

DEDICATED TO SHARED **VALUES**

Corporate Responsibility Report 2017



CONTENTS

FOREWORD	04
THE GROUP	06
EMPLOYEES	34
SOCIETY	54
ENVIRONMENT	62
ANNEX	79
ASSURANCE REPORT	95
NON-FINANCIAL REPORT	99
FURTHER INFORMATION	107

A WORD FROM THE CEO04

THE GROUP06

Business model	10
Strategy	20
Codes of conduct	24
Resilience	26
Suppliers	28
Compliance	30
Data protection & security	32

EMPLOYEES34

Management approach	38
Workforce structure	40
Employee relations & human rights	43
Employee engagement	47
Employee development	50
Occupational safety	51
Health	53

SOCIETY54

Management approach	58
Disaster management	59
Educational opportunity & employability	60
Refugee aid	61
Local projects	61

ENVIRONMENT62

Management approach	66
Energy efficiency & climate change	69
Air pollution	73
Green Solutions	75
Employees & society	77
Further environmental aspects	77

ANNEX79

About this report	80
Materiality analysis	81
Memberships & partnerships	82
Distinctions	83
Multi-year overview	84

ASSURANCE REPORT95

NON-FINANCIAL REPORT99

FURTHER INFORMATION107

Glossary	108
Index	109
QR codes	110
Contact	111

519,544
people around the world
working together for our customers

>150
nationalities in
Germany

14.3%
of the Board of
Management is female



5,619
trainees

>1 million
trees planted

40%
of Supervisory Board members
are female

+32%
gain in carbon efficiency
since 2007

approx. 8,000
vehicles with alternative
drive systems

>97,000
vehicles



63%
green electricity use

208
dedicated cargo planes

Finding your way around

- Material issues in accordance with GRI G4
- Cross-reference within the Report
- Link (QR codes in Annex)
- Reference to external content

- UN Sustainable Development Goals
- Information in accordance with GRI G4 Guidelines (Core Level)
- Glossary entry
- Audited by PwC

DEDICATED TO SHARED VALUES

"Respect and Results" are the principles that guide our actions. They serve as a binding standard for each and every one of our employees around the world and help us create the necessary latitude to explore the limits of our creativity, talents and dedication – not only for the benefit of the company but also for the communities in which we operate. Shared values such as openness, integrity and a sense of responsibility are our constant focus. They are the basis for the contribution every individual in our approx. 520,000-strong workforce makes in tackling the economic, environmental and social challenges of our times and improving the lives of people all around the world.

A WORD FROM THE CEO G41

Dear Readers,

The past year was characterized by ongoing geopolitical tensions and, for many people around the globe, a prevailing sense of uncertainty. Faced with an ever-changing, increasingly complex world, many long for orientation and simple answers, and, once again in 2017, we saw populist movements benefitting from this anxiety in various countries. But isolation and exclusion will not help us to overcome the challenges we face. Rather than focusing on what divides us, we should be seeking out that which connects us and brings us together. The title of this Corporate Responsibility Report – “Dedicated to Shared Values” – also reflects our basic approach to day-to-day work at Deutsche Post DHL Group. But viewed in a broader context, such shared values, to which everyone – in politics, business and society at large – is dedicated, are also fundamental to peaceful, stable and democratic development around the world.

Economically, 2017 was in many ways a good year. At the same time, economic systems and the world of work are undergoing dramatic change. Globalization has fundamentally altered the way we live and work, and created new opportunities for growth and development. While the logistics industry has helped make this evolution possible, it has also been impacted by the consequences. And now digitization promises to usher in a new wave of change. Although it clearly helps make life simpler and more sustainable in many areas, digitization will also have a huge impact on how we work in the future. Some occupations will undergo radical transformation or even disappear completely, while entirely new jobs and modes of collaboration will emerge. One thing is clear: having a basic understanding of commonly-used technologies and being fundamentally open to new ideas will be absolutely essential – and not just on the labor market. As a global logistics company, we were among the first to recognize new technologies as an opportunity; indeed, we see ourselves as a logistics industry trailblazer in an increasingly digital world. Today, we are in a position to react quickly to change and to adopt new technologies and business models so that we can conduct our business more efficiently and sustainably.



