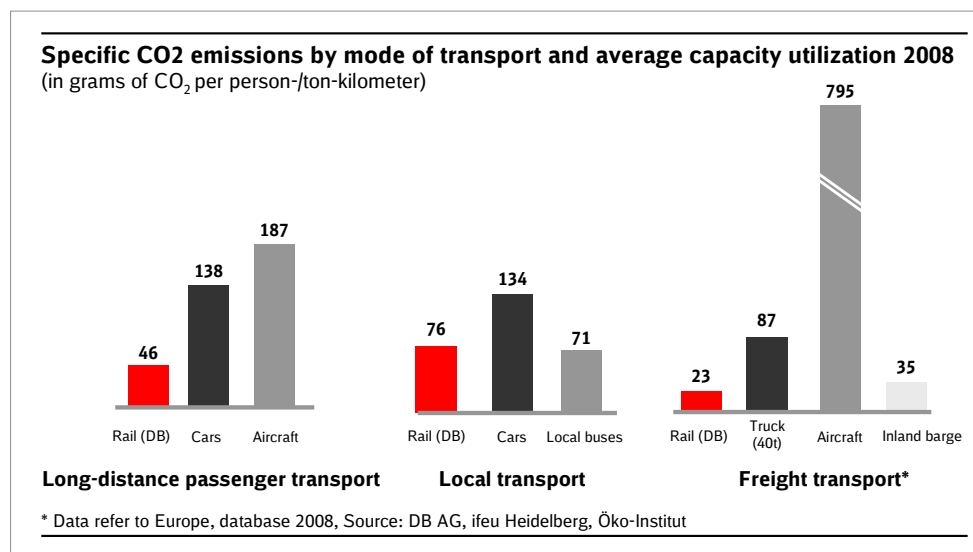
Comparisons show that rail - both passenger and freight - is the most environmentally friendly mode of transport. Through its success in saving energy, Deutsche Bahn is still very good in comparison to its competitors in terms of energy consumption. ifeu Heidelberg has updated comparisons between the modes for 2008 and concluded that rail has maintained its ecological advantage in energy consumption.

Improving the carbon footprint with rail

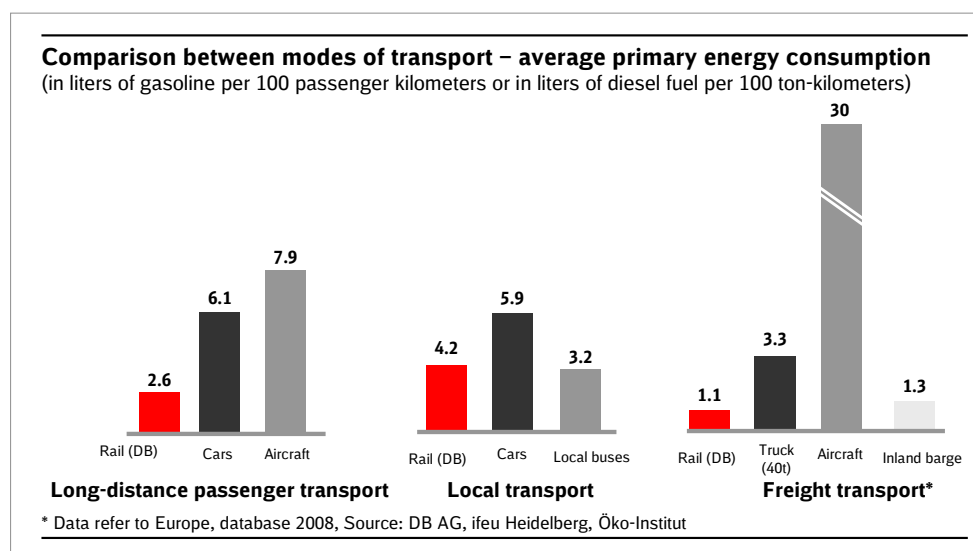
In comparison to other modes of transport, rail was also particularly economical in 2008, with an average gas consumption in long distance of 2.6 liters per 100 kilometers and person on a converted basis. In other words, long-distance passenger transport consumes only half as much primary energy as the car. And even the fastest train, the ICE, emits approximately 40 grams of CO₂ at average utilization - two thirds less compared to the car per person and kilometer. And in comparison with the plane, it saves as much as 75 percent of CO₂.

In freight transport, the train's positive carbon footprint is even greater. The consumption of primary energy per transported ton and kilometer is almost three times lower compared to trucks (40 tons). And in freight transport,

CO₂ emissions per transported ton and kilometer are at 23 grams of CO₂ in comparison to trucks (40 tons) and only one thirty-fourth in comparison to aircraft.



Comparison of transport modes - average specific CO₂ emissions



Comparison of transport modes - average primary energy consumption

Deutsche Bahn's passengers relieve Germany's roads of 3.4 million car trips every day, while DB's rail freight saves around 100,000 truck trips every day. This reduces the impact on the environment by 13 million tons of CO₂ every year.

For environmentally friendly and sustainable transportation, shifting both people and freight to rail is becoming increasingly important in achieving the climate protection goals of the German Federal Republic and slowing climate change. That's because the transport sector has great potential to reduce CO₂ emissions. Cost and time are not the only major factors in selecting which means of transport to use for freight. In view of climate change and the environmental responsibility of the economy, it is becoming increasingly important for companies to deliver their goods in an environmentally friendly way. But to achieve this shift to rail, rail prices must remain attractive to survive in the competition between the different modes. In this regard, political conditions have a significant impact.

5.2.8 Climate change and infrastructure

The consequences of climate change on infrastructure

Scientists predict that climate change will cause increasingly extreme weather events. Deutsche Bahn is taking action and supporting research on the impact that climate change has on infrastructure.

Scientists predict that in the future, climate change will also lead to significantly more weather anomalies in Germany. Deutsche Bahn must assume that rail infrastructure in particular will be affected by these consequences of climate change. Severe storms can, for example, damage track facilities, overhead lines, bridges and stations. In order to meet the challenge of climate change proactively and prepare for the consequences, the DB Group participates in various national and international research projects on the effects that climate change has on infrastructure.

Crisis management proved itself during “Cyril” winter storm

In January 2007, the devastating “Cyril” winter storm prompted DB to stop all rail services in Germany. This unique event in the history of the railroad meant the cancellation of journeys for tens of thousands of passengers, but at the same saved them and DB employees from storm-related accidents and the adversity of being stranded in trains on blocked sections far from a station. Almost 5,000 of the trees uprooted by Cyril fell on DB tracks. However, DB’s farsighted crisis management proved itself during Cyril – not least through the commitment of thousands of employees who looked after our passengers long after they should have finished work and organized their onward journey, provided food and drink and arranged hotel rooms.

Developing climate adaptation strategies at European railways

In February 2008, the International Union of Railways (UIC) commissioned a study to accurately measure the risks based on the example of the Rhine corridor. This route connects the coastal region with the Alps and covers virtually all relevant areas. In particular, the study gives an overview of current and planned measures to adapt to extreme weather conditions and climate change on the part of European rail companies. It also identified expected major effects of climate change on rail infrastructure and classified their damage vulnerability. This systematic survey of adaptation measures and strategies is complemented by best-practice examples at European railways. Also used were synergies from knowledge transfer using the rules and experience of other countries where the climatic conditions expected in Central Europe already exist. At the national and international level, DB also takes part in further research projects on natural spaces, market and regulatory risks and opportunities in cooperation with renowned institutes and universities.

Risk and vulnerability analyses at DB using GIS systems

DB also analyzes and assesses the impact of past extreme weather events on rail operations in order to identify early on regional and local priorities (hotspots) within Deutsche Bahn’s network and to include appropriate adaptation measures in decision-making processes over the short- and long-term. Since 2008, the digitally available geographical information on the floodplains of the German states are procured and entered into the geographic information system of “Protected Area Information on the Web,” thus making visible potential flood areas. The “Overall Vegetation Management Concept” develops principles and guidelines for natural plant growth along the track that are aimed at increasing the stability of the tree growth. As part of a study on chemical vegetation control, the surface drainage of rainwater from the track facilities after heavy rain was quantified. The results will be taken into account when designing dimensions for drainage facilities in the future.

5.3 Air

Avoiding air pollution

5.3.1 Air pollution control strategy

Reducing particle matter and nitrogen oxide emissions

The issue of air pollution control includes above all avoiding emissions of air pollutants. In recent years, DB has cut sharply its particle and nitrogen oxide emissions. But we are still not satisfied.

In recent years, DB has in particular significantly reduced the emissions of combustion-related particle matter from rail transport. The particle emissions from total traction (diesel and electric traction) were cut by 3.4 percent in 2008, bringing the total reduction to 87 percent since 1990. DB can also point to a similar success in reducing nitrogen oxide emissions: in 2008, we achieved a reduction of 1.9 percent over the previous year and have cut them by 66 percent since 1990.

But the DB Group wants to go beyond climate protection and the more efficient use of energy by reducing our emissions in the future through improved technical standards. This will enable us to increase our strategic environmental advantage over our competitors. Important measures to reduce air pollution are the use of modern vehicles and energy-saving driving and in rail transport, retrofitting the existing fleet with new engines and electrifying additional routes.

Rail transport continues performing well in comparison to other means of transport

In comparison with other transport modes, rail continues to perform well in terms of specific air pollutants and can rightly continue to maintain that it is the most environmentally friendly means of transport. In comparison to its competitors, car and airplane, rail passenger and rail freight transport causes fewer specific air pollutant emissions, i.e., emissions per kilometer and per person or per kilometer and ton, than the competing means of transport car or airplane. Emissions of nitrogen oxides are much lower in rail passenger transport in comparison to planes in particular, and in freight transport in comparison with trucks in particular. Emissions of particles are also lower - even from diesel-powered vehicles. The advantage of the lower specific emissions of air pollutants compared to road transport is based, among other things, on the fact that the electricity for the mostly electrical drives of our rail vehicles is generated in power plants that are fitted with large-scale filters and thus much more effective in removing air pollutants and particle matter from exhaust gases than is currently the case with many cars.

Innovation and cooperation in rail transport

In order to gauge the reduction possibilities for the whole of Europe, DB is participating in the EU project "CleanER.D - Clean European Rail Diesel." In cooperation with the rail industry the European railways in this context are researching how the proposed EU-wide limits from 2011/2012 on the emissions of diesel particulates and nitrogen oxides in train engines can be met. While the limits of the current EU Stage IIIA can be achieved through engine-internal modifications, the EU Stage IIIB under current technology would require a secondary treatment.

Modernization of the vehicle fleet

Despite the sharp economic downturn, Deutsche Bahn has ordered 130 new switching locomotives up to the latest technical standards for freight transport at a cost of around 250 million euros. Commenting on the decision, Dr. Lutz Bücken, generally authorized representative for Integrated Systems Rail, said that "we could still have maintained switching locomotives from the fleet in an operational condition to do switching work, but DB considers it important to use modern locomotives to run environmentally friendly and energy-efficient transportation." The diesel locomotives ordered, Gravita 10 BB, are made by Voith Turbo in Kiel and are among the latest developments in the vehicle market. They also meet Europe's TSI technical standards and all statutory environmental standards. The emission limit values (stage IIIA) applying from 2009 are also observed. As a result, both NOx and particle emissions are substantially reduced compared to the old fleet. Deutsche Bahn is

still negotiating on the price of equipping the switching locomotives with particle filters in order to reduce still further air pollutant emissions. A grant from the federal government toward fitting the locomotives with particle filters, as with trucks and inland barges, does not yet exist for rail transport.

Testing new technologies

By testing new technologies, DB is preparing for future limits on emissions and supporting the industry in developing innovative technical solutions. As part of the two-year project “Locomotive with Clean Exhaust (LOCEX),” which Deutsche Bahn is carrying out together with the engine manufacturer Tognum/MTU Friedrichshafen, DB is equipping a switching locomotive of class 294 series with an SCR (Selective Catalytic Reduction) catalyst on a trial basis. This “removes” nitrogen oxides from the exhaust gas. The world’s “cleanest” diesel locomotive was commissioned as a test vehicle in the summer of 2008 at the marshaling yard Kornwestheim. In the initial tests, the exhaust gas emissions fell short of the IIIB standard that comes into effect from 2012. The findings on functionality, reliability and rail operations strength serve the further improvement of clean diesel traction. In the local transport vehicles, DB and the rail industry are testing, for example, the use of particle filters and collecting experiences in daily operation and maintenance.

Emissions register

In order to examine and document the routes with the heaviest load and the effectiveness of measures already implemented and planned, the DB Environmental Center has developed an emissions register for rail, which will help to accurately predict emissions from our diesel trains on individual lines and identify areas most affected.

5.3.2 Rail and road

Reducing air pollution

In 2008, DB also succeeded in reducing pollutants from rail transport, thus continuing the positive trend from recent years. DB is also looking to reduce emissions from its other means of transport.

Rail emissions

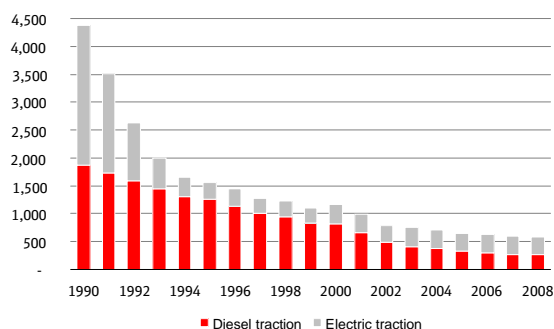
In addition to reducing particle matter and nitrogen oxide emissions from traction (diesel and electric traction), DB has also managed significant cuts in sulfur dioxide and carbon monoxide emissions since 1990. DB reached these results in rail transport primarily through the further electrification of routes and thus an increased use of electric traction, the conversion to low-emission engines and more modern diesel railcars. Training all DB train drivers in energy-saving driving also contributed to the reduction of emissions.

In measuring air pollutant emissions from rail transport, it is necessary to distinguish between trains with electric traction and trains with diesel traction. The two types differ not only in terms of the amounts emitted, but also by where the emissions actually arise. As a result, different methods must be applied to reduce their emissions. Overall, electricity accounts for 92 percent of the operating performance of all DB locomotives, with diesel accounting for just 8 percent.