In 2017, we continued to pursue our goal of becoming a benchmark company for responsible business, focusing our efforts on those issues considered most relevant by our stakeholders. Continuous improvement is another key component of corporate responsibility at Deutsche Post DHL Group and, during the reporting year, we conducted a fresh round of stakeholder interviews in order to reassess and update the results of our 2015 materiality analysis. At the heart of our activities are our employees, who put our shared values into practice every day with passion, dedication and a clear sense of the value they contribute. As part of our annual Employee Opinion Survey, we ask our people to evaluate categories such as Active Leadership and Employee Engagement, and we use this input to gauge progress towards our continuous improvement goals. Our activities in the area of sustainability, which involve collaborations with several external partners, are subject to high standards. Our adherence with the UN Global Compact principles and support for the United Nations Sustainable Development Goals (SDGs) are just two such examples.

In 2017, amendments to Germany's Commercial Code (HGB) changed the requirements placed on corporate reporting. In addition to existing reporting criteria, companies are now also required to submit a non-financial report detailing information on personnel and social matters, human rights and combatting corruption. While this new requirement demands an additional level of investment on our part, it is also indicative of the growing relevance of corporate responsibility in society today – an aspect long-since reflected in our own reporting practices.

This year, our report includes a long list of achievements of which we can be proud. One very important area is our responsibility to the approx. 520,000 employees throughout the Group. I'm pleased to report that this number grew again in 2017, and that we now employ 11,500 more people than in the previous year. The continuous growth of our workforce is a testament to our success and supports our goal to become Employer of Choice. All the more encouraging, then, to see the Employee Opinion Survey once again generating such high approval ratings among employees. Employee involvement in volunteer projects was, as ever, impressive this year. Together, our people invested nearly 400,000 hours in social and environmental projects, supported refugee integration efforts, and helped plant more than one million trees, thus exceeding one of our Mission 2050 goals.

In the reporting year, we achieved several more milestones on the way to Mission 2050. We improved our carbon efficiency by 32% over 2007 levels, which exceeded our own goal for 2017 by one index point. In keeping with our role as forerunner in climate-efficient green logistics, we have now deployed 5,500 StreetScooter electric delivery vehicles in our mail and parcel operations. We already deliver 28% of our own first and last mile services with clean pick-up and delivery solutions – whether by foot, StreetScooter, e-bike or cargo bike – and this year we also began selling the StreetScooter to external companies and organizations.

A further goal of our climate protection activities is to make a significant contribution to the two-degree climate goal established by the UN. Our partnership with the 2017 climate change conference (COP 23), which took place in the immediate vicinity of our Post Tower headquarters in Bonn, was a terrific opportunity to communicate our commitment to this issue to the global climate community.

Although a report like this focuses primarily on past activities and achievements, I do not want to conclude without a brief look at what lies ahead. In the future, we want to further expand our role as a leader in corporate responsibility and sustainability, and become a benchmark company for responsible business. We are excited about the incredible potential opened up by digitization, and will continue to seize the opportunities it brings. But this is only possible in an environment in which logistics

is free to realize its full potential. As a logistics company, we enable the exchange of goods and information, thus promoting economic growth and development around the world – we connect people and improve their lives. But free-flowing commerce is crucial to all of this. Protectionism and walls, either in our minds or at national borders, threaten not only social progress, but also the exchange of ideas and values. All of which brings me full circle – we are Dedicated to Shared Values and to working together across cultures and borders.

"I believe it's not enough for a company to focus solely on creating value for its shareholders – we want to give something back to society, too."

tionism and walls, either in our minds or at national borders, threaten not only social progress, but also the exchange of ideas and values. All of which brings me full circle – we are Dedicated to Shared Values and to working together across cultures and borders.

Sincerely,

Dr. Frank Appel
CEO

THE GROUP

Corporate responsibility is part of our DNA. Every day we create value for customers, employees and investors, while fulfilling our responsibility to society and the environment.





DEDICATED TO SHARED VALUES – THE GROUP

“Our Code of Conduct defines clear ethical standards for Deutsche Post DHL Group and spans the entire spectrum of our daily work and operations. This spectrum includes quality management, customer relationships, workplace conduct, business integrity as well as corporate responsibility and the environment. The rules and guidelines defined by the Code of Conduct provide all of us with the necessary security and orientation in our day-to-day operations. The Code of Conduct also communicates to our customers, investors and the public that Deutsche Post DHL Group is a reliable, trustworthy partner that combines first-class service with a strong sense of responsibility. This confirms our aspiration to become provider, employer and investment of choice.”

Excerpt from the Deutsche Post DHL Group Code of Conduct

Business model	10
Customer satisfaction	
Sustainable products	
Innovations	
Economic success	
Leadership & management	
Strategy	20
Stakeholders	
External recognition	
Codes of conduct	24
Pursuing company interests	
Resilience	26
Internal audit	
Opportunity & risk management	
Security management	
IT security	
Suppliers	28
Management approach	
Supplier management	
Compliance	30
Management approach	
Risk analysis	
Data protection & security	32
Management approach	
Data protection	

THE GROUP

Business model G4 3 - 9, 12 - 14, 34

✓ Deutsche Post DHL Group is a logistics and mail communications provider. At locations in over 220 countries and territories worldwide, our workforce of around 520,000 employees generated revenues of €60.4 billion and EBIT of €3.74 billion in the reporting year. The principal company of the Group is Deutsche Post AG, a listed corporation domiciled in Bonn, Germany.

The Group is organized into the four operating divisions of Post - eCommerce - Parcel, Express, Global Forwarding, Freight, and Supply Chain. Each of the divisions is managed by its own divisional headquarters and subdivided into functions, business units and regions for reporting purposes.

Internal Group services, including Corporate Procurement, IT Services, Insurance & Risk Management and Corporate Real Estate, have been consolidated under Global Business Services, while Group management functions are centralized in the Corporate Center. ✓

Group brands ✓

The Group brings two of the most valuable brands together under one roof: Deutsche Post and DHL. Both brands represent a diverse portfolio of products and services.

Deutsche Post – The Postal Service for Germany: Deutsche Post is the sole provider of universal postal services in Germany. At home within the Group's Post - eCommerce - Parcel division, Deutsche Post transports letters and shipments of light-weight merchandise within Germany and across borders, and provides international dialogue marketing services. For the growing e-commerce sector, we develop solutions for international shipments to consumers (B2C). Our portfolio also comprises consulting and services to meet all physical and digital dialogue marketing needs. Furthermore, we offer physical, hybrid and electronic written communications for international business customers.

DHL – The Logistics Company for the World: In the Express division, we transport urgent documents and goods from door to door. As an air, ocean and overland freight forwarder, Global Forwarding, Freight acts as an agent brokering transport services between customers and freight forwarders, as well as multimodal and sector-specific solutions, together with individualized industrial projects. Supply Chain's main

Organizational structure ✓





Deutsche Post DHL Group						
Corporate Center			Divisions			
CEO, Global Business Services Functions¹ <ul style="list-style-type: none"> • Board Services • Corporate Legal • Corporate Office • Corporate Development & First Choice • Corporate Executives • Corporate Heritage & Industry Associations • Corporate Communications & Responsibility • Corporate Public Policy & Regulation Management • Global Business Services 	Finance Functions <ul style="list-style-type: none"> • Corporate Accounting & Controlling • Corporate Finance • Investor Relations • Corporate Audit & Security • Taxes • Divisional Finance Organizations • Legal Services 	Human Resources Functions <ul style="list-style-type: none"> • Corporate HR Germany • Corporate HR Standards & Programs • Corporate HR International • Divisional HR Organizations 	Post - eCommerce - Parcel Business units <ul style="list-style-type: none"> • Post • e-Commerce - Parcel 	Express Regions <ul style="list-style-type: none"> • Europe • Americas • Asia Pacific • MEA (Middle East and Africa) 	Global Forwarding, Freight Business units <ul style="list-style-type: none"> • Global Forwarding • Freight 	Supply Chain Regions <ul style="list-style-type: none"> • EMEA (Europe, Middle East and Africa) • Americas • Asia Pacific

¹ Ken Allen, Board Member for Express, assumed responsibility for Customer Solutions & Innovation effective December 31, 2017.

business is contract logistics. As the international market leader in this sector, we offer our customers standardized warehousing, transport and value-added services that can be combined into tailored supply chains.

➤ Annual Report 2017, from page 28


Value of Group brands in 2017 ✓

Deutsche Post 	
Deutsche Post brand value stable ¹ € 2.9 billion	DHL is amongst the world's 100 most valuable brands ² 
German Top 50 ¹ 	Brand value improves again ² US\$15.8 billion

Sources: ¹ Brand Finance; ² Millward Brown

CUSTOMER SATISFACTION

Becoming Provider of Choice is one of the three core objectives of our Group strategy. We regularly conduct customer satisfaction surveys, quantify satisfaction levels using key performance indicators (KPIs), and pursue clearly defined targets.

Our  First Choice methodology – based on Six Sigma, Lean and change management techniques – provides us with an effective tool for increasing customer satisfaction and loyalty. With First Choice, we systematically and continuously

improve our own processes, services and products, and work together with customers to further optimize solutions. Since introducing the methodology in 2006, we have implemented well over 29,000 specific improvement initiatives, trained more than 34,000 executives and employees in applying the methodology, and directly involved over 154,000 employees through regular performance dialogues.