- **Reduced emissions from electric traction:** no combustion-related air pollutants are emitted directly from electrically powered trains, but are however produced upstream where the power is actually generated. DB obviously takes these emissions into account when making its calculations and thus correctly measures the actual environmental impact throughout the entire chain of effects. The emissions from electric traction therefore depend on the technology used in the power plant and the fuel mix, but due to modern technology can be reduced in power plants in a simpler and more efficient way than in diesel traction. In 2008, DB emitted 2.1 percent fewer particles, 0.3 percent less NO_x and 1.3 percent less SO₂ from electric traction in rail transport than in the previous year.
- **Emissions from diesel traction also reduced:** diesel traction emits more specific air pollutants than electric traction. The pollutants occur directly during operation – so using technically and commercial viable technologies to reduce exhaust gases is difficult. Nevertheless, diesel traction is irreplaceable: it is independent from the power supply and fulfills important feeder functions, especially in shunting operations

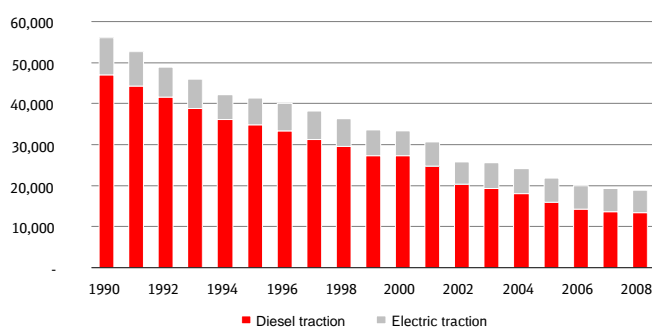
and transfer runs. In normal operations, diesel locomotives are mainly still used for freight. In passenger transport, DB uses diesel trains almost exclusively for local transportation services to sparsely populated regions lacking electrified routes to ensure mobility. DB's diesel vehicles only account for 0.1 percent of the diesel exhaust particle emissions of Germany's entire transport sector. In 2008, DB emitted 4.9 percent fewer particles from diesel traction, 2.6 percent less NO_x and 1.5 percent less SO₂ than in the previous year. The significant decline in absolute emissions from diesel traction is due to a decline in fuel consumption and the increased use modern tractions units with modernized engines.

Reduction of absolute particle emissions due to combustion from rail transport total 1990-2008 (in tons, as of December 31, 2008)



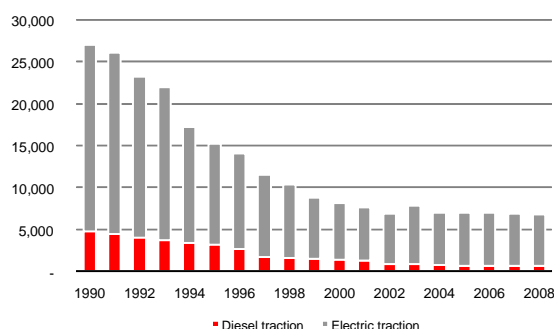
Reduction in absolute emissions from combustion-related particle emissions in rail transport (diesel and electric traction)

Reduction of absolute nitrous oxide emissions from rail transport total 1990-2008 (in tons, as of December 31, 2008)

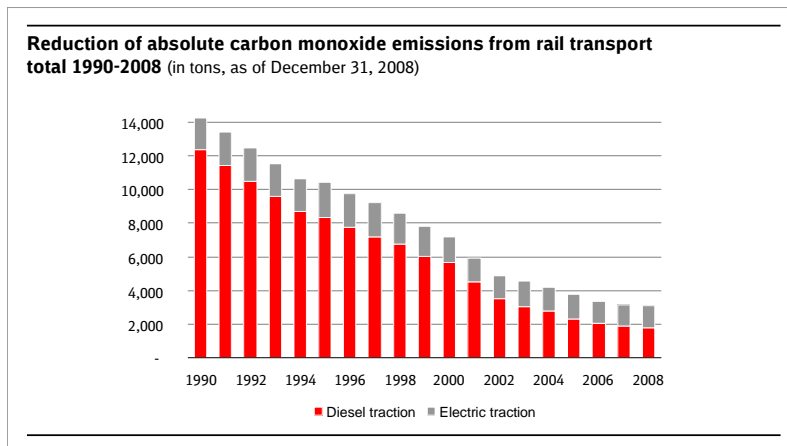


Reduction in absolute emissions of nitrogen oxides in rail transport (diesel and electric traction)

Reduction of absolute sulfur dioxide emissions from rail transport total 1990-2008 (in tons, as of December 31, 2008)



Reduction in absolute sulfur dioxide emissions in rail transport (diesel and electric traction)



Reduction of absolute carbon monoxide emissions in rail transport (diesel and electric traction)

Emissions reduction measures for DB automobiles

DB Schenker Logistics can achieve significant savings in its own fleet and the trucks it uses, above all by deploying modern vehicles, energy-efficient driving behavior, intelligent and innovative logistics solutions, fully loaded trips and avoiding empty runs. DB also puts great store in good environmental practice and promotes environmentally friendly technology developments at its subcontractors, which are mainly in use for DB Schenker Logistics.

- The vehicles of **DB Motor Vehicle Fleet** (excluding DB Rent vehicles) are 78 percent in compliance with the Euro-4 limits, 86 percent have the green sticker permitting driving in environmental zones and 88 percent of the diesel cars of the DB Motor Vehicle Fleet have particle filters. A very small part of the vehicle fleet runs on natural gas or LPG.
- 18 percent of the European truck fleet owned by **DB Schenker Logistics** consists of trucks in category Euro 5 for European emission standards, while the figure for our subcontractors' fleet is 14 percent. The best model in this regard is the fleet management of the German national company Schenker Deutschland AG, which had a particularly high proportion of Euro 5 vehicles in 2008, with 246 out of their own 843 truck long-haul trucks in this category. By comparison, according to the Federal Motor Transport Authority, only 0.94 percent of the approximately 2.3 million registered trucks in Germany met this standard in May 2008. Meanwhile, nearly 20 percent of DB Schenker's European national companies demand from their subcontractors that they use only trucks with engines meeting Euro 3-5 standards. DB Schenker considers companies that implement these standards as preferred contractors. Outside Europe, the truck fleet should also be optimized in environmental terms.

5.3.3 Stationary facilities

Emissions from train stations, workshops and offices

Deutsche Bahn reduces its emissions at stationary facilities through reduced energy consumption and converting operations to less polluting energy sources.

At stationary rail installations, heating train stations and offices is the main cause of air pollutant emissions. Due to decreasing heating demand in recent years and the correspondingly lower energy consumption, emissions have also fallen. Internationally, in addition to heating, air conditioning systems in office buildings are an indirect source of air pollutant emissions due to the power required. Efforts to reduce energy consumption by optimizing behavior also result in a fall in emissions of air pollutants.

Other air pollutants come primarily from rolling stock maintenance facilities, such as paint shops, engine test benches and combustion plants, etc. At the moment, 27 DB plants in Germany must be approved in accordance with the provisions of the Federal Pollution Control Act because of their potential environmental impact. These include, above all, warehouses and transshipment facilities of DB Schenker Logistics Deutschland.

At Deutsche Bahn installations, volatile organic compounds (VOCs) can be emitted where organic solvents are used, such as paint shops, cleaning stations for vehicle parts, printing plants etc. DB regularly inspects these installations in accordance with the Ordinance on Organic Solvents, which was issued in 2001 in Germany.

DB observes statutory emission limits for all air pollutants from stationary facilities.

5.4 Noise

Noise reduction

5.4.1 Noise strategy

The quiet railroad

For Deutsche Bahn noise reduction is a central environmental issue, both in freight and passenger transport. Deutsche Bahn wants to reduce rail noise by half by 2020 through a whole range of measures.

Only a quiet train can secure society's acceptance of the ever-growing volumes of rail freight. DB is taking on this challenge and has set itself the goal of halving rail noise by 2020 compared to 2000.

Noise affects the quality of life of many people. One of the main causes of noise is traffic. However, noise from rail traffic is considered less disturbing by most people than noise from the road or air: according to a survey by the German Federal Environment Agency, 59 percent of people are disturbed by road noise, 30 percent by aircraft and 24 percent by rail noise.

Nevertheless, DB has set a target of halving railway noise between 2000 and 2020 (minus 10 dB(A)) in order to reduce significantly the impact on residents. This goal should be reached through a combination of trackside noise reduction measures, measures at the immediate origin of noise and on buildings. Reaching the goal is monitored annually by calculating the average noise level from all sections where noise is being reduced and which represent the particularly badly affected sections of DB's route network, and with the number of quiet freight cars in use at DB Schenker Rail.



Noise control measures at a glance (Picture Gallery (4 images))

Noise control when constructing new lines

During the construction of new lines, residents generally have a statutory entitlement to noise prevention if noise levels rise above the legally set limit of, for example, 59 dB(A) (or 49 dB (A) at night) in residential areas. This right also applies to lines undergoing major structural change. In this case, the construction of noise barriers and the installation of soundproof windows are all part of the planning approval procedure and as such are regulated by law.

Noise reduction on existing lines on behalf of the federal government

In order to protect residents along existing lines, since 1999 DB has been implementing the federal government's voluntary noise reduction program. At approximately 3,400 route kilometers in built-up areas, noise exposure can reach a mean nighttime level of more than 60 dB(A) and thus comply with the government's requirements for noise reduction measures. By the end of 2008, DB implemented the federal government's noise reduction program on 21 percent or 740 km of the lines worst affected by rail noise. In 2008, DB also put up about 55 kilometers of noise barriers on existing lines and in 5,100 homes carried out noise reduction measures. Thus,

since the beginning of the program, a total of 226 kilometers of noise barriers have been put up and 37,700 homes equipped with noise-reduction measures.

Reducing noise at the source - quieter freight cars

It is best to prevent noise at the source, both economically and environmentally. In order to achieve noise reduction efficiently and quickly, DB wants to reduce noise at the source - on the trains. Brake technologies, which prevent the roughening of the wheels, can, in conjunction with a smooth track, not only greatly reduce brake noise, but also the rolling noise of trains. In passenger transport, more than 80 percent of passenger trains are now equipped with disc brake systems. In freight transport, a quiet composite brake block, the so-called whisper brake can reduce noise at the source. Since 2001, DB has been buying new freight cars fitted only with low-noise brake blocks. Today, DB Schenker Rail has a total of over 4,400 freight cars operating quietly. The German federal government also intends to have an additional 5,000 freight cars in the existing fleet converted to low-noise composite brake blocks as part of the pilot and innovation Program "Quiet Freight Cars."

Noise reduction management and testing new technologies

Although DB already has an effective tool for noise reduction in the shape of composite brake blocks, we are still very committed to bringing more commercially viable technologies to the market. We are therefore trying out existing technologies more rigorously for serviceability and also supporting both research and industry in developing and testing new technologies on the wheel and track.

To advance research, development and specific projects with high noise-reduction potential and which can be commercially implemented quickly, DB set up noise-reduction management in 2005. Experts from the business units for Track Infrastructure, Passenger Transport and DB Schenker Rail agree on strategies together, by means of which DB can implement noise reduction measures in infrastructure and rolling stock. Experts from the DB Environmental Center provide support, as do results from the work of DB Systemtechnik, DB's research and technology center.

One of the research projects that DB is pursuing further is "Quiet Train on Real Track" (LZarG). This example shows that Deutsche Bahn is a leader in driving forward innovations in noise reduction management.

5.4.2 Quieter freight cars

Retrofitting the freight car fleet

Freight cars fitted with modern whisper brakes reduce by half the noise from passing trains. DB procured new cars already fitted with the quiet technology and wants to adapt the fleet as quickly as possible.

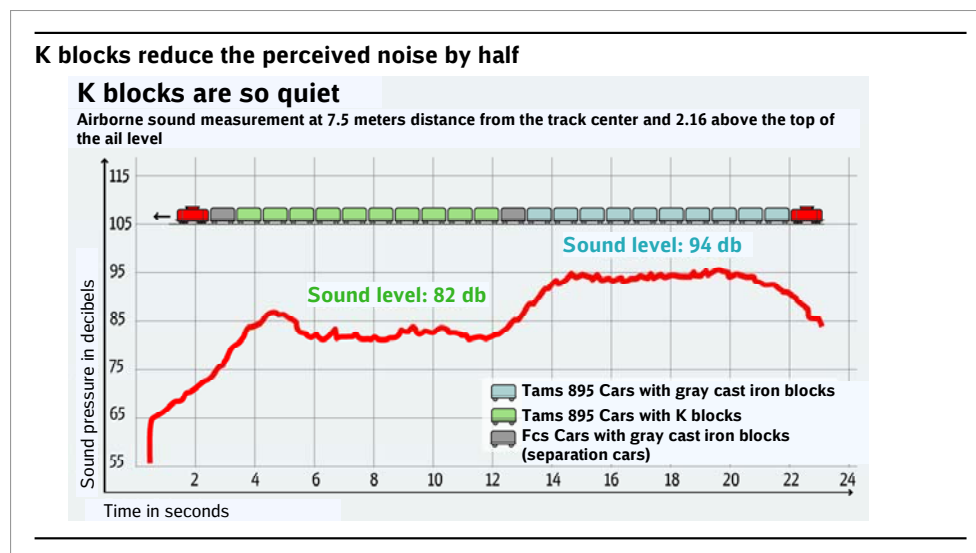
DB's special focus remains on reducing noise at the source because that is the best place to fight it. The largest source of noise is where the wheel contacts the track. Rolling noise is particularly pronounced in freight cars due to the roughened surface of the wheel tread, which becomes worse with each application of the brakes because the cast iron brake blocks become rougher. As a result, when rolling, the wheels and track begin to vibrate and produce noise.

The emergence of a roughened surface of the wheel tread can be reduced by using the so-called composite brake block - also known as K brake block or whisper brake, which counters the formation of corrugations. Smooth wheels on smooth rails result in audible success, namely a subjective halving of the rolling noise. In order to maintain the track in good condition, DB has already significantly increased its efforts on track maintenance.

In order to obtain the maximum benefit from whisper brakes, a full-scale conversion of as many freight cars as possible would be necessary. In Germany, there are currently about 135,000 freight cars, of which around 85,000 freight cars of DB come into question for an upgrade. The cost of retrofitting the fleet's cars is high however. Industry and DB reckon an average of 4,500 euros per freight car since the entire braking system must be rebuilt before the K-block can be used. Rail freight companies cannot bear these costs alone if they are to remain competitive in the highly competitive freight transport market.