>29,000

First Choice initiatives

The performance dialogues not only focus attention on KPIs and defined targets, but also help employees become more aware of improvement potential with regard to processes and quality standards in their immediate working environments. First Choice tools, including simple problem-solving techniques, are then applied to help with implementation. In addition, various communications channels encourage dialogue among employees, which also helps motivate them to apply available methods and tools to drive improvements. This


promotes a culture of continuous improvement and lays the foundation for effective innovation management that truly responds to the needs of our customers.

We use systematic surveys to measure satisfaction levels among our customers. Since launching the First Choice program, we have already commissioned and analyzed over 170 customer satisfaction studies. Customer complaints also provide us with valuable input when analyzing optimization needs and improvement potential.

Customers confirm service quality ✓

Customers rate Deutsche Post DHL Group based upon whether posted items reach their destinations quickly, reliably and undamaged. To measure customer satisfaction levels, we utilize tools adapted specifically to each division's field of activity – several examples of which are presented below.

Post - eCommerce - Parcel: Fast and reliable ✓





External surveys confirm that 93% of domestic letters posted in Germany are delivered the very next day, with 99% reaching their recipients within two days. This puts us above the statutory requirements. The external measuring system is audited and certified each year by TÜV Rheinland for compliance with  EN 13850 requirements. Transit times for international letters are determined by the International Post Corporation. Here, we rank among the top postal companies. As a rule, parcels sent within Germany reach their recipients the next working day 84% of the time. Our internal system for measuring parcel transit times has been certified by TÜV Rheinland since 2008.

In 2017 our approximately 27,000 sales points were open for business an average of 54 hours a week, one hour more than the previous year. The annual survey conducted by Kundenmonitor Deutschland, the largest consumer study in Germany, also indicated high acceptance levels among customers with regard to our exclusively partner-operated retail outlets: **93.9%** customer satisfaction

93.9% of customers were satisfied with our quality and service. In addition, impartial mystery shoppers from TNS Infratest tested the postal outlets in retail stores around 30,000 times over the year. The result showed that 94.3% of customers were served within three minutes.


➤ Annual Report 2017, from page 74

Facts & Figures: Mail and parcel business ✓

Deutsche Post 	
Mail and parcel business	DHL business units
<ul style="list-style-type: none"> ● 93% D+1 Letters delivered the day after posting  ● 93.9% satisfied customers According to Kundenmonitor Deutschland ● Open 54 hours Average weekly opening time of sales points in Germany ● Over 5,500 StreetScooters in operation ● TÜV certified Certified external measurement system 	<ul style="list-style-type: none"> ● MYDHL portal Simplifies express shipment¹  ● Approx. 290 certified locations in accordance with TAPA² ● Insanely Customer Centric Culture Keeping a constant eye on customer requirements ● Customer improvement projects >80 improvement initiatives implemented ● Net Promoter Approach Continuously turning criticism into improvements

¹ Business customer portal; ² Transported Asset Protection Association

Express: Service quality and customer orientation ✓

As a global network operator that applies standardized processes, we continuously improve our service to keep customer commitments, respond specifically to their wishes, and always deliver the best possible quality. We make sure to leverage customer complaints and criticisms to drive continuous improvement; we constantly track ever-changing customer requirements and have managers personally contact unsatisfied customers. We work together with government authorities to regularly review operational safety, compliance with standards, and the quality of service at our facilities. Some 290 of these facilities – over 100 of which are in Asia – have been certified by the security organization Transported Asset Protection Association (TAPA). Our Express division sites have been certified to the  ISO 9001:2008 standard since 2013. In addition, in specific regions and countries we were certified or re-certified in the areas of environmental protection and energy management.

 Annual Report 2017, page 75

Global Forwarding, Freight: Quality in focus ✓

In the Global Forwarding business unit, we use customer feedback to systematically revise and improve our products and services. Our punctuality, reporting and invoicing improved notably in the year under review thanks to more than 80 initiatives. Operating performance is monitored and improved on an ongoing basis, while regular performance dialogues

ensure that our employees focus upon the right priorities. In addition, we trained nearly 3,000 of our employees in structured problem-solving techniques in the year under review.

Our customer satisfaction survey, which we plan to update and expand in the future, also forms the basis for upgrading the range of services in the Freight business unit.

 Annual Report 2017, page 76

Supply Chain: Quality leader in contract logistics ✓

We aim to be the quality leader in contract logistics. Through the use of standardized processes and solutions, and with the support of quality experts at every site, we make sure we meet or exceed the expectations of our customers.

In the reporting year, we replaced our yearly telephone-based customer satisfaction surveys with shorter and more frequent online surveys: The program has been rolled out to all Supply Chain countries. As part of our Operations Excellence program, a uniform Service Quality KPI routinely measures whether our locations are meeting defined operating standards.

 Annual Report 2017, page 76

SUSTAINABLE PRODUCTS

Our products and services benefit the community, particularly in the areas of health, logistics infrastructure and the environment. Special transport solutions ensure the reliable and on-time provision of medical goods and equipment worldwide, including temperature-sensitive medicines. We enable the global flow of mail and goods, ensure their local distribution, and provide secure digital communication.

- **Healthcare:** We see opportunities for long-term, sustainable growth in the healthcare sector in particular and are expanding our activity in this area. We offer advanced cold chain logistics services, a global air and ocean freight network for shipping temperature-sensitive medical goods and equipment, and maintain 160 life science graded warehouses worldwide. Our equipment and facilities meet the extremely high standards of the life science and healthcare sector. RFID sensors, for example, monitor sensitive goods around the clock during both transport and warehousing phases, with remedial action possible at any time. Our products and services improve patient safety worldwide and save lives. During the reporting year, we entered into an agreement with the

global vaccine alliance ① GAVI to improve the vaccine supply chain, and are now working together with regard to implementation in local projects in Africa.

- **Environment:** We develop new environmentally-friendly products and logistics solutions, which help our customers and transport partners reduce their environmental impact.

→ Environment, from page 75

- **Global infrastructure:** Taken together, the family of Deutsche Post DHL Group brands provides customers with a wide-ranging portfolio of sustainable products and services. We protect our global network with an IT security platform, and also offer this platform as a product to our customers so that they can monitor and secure their own supply chains. Our disaster management programs integrate our worldwide network into the United Nations' global humanitarian system.

→ Resilience, from page 26; Society, page 58

Sustainable services contributing to the UN Sustainable Development Goals



INNOVATIONS

In a global business environment, innovation is a key competitive factor and value creator. Through innovation we enhance our competitiveness and future success, while creating added value for our customers.

"When we test our innovations, we always have our employees in mind. Right now, we're testing the PostBOT, a self-propelled electric robot that can carry parcels weighing up to 150 kilos. It eases the load for our parcel couriers, helping to keep them fit and healthy."

JÜRGEN GERDES

CEO Post - eCommerce - Parcel



Our activities in the area of innovation are assigned to Customer Solutions & Innovation. The unit works together with Group divisions to develop innovative solutions from the initial idea phase through to market readiness. As part of the process, our logistics and innovation experts collaborate with relevant stakeholder groups, especially customers, suppliers and business partners in the areas of science, technology and research. The Start-up Lab also provides employees with the opportunity to get involved with innovative ideas.

→ Employees, page 49

Our innovations are largely based on existing technologies, and focus on expanding the automation of logistics processes, making logistics chains more stable and secure, and improving carbon efficiency.

In the reporting year, we launched a number of new initiatives and reached important milestones in ongoing projects.



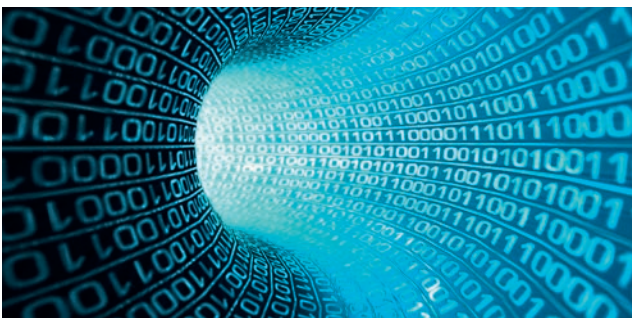
Robotics – Easing workloads and optimizing processes:

Collaborative robots perform repetitive tasks and are already being used at 19 co-packing sites and logistics centers in the UK. Fetch robots can navigate sites on their own, detect obstacles in the environment and transport loads up to 78 kilograms at speeds of up to two meters per second. The PostBOT is used in postal delivery and can transport up to 150 kilograms.