DB, together with other partners in industry and rail companies, is currently carrying out research into cheaper composite brake blocks than the K-block that would be interchangeable without making any technical modifications to the braking system of the vehicles. At the moment, the “LL” type composite brake block, which causes comparable coefficients of friction as gray cast iron brake blocks, is undergoing trials, but is not yet ready for service.

In the pilot project “Quiet Freight Cars,” the German federal government has provided funds to retrofit and employ quieter freight cars on the extremely busy corridor along the Rhine - in conjunction with an innovative program for quiet K and LL brake blocks. This four-year project has an annual budget of ten million euros. DB Schenker Rail and other keepers of freight cars are ready to implement the program quickly.



The K brake block halves perceived noise

Reduction potential

While a composite brake block can half the noise of a passing freight train, statistically the noise made by Germany's entire transport services on the route network would only be reduced on average by up to 5 dB(A), even if all the freight cars in the country were converted. This is partly due to the fact that on routes with a higher proportion of passenger transport, the reduction potential is lower. On the other hand, there is a greater potential for noise reduction on individual routes with a high proportion of freight transport, where the use of composite brake blocks could achieve reductions of between 5 to 10 dB(A). However, it should be borne in mind that cars from many countries roll across Germany's borders and the whole country whose operators do not carry out any noise reduction measures on their vehicles. In order to achieve the DB Group's overall objective of halving noise by 2020, a combination of conversion and other measures is therefore required.

5.4.3 New technologies

DB tests new noise reduction technologies

DB is participating in the research project “Quiet Train on Real Track” (LZarG) to develop new technologies and is testing them under real operating conditions to make more low noise technology ready for the market.

In order to achieve the DB Group's goal of halving noise by 2020, simply converting freight cars to composite brake blocks is not enough. Since the beginning of 2008, the DB Group has been leading the research project “Quiet Train on Real Track” (LZarG). Together with science and industry, DB is developing commercially viable solutions that go beyond whisper brakes. Within three years, concrete results should be available about how effective the noise can be combated through additional noise reduction measures at the source. The focus is on

the interactions of different components. The skillful combination of measures on the vehicle and the infrastructure should reduce noise as much as possible.

A modified wheel configuration or wheel sound absorber could significantly reduce noise arising from the wheels of freight cars. On infrastructure, special rail dampers and elastic rail fastening systems are being tested for their potential to reduce vibrations of the rails themselves and thus the train's rolling noise, as well as dampening the bridge-hum. A combination of these measures on wheel and track could result in reductions in the noise levels of passing trains of 3 dB(A) and more.

Besides DB, the technical universities in Berlin, Dresden and Munich, along with nine industrial partners, participate in the research project "Quiet Train on Real Track" (LZarG) as part of the "Research Network Quiet Traffic". The Federal Ministry of Economics and Technology is promoting it with support from the German Railway Industry Association (VDB). It complements the National Traffic Noise Reduction Package announced in 2007 by the federal government.

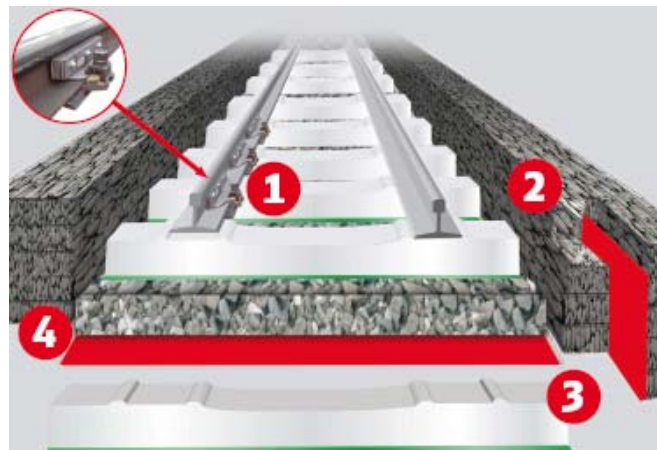
Other innovative measures on infrastructure

The year under review also saw the starting gun on the testing and installation of innovative noise and ++vibration reduction measures on the track. For example:

- A reduction of 3 dB(A) is expected from low noise barriers made from gabions - wire baskets filled with stones. Gabions are now about to be tested. They are placed alongside the track and absorb sound.
- DB is now testing resiliently mounted ties and sub ballast mats to reduce vibration. Resiliently mounted ties are fitted with an elastic coat-layer on their lower side. This prevents vibrations from being transmitted to the ballast bed and thus into adjacent buildings.

If these measures are tested successfully, they are to become part of the federal government's noise abatement program portfolio and be implemented all over Germany.

Innovative measures to reduce noise on the track infrastructure – rail model including measures to prevent noise and vibration



Key: 1 – Rail web absorber, 2 – Lowest noise barrier (38/ 78 cm above top of rail) from gabion elements, 3 – resiliently mounted tie (green), 4 – Sub-ballast mat (red)

Innovative measures to reduce track noise from the infrastructure - track model with measures for noise and vibration protection

5.5 Nature conservation

Nature conservation

5.5.1 Nature conservation strategy

Nature conservation on the railroad

Contact with ecosystems can hardly be avoided given DB's large route network. Aspects of nature conservation arise when building new or upgrading existing lines. But the tracks are also a home to many animal and plant species.

DB therefore incorporates technical conservation issues right at the planning stage, since that approach is both ecologically and economically sensible. In everyday operations, nature and the railroad mostly exist side-by-side without problem and in the ideal case even with each other. Railroad lines and other rail installations often offer ecological niches and serve certain species as important habitats or important dissemination paths.

Conflicts with nature occur when expansion, new construction or decommissioning affect the habitats of animals and plants. In order to minimize the impact, the DB Group takes into account the interests of nature in the planning process. This allows us to find solutions at an early stage that are acceptable in both environmental and commercial terms and avoid possible subsequent damage to nature and subsequent costs to the company. In this regard, the DB Group follows the provisions of the Federal Nature Conservation Act and creates within the framework of the so-called Impact Regulation under Nature Protection Law, a corresponding compensation or substitute for the impairment of important habitats.

To ensure the safety of rail operations and customers, a targeted maintenance of infrastructure is required. Again, this can under certain circumstances affect nature. Reconciling issues of nature conservation with DB's high safety requirements represents a demanding challenge

The strategies in nature conservation are multilayered since they reflect the complex interrelationships. In the first instance the aim is to reduce conflict with nature conservation in terms of commercial and environmental considerations – or ideally, to avoid it altogether. In the DB Group's expert group "Nature Conservation," the corporate sectors develop solutions for strategic and operational nature conservation issues under the management of the DB Environmental Center. Comprehensive approaches are developed jointly taken in the form of recommendations and binding regulations. Within the framework of standard procedures, solutions for implementing certain legal nature conservation issues are outlined for staff. Checklists and sample documents support implementation. Work tools and fact sheets contain practical advice and information for the practical implementation on the ground with regard to specific issues in nature conservation. This ensures the conditions for a legal and commercial execution of requirements in terms of nature conversation.

An example of the implementation is the maintenance measures along the line between Berlin and Hamburg, on which approximately 250,000 ties were replaced during the spring of 2009. The Berlin-Hamburg line passes through protected areas at around 100 points and several locations of crane, sea eagle and black stork eyries. In order to prevent the construction work from causing any damage to nature and the environment, DB relied on the experts at the DB Environmental Center. Before the construction work, joint discussions and votes on a conservation-oriented approach were held with the relevant nature conservation authorities. The results were passed to the construction company and the personnel involved instructed before the building work began. The work is carried out with a rail-mounted mobile construction site, thus enabling all the work to be done solely on the rails and avoiding any conservation-related intrusions beyond the tracks.

5.5.2 Plants at the tracks

Keeping tracks free

As a rule, trouble-free operation and nature conservation go hand-in-hand at Deutsche Bahn: in everything that DB does, we attend to the possible consequences and always look for an environmentally friendly solution.

Rail installations are technical facilities subject to high safety requirements. The safety of railroad operations and rail customers must be ensured at all times. Rail installations are therefore regularly maintained and serviced. Plants in the track bed change the properties of the track and can cause damage to rail operations. We therefore use herbicides when needed to eliminate unwanted growth, but only in the track area. Only this can prevent the topsoil from rotting plant parts from increasing the water content in the ballast bed and its substructure to become unstable. All the herbicides we use have undergone a rigorous authorization procedure adapted specifically to the track area. Both the approval of the substances used and their applications are under strict regulatory supervision. The herbicides are applied exclusively by specialized companies.

DB has long been evaluating new alternative methods of non-chemical vegetation control. The results so far, however, show that the effect is much slower and less permanent in relation to chemical procedures. A real alternative is not foreseeable at present.

Vegetation growth can also endanger safety beyond the track. Even outside of the track shrubs and trees must be cut back to maintain safe distances to the rail installations and overhead power lines and to prevent signals from being obscured. Only mechanical methods are used on slopes, tracks and places.

The overall concept of vegetation management presents the requirements of railway operation in dealing with the vegetation. Guiding principles were formulated as the target for vegetation growth after ensuring that transport safety was not impaired by tree growth.

5.5.3 Protecting species

Protecting biodiversity

Building new or upgrading existing railroad lines is often an intrusion into nature. If animals' habitats are affected, DB compensates at the same place or elsewhere. And we bring in the relevant nature conservation authorities and associations.

Given the size of DB's transport areas and the variety of its properties, it is hardly surprising that species live on rail and track facilities that are considered endangered and therefore subject to strict legal protection.

New habitats on the track

Although construction measures undoubtedly mean disruptions for some species, they simultaneously benefit other species. A new rail line for example offers some species such as lizards possibilities to hide and retreat, while other species use even rail tracks as a dissemination path. By pruning back vegetation on the track, valuable nature conservation habitat structures can develop which rare, mostly warmth-loving animal and plant species can populate. These frequently find no other habitats in the countryside adjacent to the rail lines.

Compensatory measures and replacement quarters

When DB builds new tracks or brings abandoned tracks back into service, it can also infringe on the habitat of animals or plants. In the case of unavoidable intrusion, DB either compensates or implements other replacement measures. If animal or plant species are threatened, DB creates preferred alternative habitats or new neighborhoods before resettling animals and plants at great effort. The framework is based on the European Union Directive on the Conservation of Natural Habitats and of Wild Fauna and Flora, the EU Directive on the Conservation of Wild Birds, the Federal Nature Conservation Act and the Federal Species Regulation.

Substitute habitats for bats

An example of alternative habitats the DB has already created are nine artificial bat caves with a length of six to eight meters along the Nuremberg-Berlin line through the Thuringian Forest. They were created as alternatives caves to offset the encroachment on their habitats by the new line and the future overtaking station at Theuern. They were erected in cooperation with the nature conservation authorities. The new caves are still uninhabited, but from autumn 2009, several species of bats - especially the gray long-eared bat and barbastelle bat - should be there for their first hibernation in the artificial caves.

Threats to birds in the track area

Birds of prey use the suspension pole of the overhead lines as resting places and observation posts when hunting. As long as birds only perch on the mast or on the live overhead wires, nothing happens to them. In rare cases, bridging can occur when the birds touch two lines in different phases at the same time with their wings or perch on an overhead line and thus approach too closely the earthed utility pole.

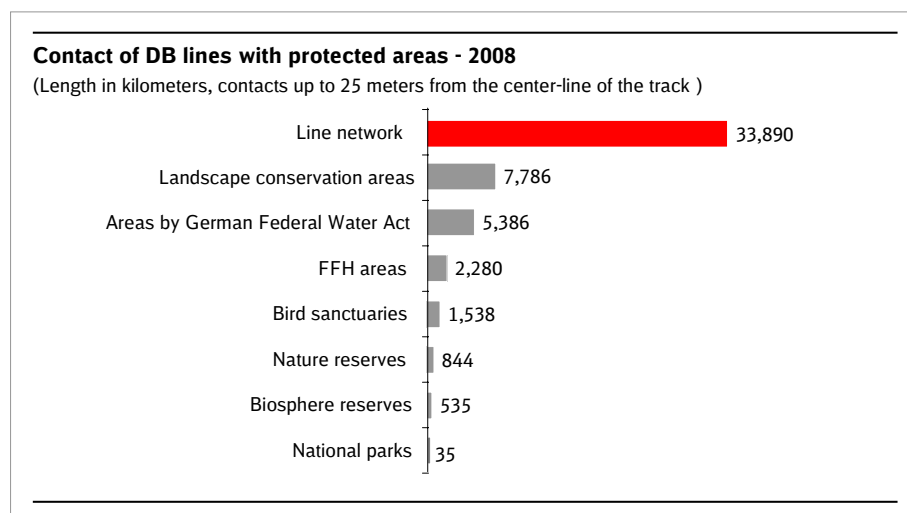
In dialog with conservation organizations, Deutsche Bahn has developed solutions to protect birds from this danger while allowing operations to proceed smoothly. A technical instruction lays down how routes must be designed in order to avoid endangering birds. This is implemented according to regional situations.

5.5.4 Protected areas

Areas under special protection

Many areas in Germany are under special protection. Many areas are affected several times over in different ways – depending on whether the focus is on the landscape, water or a rare species.

The nearly 34,000 kilometers of the rail network inevitably come into contact with various types of protected areas. 2,280 kilometers of the network run through protected habitats under the EU Directive on the Conservation of Natural Habitats and of Wild Fauna and Flora, 844 kilometers run through nature reserves, 7,786 kilometers through landscape conservation areas and 5,386 kilometers through protected areas under the German Federal Water Act (WHG).



Contacts between protected areas and DB

Geographical information system

For construction and maintenance work in or near protected areas, DB must fulfill certain legal requirements. In order for DB to take account of nature conservation concerns right from the outset in both planning and construction, as well as when maintaining its installations, it has been working since 2001 with the "Protected Areas Documentation DB," a geographical information system (GIS) which contains all the digitally available

information on protected areas in the whole of Germany. This enables employees who must take into account issues relevant to nature conservation in their daily work to access a detailed overview of environmentally sensitive areas with a mouse click.