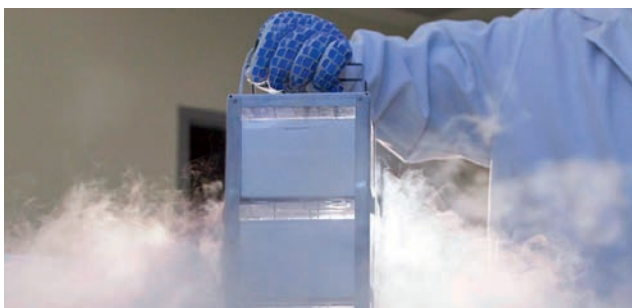
Electric mobility – Improving air quality and reducing noise:

Powered by fuel cells, the StreetScooter model WORK L has a range of over 500 kilometers, which opens up new possibilities for both operational use and sales potential. Testing is also being conducted on autonomous delivery vehicles – including the StreetScooter – as part of a collaboration with an automotive supplier and several IT companies specializing in artificial intelligence.



Digitalization – Tracking data and processes in real time:

With our product Resilience360, customers can integrate supply chain data with external risk databases and draw comparisons to industry peers. The Internet of Things makes it possible to graphically depict operational processes, which makes it easier to monitor real-time operational data. This is driving progress in the area of warehouse digitalization, with testing already being conducted at three locations in Germany, the Netherlands and Poland.



Logistics solutions for special requirements: We are developing extensive infrastructure and expertise for the semiconductor industry at 50 facilities worldwide. In e-commerce, we are developing a model infrastructure for a fast-growing company in the fashion industry. For hospital logistics, we are developing a service solution in the area of medical technology, which hospitals can use for just-in-time access to medical equipment and devices stored in field warehouses.

Investments in technological development ✓

We continually invest in the renewal and modernization of our hubs, networks, and road and air fleets. One focus of our investment policy is technological advancement, which has helped to further our pioneering role in the area of electric-powered delivery vehicles, for example. Details can be found in our “Environment” chapter. In the reporting year, our investment expenditures amounted to more than €2.277 billion. A detailed report on Group investments can be found in our 2017 Annual Report.

➤ Annual Report 2017, from page 66

Studies and trend reports published

As a thought leader in the logistics industry, we invest systematically in trend research and solution development. In the reporting year, we once again published a number of studies and trend reports:

- “The Human-Centered Supply Chain”: Looks at fashion industry supply chains
- “Future of Life Sciences and Healthcare Logistics”: Presents six key trends and technologies for a successful supply chain transformation in the Life Sciences and Healthcare industry
- “Sharing Economy Logistics – Rethinking Logistics with access over ownership”: Describes the main aspects of the Sharing Economy, best practices from other industries, and possible practical applications of the Sharing Economy within the logistics value chain
- “Happiness Atlas” 2017: Explores the relationship between sustainable living and life satisfaction levels in Germany



🌐 Studies & specials



🌐 Curricula vitae and mandates

LEADERSHIP AND MANAGEMENT ✓

As a listed German public limited company, Deutsche Post AG has a dual management structure. The Board of Management is responsible for the management of the company. It is appointed, overseen and advised by the Supervisory Board. The Board of Management and the Supervisory Board are in regular dialogue regarding strategic measures, planning, business development, risk exposure and risk management, as well as company compliance. The Supervisory Board Report provides information on the main issues discussed and decisions made by the Supervisory Board during the reporting year.

➤ Annual Report 2017, from page 90

The Board of Management

The Board of Management, with the consent of the Supervisory Board, has established rules of procedure that are pertinent to, among other things, cooperation within the Board of Management. Each member of the Board of Management manages his or her own department independently and regularly informs the rest of the Board about key developments. The Board of Management as a whole decides on matters of particular significance for the company or the Group. These include all decisions which, pursuant to the rules of procedure, must be presented to the Supervisory Board for approval as well as those tasks the Board is statutorily prohibited from delegating. In making their decisions, Board of Management members may neither pursue personal interests nor exploit for their own benefit business opportunities to which the company is entitled. Board of Management members are required to disclose any conflicts of interest to the Supervisory Board without delay.

🌐 Deutsche Post AG Articles of Association

New members of the Board of Management

The Board of Management consists of seven members. During the reporting year, the following Board Members were appointed to the Board of Management:

- On June 1, 2017, Tim Scharwath assumed responsibility for the Global Forwarding, Freight division as member of the Group Board of Management.
- On September 1, 2017, Dr. Thomas Ogilvie assumed office as Board Member for Human Resources and Labor Director.