These efforts are aimed at supporting the interests of nature conservation, both during operations and in the planning stages, and at avoiding subsequent conflicts. Over 1 million records provide an overview of all Germany's protected areas and their contact points with DB's lines and properties. A digital map immediately shows where rail and protected areas overlap. Some areas belong to several types of protected areas, as a result of which the legal rules to be observed increase. The GIS replaces costly research and the time-consuming task of collecting the relevant details by a central provision of the data. An annual review ensures that the records are kept up-to-date since new protected areas are designated and old ones lose their status regularly.

5.6 Waste

Avoiding waste and recycling

5.6.1 Waste strategy

A major contribution to resource efficiency

Avoiding waste, increasing recycling, reducing disposal costs and reducing dangerous waste: we achieved our objectives for 2008 in 2005. This was made possible above all by our Group-wide waste management.

DB cannot avoid waste in its business activities. It has to build new lines and maintain existing ones and repair and modernize vehicles. And DB has to dispose of the waste that our customers leave behind.

Avoiding waste and recycling means environmental protection, legal security and cost savings at the same time.

The DB Group's waste strategy is complex: for both ecological and commercial reasons, DB wants to reduce its waste. On the one hand, we want to reduce the amount of waste wherever possible based on commercial and environmental considerations or at best avoid it altogether. However, this reaches the limits wherever business activities make waste unavoidable: increased construction activity and rising customer numbers in trains and stations can lead to more waste. On the other hand, DB conserves natural resources in terms of sustainable waste management by recycling materials as much as possible and recycling unavoidable waste as a priority and returning it to circulation as secondary raw materials. This has usually also commercial advantages.

Goals fully met by 2008

In 2005, the DB Group set the following goals for the railways in Germany which were to be achieved by 2008 - and which have indeed now been fully achieved or even exceeded:

- Reducing total waste excluding construction waste by 10 percent from 2001 to 2008.
- Increasing the proportion of waste recycling (including construction waste) by 10 percent from 2001 to 2008.
- Reducing the proportion of dangerous waste in total waste (including construction waste) by 5 percent from 2001 to 2008.

New goals to achieve by 2020

We are currently defining new goals in our waste management. The objectives are aimed at a new strategy for waste management that responds to its growing significance for the commodity market, energy production and climate protection. This should make an important contribution to the megatrends of resource shortages. We want to achieve the following goals by 2020:

- Holding the recycling rate at 75 percent.
- Holding the proportion of dangerous waste at 15 percent.

- Fully returning types of waste with commercialization potential to the market as secondary raw materials.

Achieving these goals will however depend on market and regulatory developments.

Joint and efficient waste disposal management

Since 2001, the Group-wide disposal management has been coordinating and implementing a cross-business unit expert group under the guidance of DB Environmental Center experts. They set the strategic direction of disposal management, goals and programs and monitor target achievement. The different interests of the business units are thus considered together, in terms of legal security, ecology, economic efficiency and social issues and brought together to achieve optimal cooperation and the greatest benefit to the DB Group as a whole. In close cooperation with the business units, the expert group develops both recommendations and binding targets to ensure cost-efficient waste management based on legally sound and environmentally friendly principles. In addition to the internal handling of waste, this includes selecting waste disposal companies in order to guarantee that disposal takes place in accordance with the law.

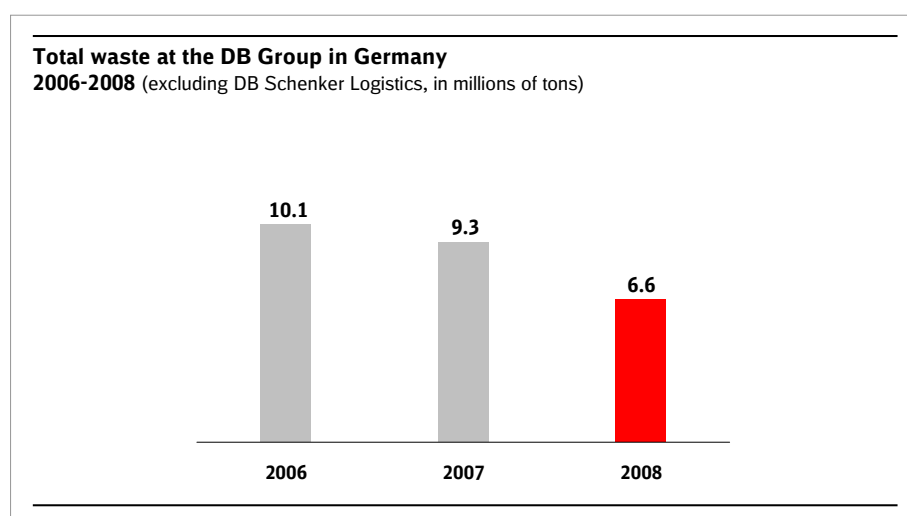
The DB Group's disposal management in Germany is currently concerned mainly with preparing for the national introduction of an electronic documentation method in waste disposal. From 2010, the electronic waste documentation method will replace the current procedure of issuing consignment and acceptance certificates in paper form. DB is implementing this in-house with the Environmental Information System (EIS) Waste, a DB-wide IT system introduced in 1998 to record the waste generated by DB at over 2,000 locations. The EIS Waste supports both operational tasks and management responsibilities in waste disposal. Actions and information on waste required by law are documented by the EIS Waste in an understandable way, while accurate evaluations enable commercially efficient disposal management.

5.6.2 Total waste

Targets achieved - facts and figures on waste management on the railroad

At DB, waste comes from a wide variety of sources: maintenance workshops, construction, as well as stations and trains. But whatever the source, DB's efficient disposal management ensures the prevention and recycling of waste.

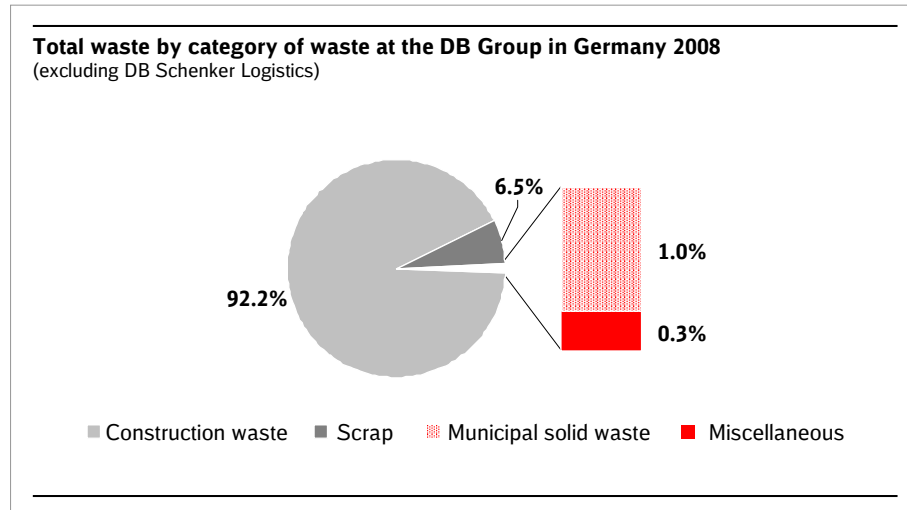
Waste at the DB Group Germany (excluding DB Schenker Logistics and buses) in 2008 totaled 6.6 million tons, 30 percent less than in 2006. DB achieved its goal of reducing total waste (excluding construction) by 10 percent by 2008 (base year 2001) as early as 2005.



DB Group's total waste generation in Germany 2006-2008 (excluding DB Schenker Logistics)

Waste in Deutsche Bahn's complex system comes from very different sources - for example, from construction projects, maintenance workshops, stations and trains. At over 6.5 million tons, waste from construction and

maintenance activities on the rail network, stations and other buildings easily accounted for the largest category of waste in 2008 (90 percent of total waste). Scrap metal followed in second place (primarily from maintenance), with 455,000 tons, with so-called municipal solid waste a distant third with around 69,000 tons. This includes waste from passengers in trains and stations, office waste from DB staff and also waste dumped illegally on railway land that must be removed by DB.

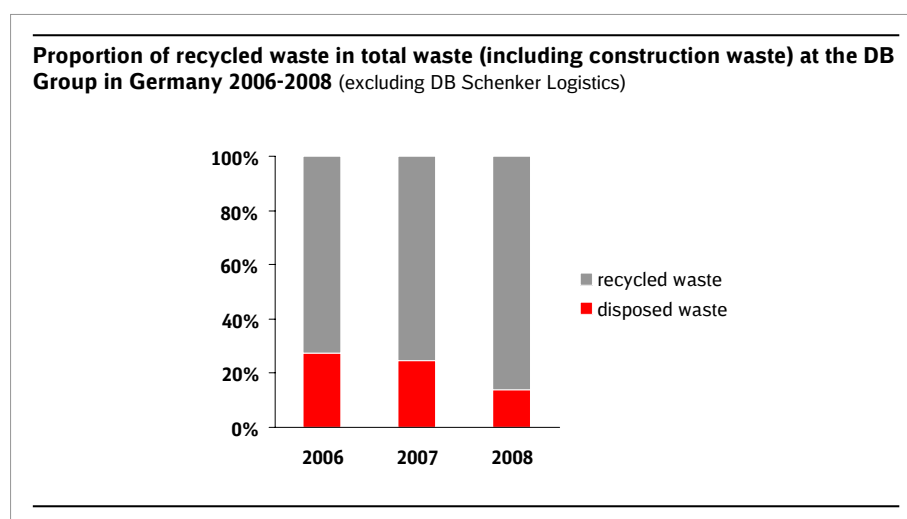


The DB Group's total volume of waste by category in Germany 2008 (excluding DB Schenker Logistics)

The type and amount of waste produced by the DB Group are heavily influenced by external factors. Construction waste in particular depends on the extent of building and maintenance work and the local situation. The waste from trains and stations also varies according to customer volume.

Recycling

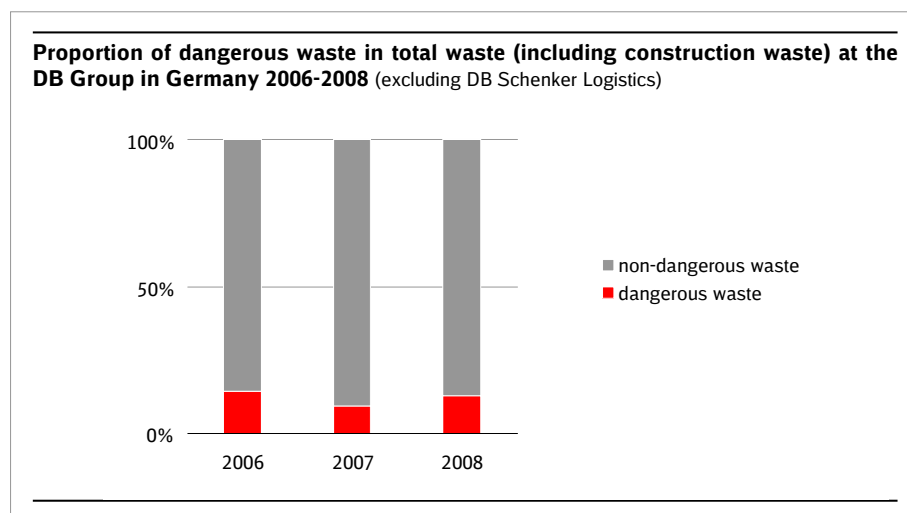
DB has also increased the recycling rate from all types of waste in the past few years to reach 86 percent in 2008. Our various strategies contributed significantly to waste recycling, such as optimized systems for waste separation and the search for disposal routes of recyclable waste that does not have to be completely eliminated. But the recycling of ballast and soil within construction measures plays an important role - of course in compliance with the legal framework.



Proportion of recycled waste in total waste (including construction waste) of the DB Group in Germany, 2006-2008 (excluding DB Schenker Logistics)

Dangerous waste

The disposal of waste containing dangerous substances, such as track ballast, or of oily sludge, is costly both technically and financially. In addition, dangerous waste that must be eliminated is permanently removed from the economic cycle, although this leads to an increased demand for primary commodities. DB is therefore particularly concerned about reducing the proportion of dangerous waste. On the one hand, we achieve this by refusing to use problematic substances, on the other by following procedures that prevent a mixture of non-dangerous and dangerous waste from arising. The target set for 2008 to reduce the proportion of dangerous waste by 5 percent compared to 2001 was fully achieved in 2005 through close cooperation within the Group and the committed implementation in the business units. In 2008, the quantity of dangerous waste remained stable compared to the previous year and the proportion is now just under 13 percent.



Trend in the proportion of dangerous waste in total waste (with construction waste) of the DB Group in Germany 2006-2008 (excluding DB Schenker Logistics)

5.6.3 Waste from operations

Ballast, rails, soil or oil

By far the biggest proportion of waste at DB comes from construction. We achieve a high recovery rate of 97 percent by reprocessing ballast or rails. But vehicle maintenance also causes waste.

Every time maintenance work and renewal is carried out on the approximately 34,000 kilometers of DB's route network, enormous quantities of construction waste are produced, mainly in the shape of soil, ballast, wooden and concrete ties, and rails. In 2008, 6.5 million tons of construction waste were produced, accounting for more than 90 percent of the total waste produced at DB.

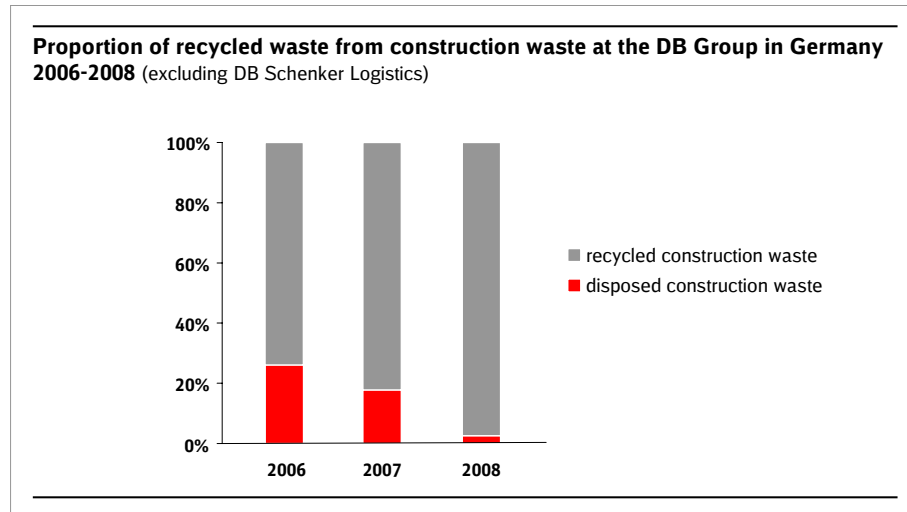
The more maintenance and construction activities are carried out, the more waste is generated. Any discussion on preventing construction waste and recycling rates can therefore only be based on specific examples. Due to widely varying conditions at each site, it is sometimes sensible to view it internally at the site itself.