THE BOARD OF MANAGEMENT



DR. FRANK APPEL
Chief Executive Officer
Global Business Services

Born in 1961
Member since November 2002
Appointed until October 2022



MELANIE KREIS
Finance

Born in 1971
Member since October 2014
Appointed until June 2022



DR. THOMAS OGILVIE
HR

Born in 1976
Member since September 2017
Appointed until August 2020



KEN ALLEN

Express

Born in 1955
Member since February 2009
Appointed until July 2020



DR. h.c. JÜRGEN GERDES

Post - eCommerce - Parcel

Born in 1964
Member since July 2007
Appointed until June 2020



JOHN GILBERT

Supply Chain

Born in 1963
Member since March 2014
Appointed until March 2022



TIM SCHARWATH

Global Forwarding, Freight

Born in 1965
Member since June 2017
Appointed until May 2020



The Supervisory Board

The Supervisory Board advises and oversees the Board of Management; it also appoints the members of the Board of Management. The Supervisory Board has established rules of procedure, which include the fundamental principles of its internal structure, a catalogue of Board of Management transactions requiring its approval, as well as rules for the Supervisory Board committees. It meets at least twice every half calendar year. Special meetings are held whenever particular developments or measures need to be discussed or decided quickly. In addition, the Supervisory Board has six committees that are charged primarily with preparing the resolutions of the Supervisory Board's plenary meetings. The Supervisory Board delegates ultimate decision-making on individual issues to the committees.


The Supervisory Board consists of 20 members, including ten shareholder representatives who are elected by the Annual General Meeting and ten employee representatives who are elected by employees in accordance with the provisions of the German Co-determination Act. All members of the Supervisory Board are independent as defined in the German Corporate Governance Codex. Women comprise 40% of the Supervisory Board. This exceeds the legal requirement in Germany.

40%

women

 Supervisory Board Members and committees

Managing corporate responsibility

The Corporate Center and Global Business Services are responsible for defining standards for responsible corporate governance. These include, first and foremost, the company's strategic direction, systematic dialogue with  stakeholder groups, Group policies that are central to corporate responsibility, such as the Code of Conduct, as well as cross-divisional functions such as compliance and supplier management. Standards are also defined for remuneration throughout the Group, health management and occupational safety, among other areas.

The divisions are responsible for aligning customer requirements with the strategic and ethical principles of corporate responsibility, and for anchoring the Supplier Code of Conduct in their contractual relationships.

With the help of clear governance structures, management systems, KPIs and targets, we manage the issues and create a high degree of transparency. At the working level,

relevant issues are identified and decision papers prepared for submission to their respective parent committees.

- **Personnel issues:** The HR Board under the direction of Board Member for Human Resources, Dr. Thomas Ogilvie, is responsible for managing personnel issues throughout the Group. The HR Board relies on information from sources including the Diversity Council, regarding progress on diversity management in the divisions, as well as the Employee Relations Forum with information on structuring employee relations and respecting human rights.
- **Occupational safety:** The Operations Board, under the direction of CEO Dr. Frank Appel, is responsible, among other things, for managing and developing occupational safety KPIs. The Occupational Health & Safety Committee defines cross-divisional regulations and standards in occupational safety, identifies areas with high accident rates and develops appropriate prevention measures.
- **Environment:** The GoGreen Sponsors Board, under the direction of the CEO, decides on environmental strategy implementation. Environmental protection issues, such as energy efficiency and air pollution, are also discussed regularly at Board of Management meetings.
- **Responsible corporate governance:** The Responsible Business Practice (RBP) Council relies on information received from the RBP Working Group to decide on various issues relating to responsible corporate governance. The RBP Council ensures a strategic approach and corresponding standards for responsible business practice.

The Sustainable Advisory Council (SAC) is charged with assessing our guidelines and action measures in the area of corporate responsibility from an external point of view. It consists of independent experts and progressive thinkers from various disciplines, including science, economics, the humanitarian community, the environment, logistics, politics, the media, and ethics.

The SAC met twice during the reporting year. The first meeting focused primarily on developing the Employee Relations management system. The second meeting focused

among other issues on progress made in the Code of Conduct training modules.

➔ Employees, page 44

ECONOMIC SUCCESS ✓

Deutsche Post DHL Group contributes in many ways to the economic well-being of individuals and societies. With around 520,000 employees, annual revenues of €60,444 million and EBIT of approximately €3.74 billion, Deutsche Post DHL Group also serves

- as a catalyst for global trade with its world-spanning logistics networks, which make it possible for companies and people to participate in international trade, and
- as an indirect economic factor, with our sites, employees and suppliers contributing to economic growth and development in their respective regions.