Superstructure of a railroad track (Picture Gallery (5 images))

Recycling construction waste

Construction waste at the DB Group is fully recycled and, where possible, reused. This replaces valuable primary raw materials and conserves natural resources. A network of DB experts supports the construction departments in finding a corresponding optimization of our material cycles. They examine the relevant materials in question at accredited DB laboratories and determine whether reprocessing and recycling are possible. They also advise on waste regulations and planning the disposal routes and the possibilities of reuse. Experts from engineering and purchasing procure recyclable soil and materials in parallel to ongoing construction projects, market the recyclable surplus, ensure the legally sound and cost effective disposal of non-recyclable materials. In this way, we not only conserve resources, but also significantly reduce costs.



Proportions of recycled waste from construction waste at the DB Group in Germany, 2006-2008 (excluding DB Schenker Logistics)

In particular, concrete ties and ballast are among the materials or wastes that can be reused extremely effectively. Even if they cannot be reused directly, they are refurbished in special facilities and eventually used again. And even if the Group cannot reuse the waste itself, it can be used as high-quality recycled materials in other places, for example for constructing roads or landfills.

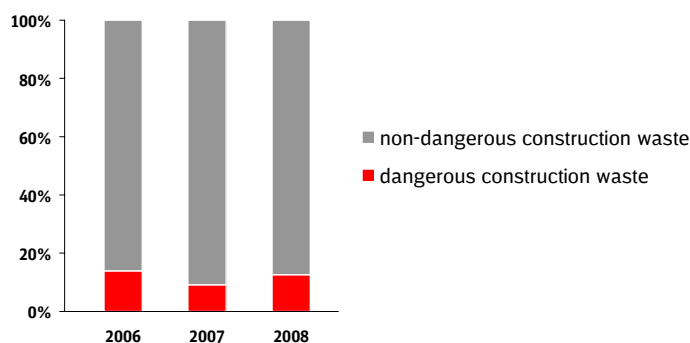
Savings of new materials due to reprocessing and recycling in 2008	
Rails	360 kilometers
Concrete ties	280,000
Ballast	1.9 million tons

The soil excavated during track construction schemes can also be used again. If the excavated soil does not contain any hazardous substances, it can be reused directly at another appropriate place, e.g., to compensate for terrain depressions. Any surplus for which there is no use is either externally recycled or disposed of in accordance with statutory requirements, depending on the amount of pollutants it contains.

Dangerous construction waste

In recent years, DB has reduced yet further the proportion of dangerous construction waste. Whereas in 2006, 14 percent of all waste came from construction, in 2008 the figure was only 12 percent.

Proportion of dangerous waste from construction waste at the DB Group in Germany 2006-2008 (excluding DB Schenker Logistics)

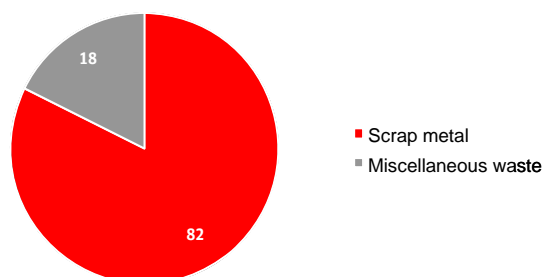


Proportion of dangerous waste in construction waste of the DB Group in Germany, 2006-2008 (excluding DB Schenker Logistics)

Waste from vehicle maintenance

Other categories of waste in the Group are relatively small in percentage terms compared to construction waste, but the absolute amounts are nevertheless considerable. In 2008, around 83,000 tons of waste came from the maintenance and modernization of trains, locomotives and cars, with scrap metal accounting for the lion's share of about 80 percent. However, we feed all this metal back into the economic cycle again as a secondary raw material and even earn revenues from it.

Waste from DB Rolling Stock Maintenance in 2008 by category of waste (in percent)



Waste generated by DB Rolling Stock Maintenance in 2008 by category

The main dangerous wastes from vehicle maintenance are waste oil, which is fed into the chemical cycle of materials again via outside recycling possibilities, and oily sludge from oil/water separators, whose removal is difficult and expensive. This waste is produced in maintenance workshops from the repair and maintenance of locomotives, cleaning oily surfaces or washing oily parts. DB has oily sludge picked up as necessary and thus reduced costs significantly.

Vehicle maintenance also produces waste that is not or only partly recyclable, such as the floorboards from freight cars. Such waste is investigated and disposed of in accordance with statutory requirements. The disposal route depends on whether the boards are impregnated, contaminated by the loaded goods or only display signs of weathering or wear.

5.6.4 Waste from our customers

Packaging and other issues

DB achieves high recycling rates by separating waste in stations and trains. In logistics, the main waste is packaging, which DB reduces by reusable systems.

Waste from trains and stations

Newspapers, food packaging, food scraps, chewing gum, and cigarette butts: more than 5 million passengers leave behind enormous amounts of waste in trains and at stations every day – and they rightly expect that this waste is disposed of in an environmentally friendly way. The amount of waste rises in line with the number of passengers, so while we can hardly influence the volume of waste, we do ensure that it is almost completely recycled and not simply disposed of.

DB makes recycling of waste from trains and stations a top priority. We give our customers the chance to separate their waste. We recycle glass, paper and lightweight packaging back into the material circulation cheaply. By using reusable systems in our on-board restaurants, DB has reduced waste from catering on the train – disposable tableware and beverage packaging – and thus conserves natural resources and meets the environmental objectives of the packaging ordinance. And an increasingly larger proportion of waste from commuter trains and smaller stations, where no or only simple waste separation is possible, is also being recycled by using modern sorting plants from the waste management industry. As a result, waste disposal in these areas now also meets an environmentally equivalent standard. An exception is the waste arising from the tenants of the station areas (e.g. catering or retail), who are responsible for disposing of their own waste.

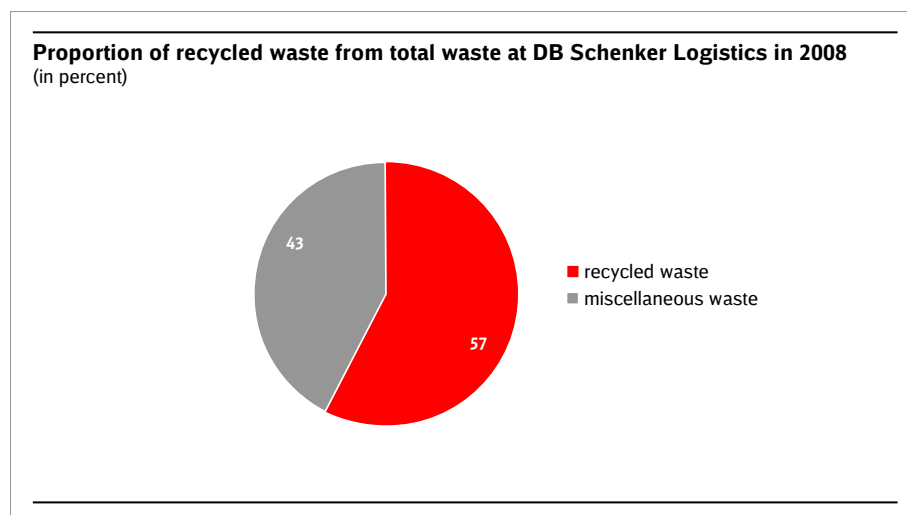
In law, the waste from trains and stations and waste from building management is classed as so-called “municipal solid waste.” At 68,000 tons, after construction waste this is one of the main categories of waste within the Group. Overall, it declined by around 13 percent compared to 2006.

Waste in logistics

In logistics, waste arises primarily from the packing of the transported goods (e.g. sheeting and cardboard). In 2009, DB Schenker Logistics for the first time recorded the amount of waste and the recycling rates at all its national companies worldwide – with pleasing results: 57 percent of the waste worldwide is already being recycled. Nearly 90 percent of the national companies surveyed in Europe in 2009 are pursuing a strategy to improve waste disposal. At the major new terminal DB Schenker is currently building at Melbourne Airport in Australia, for example, in-house recycling programs should reduce the residual volume of waste by 60 percent. However, the amount of waste from logistics is often hardly subject to any influence because usually the customer determines the type of packaging to be used – or it is dictated by the means of shipping that is chosen. To support its customers with environmentally friendly packaging solutions, DB Schenker Germany offers them several reusable packaging systems through DB SCHENKEReuropac (Raubox, warehouse shipping or thermal tower guard), which in addition are also made out of more environmentally friendly materials.

Waste recycling at DB Schenker Logistics in 2008

	Europe	Non-Europe	Worldwide (total)
Waste generated in tons	107,041	35,542	142,583
Waste recycled in tons	77,366	4,591	81,957
Recycling rate	72 %	13 %	57%



Proportion of recycled waste from waste generated at DB Schenker Logistics in 2008

5.6.5 Transporting waste

Transporting waste - DB Schenker Rail Deutschland ensures standards

Deutsche Bahn's core business is transporting goods. This includes waste. DB Schenker Rail has established itself as a specialist in this area, ensuring our clients' safety and the highest environmental standards.

Waste shipments represent particular risks and therefore require that the carrier is highly skilled in this area. In the case of hazardous materials, such as contaminated soil, waste oil or scrap wood, legislation puts far-reaching demands on the transporter. But customers also expect careful handling and smooth, safe transportation.

In 2008, DB Schenker Rail Deutschland transported 4 million tons of waste, which corresponds to approximately 1 percent of the total tonnage in 2008.

DB Schenker Rail not only meets the legal requirements, but it also follows customer wishes and adheres to the high level of environmental protection at Deutsche Bahn. In order to show compliance with the standards in an understandable fashion, DB Schenker Rail Deutschland has joined the Entsorgungsgemeinschaft Transport und Umwelt e.V. (Transport and Environment Disposal Company Association). Through its certification as a disposal specialist, the associated self-monitoring and regular auditing by an independent expert, DB Schenker Rail Deutschland ensures that all statutory requirements are met in full. In addition to ongoing controls, the permanent monitoring of rail transport by the Customer Service Center and the individual Cargo Centers also contribute to quality assurance. In 2008, DB Schenker Rail Deutschland once again successfully completed all the necessary monitoring audits and for the eighth time in succession was certified as a specialist waste disposal company.

5.7 Water and soil

Going easy on the groundwater and soil

5.7.1 Water consumption

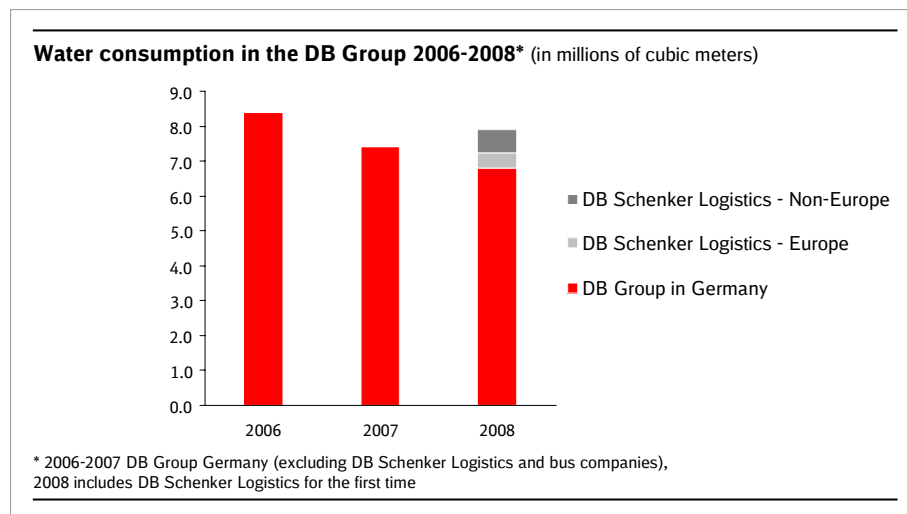
Deutsche Bahn is constantly reducing its water consumption

Deutsche Bahn is very careful in its use of water. Reducing consumption is not only ecologically, but also commercially sensible. In recent years, we have consistently reduced our water consumption.

DB requires water for sanitary purposes in trains, train stations and office buildings, as well as for vehicle cleaning and at maintenance workshops. The vast majority of fresh water is covered by the public supply. In 2008, the DB Group Germany (excluding DB Schenker Logistics and buses) used a total of 6.8 million cubic

meters of water. DB thus further reduced its water consumption, with a decrease of 19 percent compared to 2006. And since 1994, water consumption at rail installations throughout Germany fell by more than half, mainly due to dismantling facilities and areas. But water-saving measures in washing facilities also had an effect. More and more wastewater from operations is being recycled. At Saarbrücken Central Station, for example, another new exterior washing facility for regional trains was commissioned in April 2008. The new unit cleans using a large part of the water again in a closed system, significantly reducing the consumption of fresh water per vehicle cleaned. The environment also benefits since the new facility uses significantly less detergent and energy per wash cycle than the previous one. Retention toilet systems in our trains also reduce consumption since modern vacuum toilet systems only need about 0.5 liters of water per flush. By way of comparison: a private home still uses 3-9 liters of water per flush. DB will continue to work to recognize and exploit savings potentials because reducing water consumption is not only ecologically, but also commercially sensible, since in addition to cutting water costs, we also cut the associated sewage costs.

DB Schenker Logistics has also set itself the goal of reducing its water consumption around the world. The comprehensive survey undertaken in March 2008, which for the first time included all the national companies around the world, was supported by the Ökoinstitut and provides the foundation for these reductions. In 2008, a total of 1.1 million cubic meters of water were consumed around the world, with the 36 national companies of DB Schenker Logistics in Europe accounting for about 40 percent and the 32 non-European national companies for around 60 percent worldwide. So far, 45 percent of all the national companies around the world have taken specific measures to reduce water consumption. In the large terminal that DB Schenker is currently building at Melbourne Airport in Australia, for example, the toilets in the main building and the warehouses are flushed with rainwater, which will reduce the total water consumption for these purposes by up to 70 percent.



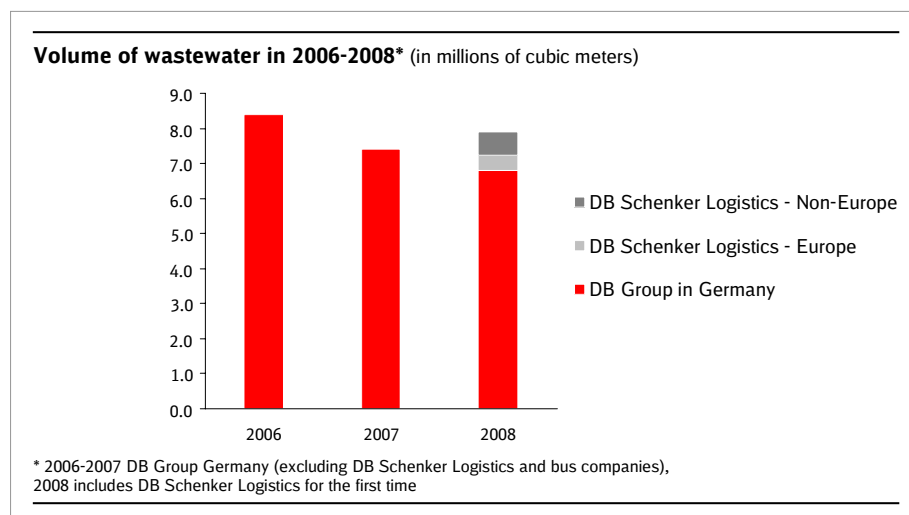
Water consumption in million cubic meters in 2006-2008 at the DB Group

5.7.2 Wastewater

Purifying wastewater

DB's reduced water consumption has led to less wastewater. But we check wastewater for hazardous substances before discharging it into the sewage system and clean it up if necessary.

For the DB Group, with its widely different locations and business units, there is currently no central collection of the type and quantity of wastewater. The quantity of wastewater is directly dependent on water consumption. By reducing the latter, DB also reduced the quantity of wastewater in 2008 to 6.8 million cubic meters.



Volume of wastewater in million cubic meters in 2006-2008 at the DB Group

With its countless locations in the most diverse regions, Deutsche Bahn has widely differing sources of wastewater. Wastewater from sanitary facilities at the locations and the train toilets accounts for the main proportion.

Wastewater containing hazardous substances makes up only a small proportion of the total. Water is contaminated during the cleaning of trains and freight cars in the train provision facilities and vehicle maintenance facilities by both the detergents and the dirt on the vehicles themselves. This wastewater is usually fed back into circulation and processed so it can be used several times. The wastewater is processed according to applicable regulations, and compliance with the limits for the discharge of wastewater is monitored regularly by accredited laboratories. The treated wastewater is mainly discharged into the public sewage system. Other than rainwater, we do not know of any direct discharges of wastewater.

At DB Schenker Logistics, the amount of wastewater corresponds to that of fresh water consumed. Accordingly, wastewater at DB Schenker Logistics worldwide in 2008 amounted to around 1.1 million cubic meters, almost all of which was exclusively due to sanitary waste.

5.7.3 Legacies

Environmental protection reserves

The environmental protection reserves relate primarily to the obligation of Deutsche Bahn AG to clean up legacy polluted sites which occurred prior to January 1, 1994 on the properties of the former Deutsche Bundesbahn and former Deutsche Reichsbahn.

The environmental protection reserves include € 2.196 billion for cleanup obligations of Deutsche Bahn AG. For the implementation of the cleanup obligations covered by the environmental protection reserves, DB has established

- 4-step program for land reclamation,
- 3-step sewer program and
- 2-step program for closing down landfills

which ensure a systematic, legally compliant and cost optimized cleanup study and implementation.

In the 4-step program for land reclamation, soil and/or groundwater pollution is localized via historical investigation, oriented testing and detailed investigation. The program steps, which include a feasibility study, implementation planning, approval planning and cleanup, are applied to achieve use-oriented reclamation taking into account technical and statutory requirements.

The 3-step sewer program is aimed at eliminating soil and/or ground water contamination resulting from leaks. This is accompanied by an optimization of the existing sewer system for future use, so that the prevention of hazards can be limited to this future network. The unused portions of the sewer network are sealed off and taken out of service.

The 2-step landfill program ensures the standardized recording and evaluation of landfills on DB properties, as well as the closure of these landfills in accordance with the Landfill Ordinance (DepV), Technical Instruction on Municipal Waste (TASi) and/or the Federal Soil Protection Act (BBodSchG).

6 ABOUT THIS REPORT

6.1 Report profile

Second Sustainability Report of the DB Group

The Sustainability Report 2009 presents the contributions that DB is making toward a sustainable society - as a major provider of mobility and logistics services, as well as one of Germany's biggest employers, vocational trainers and purchasers.

DB publishes the Sustainability Report every two years. This is the second report, which covers the years 2007 and 2008 since the last publication of the Sustainability Report and also deals with developments and events up to 2009. All facts and figures refer to the 2008 financial year unless otherwise stated.

Contents of the report

Due to its size and the complexity of its processes, the DB Group is affected by all aspects of sustainability. We therefore report on all sustainability issues along the entire value creation chain - from the requirements of our customers and other stakeholders to our relationships with suppliers and contractors. Since sustainability, especially in the transport sector, is associated with relevant social requirements and at the same time is an important competitive advantage, DB describes the sustainability of all its business units and their products - mobility, transportation and logistics, and infrastructure. Social and environmental aspects are integrated into the DB Group's core business and are described in the relevant chapters. Detailed information on employee and environmental issues are in separate chapters.

The report is based on internationally recognized guidelines of the Global Reporting Initiative (GRI) of the United Nations. The answers to the GRI G3 indicators are shown in the GRI index, which is linked directly to the respective chapters in the online report. DB itself estimates the extent to which the GRI-G3 Directive (GRI Application Level) has been met with an "A" after consultation with outside experts.

Preparing the report

The focal points of the Sustainability Report were defined in the sustainability management of the DB Group on the basis of the evaluations in the Sustainability Steering Committee. All subjects covered by the GRI indicators were evaluated and supplemented by additional topics that emerge from the priorities of the sustainability strategy (sustainable transport design and corporate social responsibility). The evaluations take into account the environmental and social expectations of the DB Group's numerous stakeholders, associated developments in the business environment and the DB Group's corporate positioning. The importance of the topics is determined in each case by the opportunities and risks they represent for the company.

The facts and figures in the report were developed in close cooperation with the relevant departments. In compiling the Sustainability Report 2009, over 90 national and international partners were involved, who in turn served as coordinators in their respective fields.

Report limits

The Sustainability Report 2009 covers the entire DB Group and all the major equity participations at home and abroad. For the first time, the environmental section includes worldwide data from all the national companies of DB Schenker Logistics, thus complementing the long-term, comprehensive data collection on rail transport. In the human resources sphere, more detailed facts and figures necessary for comparative reporting were gathered, primarily for the DB Group in Germany, where, at 75 percent, the majority of DB employees work. Changes from the last report are explained in individual cases in the relevant individual chapter.

Data collection and methods of calculation

- All information on economic and commercial interrelationships correlate with the information in the 2008 Annual Report.

- Personnel data are mostly gathered and evaluated using the electronic Personal Management System Peoplesoft HR, which is also used for the data in the DB Group's Annual Report.
- The environmental data for Germany have been systematically collected since 1994 and come partly from internal, partly from external sources. Internal sources include the Energy Information System (EIS) and the Environmental Information System (EIS) for the collection and analysis of energy and waste data, the SAP system for collecting additional environmental operating supplies, the integrated SAP system for maintenance (SAP ISI) and the Specialist Service Traction Control for the Number and Power of Traction Units, the Passenger Recording System to measure the capacity utilization of trains, DB's register of facilities and the engine database. External sources used to process and convert the data were mainly the databases and publications of the Ministry of Transport, the German Federal Environment Agency (TREMODO), the Ökoinstitut Freiburg (GEMIS), the Association of the Electricity Industry and the Federation of Energy Customers. The calculation of CO₂ and air pollutant emissions from rail transport was based on standard calculation methods, taking into account the specifics of rail and was agreed with ifeu Heidelberg. The emissions data contained in the report were also made available to the German Federal Environment Agency for trend and scenario calculations in TREMOD (Transport Emission Model). The calculation of CO₂ and air pollutant emissions from land transport, air and ocean freight, contract logistics and operations facilities of DB Schenker Logistics was done by the Ökoinstitut Berlin in accordance with the requirements of ISO 14064-1. Deloitte Cert., Düsseldorf / Germany validated the methodology in accordance with DIN ISO 14064-3.

Online report and further information

The second Sustainability Report is also only available as an online report. All texts are also available in a downloadable PDF file for archival purposes. The contents of the Sustainability Report were designed for the Internet: for example, links are only given on the Internet in order to ensure the report remains up-to-date over the next two years until the next edition. As with the online presence of the DB Group, we aimed for eAccessibility when designing the Sustainability Report 2009 so it could also be accessed by people with restricted possibilities. "Reading" the voice edition is enabled in a user-friendly way via text equivalents to images and tables and keyboard shortcuts for important links. For visually impaired people, we ensure sufficient contrast between foreground and background colors. The linear structure of the pages also makes for easy orientation and thus usability.

Further details on the information outlined in the Sustainability Report can be found in the Group's other publications, such as annual, compliance, and competition reports, as well as our corporate governance principles. The Sustainability Report refers to these publications as appropriate.

A selection of topics from the Sustainability Report 2009 is available in printed form in the journal "Sustainability in the DB Group - Responsibility for the Future."

The opinion of readers is important to us

The DB Group's Sustainability Report is mainly addressed to specialists at nongovernmental organizations, investors and analysts, universities, research institutes, the interested specialist public and journalists. The report is also meant for the DB Group's customers and employees.

An external audit of the Sustainability Report was not carried out. Although the DB internal editorial team worked with the greatest care and was advised by experts, and although all information was examined by the technically competent contact persons at the DB Group, errors cannot be completely excluded.

Our contact persons welcome comments and suggestions.

6.2 GRI Index

The GRI-Index

In its Sustainability Report, Deutsche Bahn AG is oriented toward the international standards of the UN Global Reporting Initiative (GRI).

6.2.1 Overview of GRI indicators in the report

Reporting according to the guidelines of the Global Reporting Initiative (GRI)

The indicators of the UN Global Reporting Initiative (GRI) are agreed in a multi-stakeholder process and are the globally recognized standard in Sustainability Reporting. The DB Sustainability Report is based on it.

The Global Reporting Initiative (GRI) was founded in 1997 in partnership with the UN Environmental Program (UNEP) in order to develop globally recognized guidelines for voluntary reporting on economic, environmental, and social activities of companies. The present report is based on the GRI G3 Guidelines of October 2006 and provides comprehensive information on the profile, the management principles and the performance indicators. After external consultation, DB estimates the extent to which the GRI G3 Guidelines (GRI Application Level) have been complied with as “A.” The additional sector-specific indicators for the transportation and logistics sector (GRI Sector Supplement of 2006 based on GRI indicators from 2002) were also taken into consideration.

Where is each indicator answered?

You can find the terms printed in bold in the table in the menu of the online report. In the online report, the indicated chapters and sources are directly linked.

Category	GRI indicators
Corporate indicators	
Strategy and analysis	1.1 to 1.2
Corporate profile	2.1 to 2.10
Economic performance	EC1 to EC9
Governance, obligations and commitment	4.1 to 4.17
Product indicators	
Product responsibility	PR1 to PR9
Transportation and logistics (sector supplement)	LT1 to LT17
Social indicators	
Work practices & employment	LA1 to LA14
Human rights	HR1 to HR9
Societal/social performance	SO1 to SO8
Environmental indicators	
Ecological performance	EN1 to EN30
Report indicators	
Report parameters	3.1 to 3.13

6.2.2 Corporate indicators

GRI-Index Corporate indicators

From the size of the organization to indirect economic impacts - an overview of values, organization and commercial performance of the company.

You can find the GRI corporate indicators here, with a direct link to the respective chapters (or other sources as appropriate) in which they are answered, or provide you with short answers. In the online report, the indicated chapters and sources are directly linked.

1 Strategy and Analysis

1.1 Statement of the management board chairman regarding the sustainability strategy

→ Chapter 1.1 Preface

1.2 Key sustainability risks, opportunities and effects

- Chapter 1.3.1 Corporate strategy
- Chapter 1.3.2 Future Viability
- Chapter 2.1 Customer strategy
- Chapter 3.1.1 Product strategy
- Chapter 4.1.1 HR strategy
- Chapter 5.1.1 Environmental strategy
- Chapter 1.3.5 Sustainability management

2 Organizational Profile

2.1 Name of the organization

→ Chapter 6.1 Report profile

2.2 Most important brands, products and services

- Chapter 1.3.4 Company profile
- Chapter 3.1.1 Product strategy
- Chapter 3.1.2 Green products

2.3 Operational structure of the organization

- Chapter 1.3.4 Company profile
- Annual Report 2008: Pages 48-49, 240-242 (Subsidiaries, Acquisitions, Joint Ventures)

2.4 Headquarters of the company

→ Chapter 1.3.4 Company profile

2.5 Number and names of countries with relevant business activities

→ Chapter 1.3.4 Company profile

2.6 Ownership structure and legal form

→ Chapter 1.3.4 Company profile

2.7 Markets served (including geographic breakdown, sectors served, and types of customers)

- Chapter 1.3.4 Company profile
- Chapter 2.1 Customer strategy
- Chapter 2.2 Passenger transport customers
- Chapter 2.3 Freight transport customers
- Chapter 3.1.1 Product strategy

2.8 Size of the organization

- Chapter 1.3.4 Company profile
- Chapter 4.1.6 Employees - Facts and figures
- Annual Report 2008: Pages 148-149

2.9 Significant changes in the corporate and ownership structure in the reporting period

- Chapter 1.3.4 Company profile
- Annual Report 2008: Pages 17-19, 48-49, 160 ff.

2.10 Prizes and awards received

→ Chapter 4.1.5 Prizes and awards

4 Governance, Commitments and Engagement

4.1 Management structure, including committees with responsibility for sustainability issues

- Chapter 1.3.5 Sustainability management
- Corporate Governance Principles 2007: Pages 4-8

4.2 Indicate whether the Chair of the highest governance body is also an executive officer

Irrelevant, since the Supervisory Board and Management Board of Deutsche Bahn AG are separate and independent of each other (dual board structure).

→ Corporate Governance Principles 2007: Page 9

4.3 For organizations that have a unitary board structure, members of the highest governance body that are independent and/or non-executive members.

Irrelevant, Deutsche Bahn AG has a Supervisory Board (dual board structure).

→ Corporate Governance Principles 2007: Page 4, Page 7

4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body

Employee representatives are members of the Supervisory Board.

→ Chapter 4.2.6 Employment rights

→ Chapter 1.2.3.1 Stakeholder dialogs

→ Corporate Governance Principles 2007: Page 4

4.5 Linking of upper management remuneration with performance (including sustainability performance)

→ Chapter 4.2.2 Salary and pension scheme

→ Corporate Governance Principles 2007: Pages 5-6, 9-10

→ Annual Report 2008: Pages 27-29

4.6 Process for avoiding conflicts of interest at the management board or supervisory board level

→ Chapter 1.2.2 Values (Group's Code of Conduct)

→ Corporate Governance Principles 2007: Pages 6, 10

4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.

→ Corporate Governance Principles 2007: Page 5

4.8 Mission statement, company values and behavior code

→ Chapter 1.2.2 Values

4.9 Process at the level of the management/supervisory board for monitoring the sustainability performance

→ Chapter 1.3.5 Sustainability management

→ Chapter 1.2.2 Values (Code of Conduct und UN Global Compact)

→ Corporate Governance Principles 2007: Pages 8, 11-12

4.10 Process for evaluating the sustainability performance of the management/supervisory board

→ Corporate Governance Principles 2007: Pages 5-6, 9-10

4.11 Consideration of the precautionary principle

→ Chapter 1.1 Preface

→ Chapter 1.3.1 Corporate strategy

→ Chapter 1.3.2 Future Viability

→ Chapter 1.3.5 Sustainability management

→ Corporate Governance Principles 2007: Pages 4-5

4.12 External agreements, principles and initiatives for sustainability

→ Chapter 1.2.3.2 Memberships

→ Chapter 1.2.2 Values

4.13 Important memberships in associations and interest groups

→ Chapter 1.2.3.2 Memberships

4.14 Stakeholder groups included

→ Chapter 1.2.3.1 Stakeholder dialogs

→ Chapter 2.2.5 Customer satisfaction

→ Chapter 4.2.6 Employment rights

→ Corporate Governance Principles 2007: Page 3

4.15 Basis for the identification of relevant stakeholders

→ Chapter 1.2.3.1 Stakeholder dialogs

4.16 Nature and frequency of stakeholder involvement

→ Chapter 1.2.3.1 Stakeholder-Dialoge

→ Corporate Governance Principles 2007: Page 3

4.17 Key concerns of the stakeholders, and reactions of the company

→ Chapter 1.2.3 Dialog

→ Chapter 2.2.1 Customer needs (Passenger transport)

→ Chapter 2.3 Freight transport customers

- Chapter 1.3.1 Corporate strategy
- Chapter 1.3.5 Sustainability management
- Chapter 1.4.3 Transport policy
- Chapter 4.2.6 Employment rights

Economic Performance (EC)

Management Approach

- Chapter 1.3.1 Corporate strategy
- Chapter 1.3.2 Future Viability
- Chapter 1.3.3 Commercial Development
- Chapter 1.3.4 Company profile
- Chapter 1.2.2 Values

EC1 Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments

- Chapter 1.3.3 Commercial Development
- Chapter 1.3.4 Company profile
- Chapter 1.4.3 Transport policy (taxes)
- Annual Report 2008: front cover page, Pages 147 ff.

EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change

- Chapter 1.3.2 Future Viability
- Chapter 3.1.2 Green products
- Chapter 5.2.8 Climate change and infrastructure

EC3 Coverage of the organization's defined benefit plan obligations

For the direct compensation from the “Collective Agreement on Occupational Supplementary Benefits,” provisions are formed in the respective companies of the DB Group. In the case of direct insurance and the pension fund, it is a question of defined contribution plans for which no provisions are to be formed.

- Chapter 4.2.2 Salary and pension scheme
- Annual Report 2008: Pages 147 ff.

EC4 Significant financial assistance received from government

- Annual Report 2008: Pages 175, 222, 250-252

EC5 Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation

- Chapter 4.2.1 Working conditions
- Chapter 4.2.2 Salary and pension scheme

EC6 Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation

- Chapter 3.6.1 Sustainable procurement
- Chapter 3.6.3 Rail suppliers
- Chapter 3.6.4 Subcontractor logistics

EC7 Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation

- Chapter 4.1.1 HR strategy
- Chapter 4.1.6 Employee - Facts and figures
- Chapter 4.1.3 Internationalization
- Chapter 4.3.5 Diversity International

EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement

- Chapter 1.3.1 Corporate strategy
- Chapter 3.4.1 Track
- Chapter 3.6.2 Vehicles and materials
- Chapter 1.4.5 Commitment
- Chapter 4.3.5 International diversity
- Chapter 4.4.2.4 Graduates

EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts

- Chapter 1.3.1 Corporate strategy
- Chapter 2.1 Customer strategy
- Chapter 3.1.1 Product strategy
- Chapter 3.1.2 Green products
- Chapter 4.2.5 Job security

- Chapter 4.3.5 International diversity
- Chapter 3.6.1 Sustainable procurement
- Chapter 3.6.2 Vehicles and materials
- Chapter 3.6.3 Rail suppliers
- Chapter 3.6.4 Subcontractor logistics
- Chapter 1.4.4 A broad presence in the regions

6.2.3 Product indicators

GRI-Index – Product indicators

From customer satisfaction to programs against drug abuse - in addition to the indicators on product responsibility, you can also find the Sector Supplements for logistics and transportation.

You can find the GRI product indicators here, with a direct link to the respective chapters (or other sources as appropriate) in which they are answered, or provide you with short answers. In the online report, the indicated chapters and sources are directly linked.

Product Responsibility Performance (PR)

Management Approach

- Chapter 3.1.1 Product strategy
- Chapter 3.7.1 Safety culture
- Chapter 2.2.7 Customer data protection
- Chapter 1.2.2 Values

PR1 Process for improvement of health and safety impacts of products and services

- Chapter 3.7.1 Safety culture
- Chapter 3.5 Innovation management

PR2 Incidents of non-compliance with regulations concerning health and safety impacts of products and services

No major incidents during the reporting period are known.

PR3 Products and services subject to legal duties of information

Irrelevant for essential services provided by DB (transport services).

PR4 Incidents of non-compliance with labeling and duties of information

Irrelevant for essential services provided by DB (transport services).

PR5 Determination of customer satisfaction and survey results

- Chapter 2.2.5 Customer satisfaction
- Chapter 2.3 Freight transport customers

PR6 Programs for adherence to laws and voluntary codes related to marketing communications

Any promotional activity of DB is examined not only in terms of its prospects for success, but also to assess whether ethical standards are observed. The Group follows the multiple control principle and a fixed communication pattern.

PR7 Incidents of non-compliance with regulations and voluntary codes concerning marketing communications

No significant complaints during the reporting period are known.

PR8 Complaints regarding breaches of customer privacy and losses of customer data

No significant complaints during the reporting period are known.

PR9 Fines for non-compliance with laws and regulations concerning the provision and use of products and services

No significant complaints during the reporting period are known.

Logistics and Transportation Sector Supplement

The sector-specific GRI indicators for transportation and logistics refer to the GRI guidelines from 2002. DB has adapted the layout of its report to the changes in numbering in the GRI G3 guidelines.

EC1/L&T Gross and net sales and explanation for the difference

- Chapter 1.3.3 Commercial Development
- Chapter 1.3.4 Company profile
- Chapter 1.4.3 Transport policy (taxes)

→ Annual Report 2008: front cover page, Pages 147 ff.

EN3/L&T Breakdown by stationary and mobile sources

→ Chapter 5.2.5 Energy consumption

EN16/L&T Greenhouse gas emissions by stationary and mobile sources

→ Chapter 5.2.3 CO₂ emissions

→ Chapter 5.2.4 Other greenhouse gases

→ Environmental Report Schenker AG 2009: Pages 14-19

LA1/L&T Percentage of drivers by contract type

Irrelevant to the essential services of DB in the field of transportation and logistics.

LA10/L&T Number of hours for transportation safety training

→ Chapter 3.7.4 Transporting dangerous goods

→ Chapter 3.7.2 Safety management

→ Chapter 4.6.2 Occupational health and safety management system for the railroad

LT1 Number of ships

→ Chapter 3.1.4 Fleet

LT2 Fleet structure

→ Chapter 3.1.4 Fleet

LT3 Programs to manage environmental impacts

→ Chapter 5.2.2 Climate targets and program

→ Chapter 3.1.1 Product strategy

→ Chapter 3.1.2 Green products

→ Chapter 3.3 Transportation & Logistics

→ Chapter 3.1.3 Environmental footprints

→ Chapter 3.6.4 Subcontractor logistics

→ Chapter 5.1.1 Environmental strategy

LT4 Initiatives for renewable energy sources and energy efficiency

→ Chapter 3.1.2 Green products

→ Chapter 3.1.3 Environmental footprints

→ Chapter 3.3 Transportation & Logistics

→ Chapter 5.2.2 Climate targets and program

→ Chapter 5.2.5 Energy consumption

→ Chapter 3.5.2 Technical innovations

→ Chapter 3.6.2 Vehicles and materials

LT5 Initiatives to control urban air emissions in relation to road transport

→ Chapter 5.3.2 Air - Rail and road

→ Chapter 3.3 Transportation & Logistics

→ Chapter 3.5.1 Innovation and sustainability

→ Chapter 3.5.2 Technical innovations

LT6 Programs for managing traffic congestion

→ Chapter 5.2.7 Climate - Comparison of transport modes

LT7 Programs for noise management/abatement

→ Chapter 5.4 Noise

→ Chapter 3.5.1 Innovation and sustainability

→ Chapter 3.5.2 Technical innovations

→ Chapter 3.6.3 Rail suppliers

LT8 Environmental impacts of infrastructure assets and real estate

→ Chapter 5.2.5 Energy consumption

→ Chapter 5.5.1 Nature conservation strategy

→ Chapter 5.2.1 Climate strategy

→ Chapter 5.2.8 Climate change and infrastructure

LT9 Working hours and rest time for mobile personnel

→ Chapter 4.2.4 Ways of working

LT10 Options for personal communications by mobile workers

Irrelevant to the essential services of DB in the field of transportation and logistics.

LT11 Programs regarding substance abuse

→ Chapter 4.5.3 Drug policy

LT12 Road fatalities for drivers or third parties

Irrelevant to the essential services of DB in the field of transportation and logistics.

LT13 Incidents of ships detained by port inspectors

Irrelevant, since the DB Group possesses no vessels in international shipping, only three ferries to Wangerooge (Germany).

LT14 Programs for the public access to postal services

Irrelevant, since DB provides no postal services.

LT15 Logistics and transportation services for humanitarian purposes

In 2008, the national companies of DB Schenker Logistics also took part in humanitarian actions and support these with transportation and other services, as well as personal involvement.

LT16 Criteria for selecting recruitment and placement services

Irrelevant to the essential services of DB in the field of transportation and logistics.

LT17 Income security and employment continuity for workers employed/contracted repeatedly but not continuously

Irrelevant to the essential services of DB in the field of transportation and logistics.

6.2.4 Social indicators

GRI-Index – Social indicators

From supplier screening regarding aspects of human rights to the proportion of employees covered by collective agreements – an overview of Deutsche Bahn's social performance.

You can find the GRI social indicators here, with a direct link to the respective chapters (or other sources as appropriate) in which they are answered, or provide you with short answers. In the online report, the indicated chapters and sources are directly linked.

Labor Practices & Decent Work (LA)

Management Approach

- Chapter 4.1.1 HR strategy
- Chapter 4.1.2 Employees - Objectives and program
- Chapter 4.2.1 Working conditions
- Chapter 4.6.1 Occupational health and safety strategy

LA1 Total workforce by employment type and region

- Chapter 4.1.6 Employees - Facts and figures

LA2 Total number and rate of employee turnover by age group, gender and region

- Chapter 4.1.6 Employees - Facts and figures

LA3 Benefits provided to full-time employees

- Chapter 4.2.2 Salary and pension scheme
- Chapter 4.2.3 Benefits

LA4 Percentage of employees covered by collective bargaining agreements

- Chapter 4.2.6 Employment rights

LA5 Minimum notice periods regarding significant operational changes

- Chapter 4.2.6 Employment rights

LA6 Percentage of total workforce represented in formal joint management-worker health and safety committees

- Chapter 4.5.1 Promoting and maintaining health
- Chapter 4.6.2 Occupational health and safety management system for the railroad

LA7 Injuries, absentee rate and fatalities

- Chapter 4.5.1 Promoting and maintaining health
- Chapter 4.6.3 Occupational health and safety - Goals and program

LA8 Health education and risk control programs regarding serious diseases

- Chapter 4.1.2 Employees - Objectives and program
- Chapter 4.5 Occupational health
- Chapter 4.3.4 Career and family

LA9 Health and safety topics covered in agreements with trade unions

There are no formal agreements with trade unions which are relevant to occupational safety. Agreements on occupational safety will be taken by the Works Council. This is also represented in the Group Committee for Occupational Safety.

LA10 Employee training

→ Chapter 4.4.3.3 Staff training

LA11 Program for skills management and lifelong learning

→ Chapter 4.1.2 Employees - Objectives and program
 → Chapter 4.1.4 Demographic change
 → Chapter 4.4.1 Lifelong learning
 → Chapter 4.4.4 Passing on knowledge

LA12 Percentage of employees receiving regular performance and career development reviews

→ Chapter 4.4.3 Encouraging employees

LA13 Composition of upper management and the total workforce

→ Chapter 4.1.6 Employees - Facts and figures
 → Chapter 4.1.4.1 Using experience
 → Chapter 4.3.3 Equality

LA14 Ratio of basic salary: men to women

→ Chapter 4.2.1 Working conditions
 → Chapter 4.2.2 Salary and pension scheme

Human Rights (HR)

Management Approach

→ Chapter 1.2.2 Values
 → Chapter 4.1.1 HR strategy
 → Chapter 4.2.1 Working conditions
 → Chapter 3.6.1 Sustainable procurement

HR1 Investment agreements that include human rights clauses

→ Chapter 3.6.1 Sustainable procurement
 → Chapter 3.6.3 Rail suppliers
 → Chapter 3.6.4 Subcontractor logistics
 → Chapter 1.2.2 Values

HR2 Supplier screening with regard to human rights

→ Chapter 3.6.1 Sustainable procurement
 → Chapter 3.6.3 Rail suppliers
 → Chapter 3.6.4 Subcontractor logistics
 → Chapter 1.2.2 Values

HR3 Employee training on human rights

→ Compliance training

HR4 Cases of discrimination and actions taken

→ Chapter 1.2 Corporate Culture
 → Chapter 4.3 Diversity and tolerance

HR5 Operations identified with significant risk for the right to exercise freedom of association and collective bargaining

→ Chapter 4.2.6 Employment rights

HR6 Operations identified as having significant risk for incidents of child labor and measures taken to contribute to the elimination of child labor

→ Chapter 1.2.2 Values
 → Chapter 3.6.1 Sustainable procurement
 → Chapter 3.6.3 Rail suppliers
 → Chapter 3.6.4 Subcontractor logistics

HR7 Operations identified as having significant risk for incidents of forced or compulsory labor and measures taken to contribute to the elimination of forced or compulsory labor

→ Chapter 1.2.2 Values
 → Chapter 3.6.1 Sustainable procurement
 → Chapter 3.6.3 Rail suppliers
 → Chapter 3.6.4 Subcontractor logistics

HR8 Security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations

The DB Group employs security personnel exclusively in Germany. They are regularly trained and all employees of DB Security are trained in de-escalation.

HR9 Incidents of violations involving rights of indigenous people

No significant complaints during the reporting period are known.

Social Performance Indicators: Society (SO)

Management Approach

- Chapter 1.3.1 Corporate strategy
- Chapter 1.2.1 Corporate Culture - Confidence
- Chapter 1.2.2 Values
- Chapter 1.4 Responsibility for our business environment

SO1 Programme zur Regelung von Auswirkungen der Geschäftstätigkeit auf örtliche Gemeinden

- Chapter 1.3.1 Corporate strategy
- Chapter 3.6.2 Vehicles and materials
- Chapter 3.4.1 Track
- Chapter 1.4.4 A broad presence in the regions
- Chapter 1.4.3 Transport policy

SO2 Business units analyzed for risks related to corruption

- Compliancebericht

SO3 Employees trained in anti-corruption policies and procedures

- Compliancebericht

SO4 Actions taken in cases of corruption

- Compliancebericht

SO5 Public policy positions and lobbying

- Chapter 1.2.3.1 Stakeholder dialogs
- Chapter 1.2.3.2 Memberships
- Chapter 1.4.3 Transport policy

SO6 Financial and in-kind contributions to political parties, politicians and related institutions

Donations of any kind to political parties, their representatives and candidates for political office are prohibited.

SO7 Legal actions for anti-competitive behavior

In the United States, a so-called class action lawsuit was launched against, among others, DB AG, Schenker AG and Schenker Inc. during the reporting period. The object of the suit is an allegation of involvement in unlawful collusion on the price components / supplements for shipping services. The outcome of the lawsuit is still unclear.

SO8 Fines and non-monetary sanctions for non-compliance with laws and regulations

No significant complaints during the reporting period are known.

6.2.5 Environmental indicators

GRI-Index – Environmental indicators

From total water consumption to greenhouse gas emissions – an overview of Deutsche Bahn's environmental performance.

You can find the GRI environmental indicators here, with a direct link to the respective chapters (or other sources as appropriate) in which they are answered, or provide you with short answers. In the online report, the indicated chapters and sources are directly linked.

Environmental Performance Indicators (EN)

Management Approach

- Chapter 5.1.1 Environmental strategy
- Chapter 5.1.2 Group environmental management
- Chapter 5.1.3 Environmental management in the business units

EN1 Materials used

- Chapter 3.6.2 Vehicles and materials

EN2 Percentage of materials used that are recycled input materials

- Chapter 5.6.3 Waste from construction and operations
- Chapter 3.6.2 Vehicles and materials

EN3 Direct energy consumption by primary energy source

- Chapter 5.2.5 Energy consumption
- Chapter 5.2.6 Renewable energy

EN4 Indirect energy consumption by primary source

- Chapter 5.2.5 Energy consumption
- Chapter 5.2.6 Renewable energy

EN5 Energy saved due to conservation and efficiency improvements

- Chapter 5.2.5 Energy consumption

EN6 Initiatives to provide energy-efficient products and services

- Chapter 3.1.2 Green products
- Chapter 3.1.3 Environmental footprints
- Chapter 3.2 Products - Passenger Transport
- Chapter 3.3 Transportation & Logistics
- Chapter 5.2.2 Climate targets and program
- Chapter 5.2.5 Energy consumption
- Chapter 3.5.2 Technical innovations
- Chapter 3.6.2 Vehicles and materials

EN7 Initiatives to reduce indirect energy consumption and reductions achieved

- Chapter 5.2.5 Energy consumption
- Chapter 5.2.6 Renewable energy
- Chapter 3.6.4 Subcontractor logistics
- Chapter 5.1.4 Traveling DB employees
- Chapter 5.7.1 Water consumption

EN8 Total water withdrawal by source

- Chapter 5.7.1 Water consumption

EN9 Water sources significantly affected by withdrawal of water

- Chapter 5.7.1 Water consumption

EN10 Percentage and total volume of water recycled and reused

- Chapter 5.7.1 Water consumption

EN11 Land in and adjacent to protected areas

- Chapter 5.5.4 Protected areas

EN12 Impacts of activities on biodiversity in protected areas

- Chapter 5.5.3 Protecting species
- Chapter 5.5.2 Plants at the tracks
- Chapter 5.5.1 Nature conservation strategy

EN13 Habitats protected or restored

- Chapter 5.5.4 Protected areas
- Chapter 5.5.3 Protecting species

EN14 Management of the impacts on biodiversity

- Chapter 5.5.1 Nature conservation strategy
- Chapter 5.5.2 Plants at the tracks
- Chapter 5.5.3 Protecting species
- Chapter 5.5.4 Protected areas

EN15 Number of IUCN Red List species in areas affected by operations

Deutsche Bahn keeps no central database on the occurrence of Red List species in its areas. These are determined only in individual cases, for example with new construction or upgrade plans and taken into account as part of the compensatory measures to be implemented.

EN16 Total direct and indirect greenhouse gas emissions by weight

- Chapter 5.2.3 CO₂ emissions
- Chapter 5.2.4 Other greenhouse gases
- Environmental Report Schenker AG, Pages 14-19

EN17 Other relevant indirect greenhouse gas emissions by weight

- Chapter 5.2.3 CO₂ emissions
- Chapter 5.2.4 Other greenhouse gases
- Chapter 5.1.4 Traveling DB employees
- Environmental Report Schenker AG, Pages 14-19

EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved

- Chapter 5.2.1 Climate strategy
- Chapter 5.2.2 Climate targets and program
- Chapter 3.1.2 Green products

EN19 Emissions of ozone-depleting substances

- Chapter 5.2.4 Other greenhouse gases

EN20 Air pollutant emissions

- Chapter 5.3.1 Air pollution control strategy
- Chapter 5.3.2 Air - Rail and road
- Chapter 5.3.3 Air - Stationary facilities
- Environmental Report Schenker AG, Pages 21-23

EN21 Total weight of waste by type and disposal method

- Chapter 5.7.1 Water consumption
- Chapter 5.7.2 Wastewater

EN22 Total weight of waste by type and disposal method

- Chapter 5.6.2 Total waste
- Chapter 5.6.3 Waste from construction and operations
- Chapter 5.6.4 Waste from our customers

EN23 Total number and volume of significant spills

No transport- or production accidents with significant spills during the reporting period are known.

EN24 Weight of transported, imported, exported or treated hazardous waste

- Chapter 5.6.2 Total waste
- Chapter 5.6.3 Waste from construction and operations
- Chapter 5.6.5 Transporting waste

EN25 Bodies of water and natural habitats affected by waste water discharges

- Chapter 5.7.2 Wastewater

EN26 Initiatives to mitigate environmental impacts of products and services

- Chapter 5.2.2 Climate targets and program
- Chapter 3.1.1 Product strategy
- Chapter 3.1.2 Green products
- Chapter 3.3 Transportation & Logistics
- Chapter 3.2 Products - Passenger Transport
- Chapter 3.1.3 Environmental footprints
- Chapter 3.6 Supply chains
- Chapter 5.1.1 Environmental strategy

EN27 Percentage of products sold with packaging materials that are reclaimed

- Chapter 5.6.4 Waste from our customers

EN28 Fines and sanctions for non-compliance with environmental laws and regulations

Regulatory offense procedures involving major fines or criminal proceedings for legal non-compliance, which led to a conviction of employees, are not known during the reporting period.

EN29 Environmental impacts of transporting products, materials and employees

- Chapter 5.1.4 Traveling DB employees

EN30 Total environmental protection expenditures and investments by type

In the DB Group, expenditures on environmental protection cannot clearly be separated from other investments in the company, in particular because in the context of a sustainability approach, ecological and commercial goals are consistently linked with each other.

6.2.6 Report indicators

GRI-Index – Report indicators

From the limits of the report to data collection methods and the basis of the calculations – an overview of the report parameters.

You can find the GRI report indicators here, with a direct link to the respective chapters (or other sources as appropriate) in which they are answered, or provide you with short answers. In the online report, the indicated chapters and sources are directly linked.

3 Report Parameters

3.1 Reporting period

→ Chapter 6.1 Report profile

3.2 Date of the last report

→ Chapter 6.1 Report profile

3.3 Reporting cycle

→ Chapter 6.1 Report profile

3.4 Contacts for questions regarding the report

→ Chapter 6.4 Contact

3.5 Procedure for determining the report content

→ Chapter 6.1 Report profile

3.6 Report limits

→ Chapter 6.1 Report profile

3.7 Limitations of the report's scope, and further procedure

→ Chapter 6.1 Report profile

3.8 Basis for reporting on joint ventures, subsidiaries, etc.

→ Chapter 6.1 Report profile

3.9 Data collection methods and calculation bases for the data used

→ Chapter 6.1 Report profile

3.10 New presentation of information compared to earlier reports

→ Chapter 6.1 Report profile

3.11 Changes of scope, report limits or measurement methods

→ Chapter 6.1 Report profile

3.12 Tabelle mit GRI-Index

→ Chapter 6.1 Report profile

3.13 External auditing of the statements

→ Chapter 6.1 Report profile

6.3 COP-Index

Reporting on the UN Global Compact

In 2009, the DB Group officially announced its commitment to the ten principles of the United Nations Global Compact, a voluntary industry initiative of the United Nations aimed at shaping globalization in a more social and environmentally friendly way.

The regular reports Communication on Progress (COP) on the UN Global Compact are integrated into the DB Group's Sustainability Reports. These are based on internationally accepted guidelines and standards of the Global Reporting Initiative (GRI), which is also recommended by the UN Global Compact for reporting since the G3 guidelines of the GRI allow the degree of implementation and the achieved performance for each Global Compact principle to be represented.

In the online report, the chapters and sources are linked directly.

		For detailed description see GRI-Index:	substantial chapters:
Human Rights			
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	HR 1-9, EC 5, LA 4, LA 6-9, LA 13-14, SO 5, PR 1-2, PR 8	→ Chapter 1.2.2 Values → Compliance- Training, Guidelines
Principle 2	make sure that they are not complicit in human rights abuses.	HR 1-9, SO 5	→ Chapter 1.2.2 Values → Compliance- Training, Guidelines
Labour Standards			
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	LA 4-5, HR 1-3, HR 5, SO 5	→ Chapter 4.2.6 Employment rights → Chapter 1.2.2 Values
Principle 4	the elimination of all forms of forced and compulsory labour;	HR 1-3, HR 7, SO 5	→ Chapter 1.2.2 Values → Chapter 3.6.1 Sustainable procurement
Principle 5	the effective abolition of child labour; and	HR 1-3, HR 6, SO 5	→ Chapter 1.2.2 Values → Chapter 3.6.1 Sustainable procurement
Principle 6	the elimination of discrimination in respect of employment and occupation.	LA 2, LA 13-14, HR 1-4, EC 7, SO 5	→ Chapter 1.2.2 Values → Chapter 4.2.1 Working conditions
Environment			
Principle 7	Businesses should support a precautionary approach to environmental challenges;	EC 2, EN 18, EN 26, EN 30, SO 5	→ Chapter 1.3.1 Corporate strategy → Chapter 1.3.2 Future Viability → Chapter 3.1.2 Green products → Chapter 5.1.1 Environmental strategy
Principle 8	undertake initiatives to promote greater environmental responsibility; and	EN 1-30, SO 5, PR 3-4	→ Chapter 3.1.2 Green products → Chapter 3.1.3 Environmental footprints → Chapter 5.2.1 Climate strategy → Chapter 1.2.3.2 Memberships
Principle 9	encourage the development and diffusion of environmentally friendly technologies.	EN 2, EN 5-7, EN 10, EN 18, EN 26-27, EN 30, SO 5	→ Chapter 3.1.2 Green products → Chapter 1.2.3.2 Memberships → Chapter 3.5.2 Technical innovations → Chapter 3.6.4 Subcontractor logistics → Chapter 3.6.3 Rail suppliers
Anti-Corruption			
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	SO 2-6	→ Compliance Report → Compliance-online presence

6.4 Contact

Contact for questions and comments on the report

If you have any questions or comments on the report, you can find the right contact persons here.

Journalists should approach Corporate Communications. The DB Group's sustainability management responds to inquiries on the preparation of this report, rankings and ratings.

The current contact persons are contained only in the online report.

6.5 Legal

Legal

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