The Group's economic performance is presented in detail in our 2017 Annual Report. Our positive economic position is evidence of the trust our customers place in us as a company that acts responsibly. At the same time, this position allows us to expand our activity in the area of corporate responsibility.

➔ Annual Report 2017, from page 51

Tax experts pursue conservative tax strategy

By paying taxes and other duties to federal, state and local authorities in many different countries, the Group helps finance the maintenance and expansion of infrastructure. This responsibility is the basis for our conservative tax strategy. We do not regard our subsidiaries in so-called "low-tax" countries as tax optimization opportunities. These subsidiaries are a necessary part of maintaining our presence worldwide and support our business activity.

With our global team of tax experts, we ensure that possible taxation risks are recognized early and counteracted, and that national and international tax-related compliance requirements are met, thus ensuring that the Group is properly taxed in the respective countries.

Rewarding investor trust

We reward the trust placed in us by our investors with a stable share price. In the reporting year, we paid out €1,270 million

in dividends for fiscal year 2016. Information on dividends for fiscal year 2017 is presented in the 2017 Annual Report.

➔ Annual Report 2017, from page 55

Staff costs at prior-year level

With approximately 520,000 employees, we are one of the world's largest employers. In the reporting year, staff costs amounted to €20,072 million, or 33% of Group revenues. Staff costs include wages, salaries and compensation, as well as all other benefits paid to Group employees for their work during the fiscal year. They also include social contributions, particularly statutory social security contributions paid by employers. We also offer defined benefit and/or defined contribution-based pension plans, which accounted for approximately €891 million of total staff costs in the reporting year. More detailed information on pension plans is available in the Notes to the consolidated financial statements in the 2017 Annual Report.

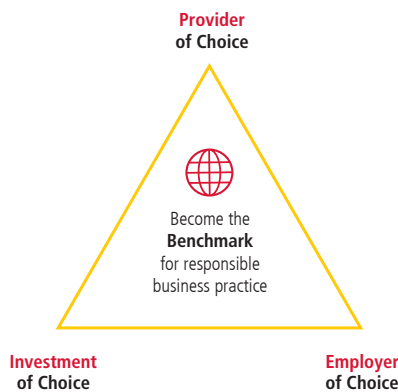
Remuneration paid to the Board of Management and the Supervisory Board represents 0.06% of total staff costs. In 2017 the total remuneration paid to active Board of Management members amounted to €11.57 million; for the Supervisory Board, that total was €2.641 million. These figures include share-based remuneration. Please refer to the Group Management Report for additional details on Board of Management and Supervisory Board remuneration.

➔ Annual Report 2017, from page 40

Strategy G4 18 - 21, 24 - 27

✓ Our mission is to connect people and improve lives. With our portfolio of products and services – and near global presence – we make it possible for individuals and companies to participate in global trade, and contribute to economic development and prosperity around the world. We are committed to abiding by global standards for legal and ethical business practices, maximizing the value we bring to local communities, assuming responsibility for our employees, and minimizing the environmental impact of our business as much as possible. This is our way of promoting the company's long-term growth and securing jobs worldwide.

Corporate strategy goals ✓



Sustainability and corporate responsibility are integral components of our corporate strategy – Strategy 2020: Focus. Connect.Grow. Our aspiration, in line with Strategy 2020, is to meet not only our operational requirements but also the requirements of Deutsche Post DHL Group stakeholders, as well as the needs of society and the environment. Our corporate strategy goals are to become Provider, Employer and Investment of Choice – and a benchmark company for responsible business. More and more of today's customers consider a company's full social impact when selecting a service provider. At the same time, today's employees increasingly judge the attractiveness of their employer by the company's ethical principles and commitment to social and environmental issues. Investors, too, increasingly base their investment decisions on corporate responsibility (CR) criteria. This establishes the direct link between our business and CR objectives. ✓

Corporate strategy and the UN sustainability goals ✓



As a longstanding partner to the United Nations, we aim to support the realization of the UN's Sustainable Development Goals (SDGs). The following SDGs are most closely

aligned with our CR activities:

- **SDG 4 “Quality Education”:** We offer our employees extensive training and development opportunities, encouraging life-long learning and personal/professional development. We collaborate with our partner organizations to improve educational opportunity and employability for young people.
→ Employees, page 50; Society, page 60
- **SDG 8 “Decent Work and Economic Growth”:** We connect people and help improve their lives by facilitating global trade, supporting economic growth and creating jobs around the world.
→ Employees, page 38
- **SDG 11 “Sustainable Cities and Communities”:** We provide a growing population with sustainable logistics solutions and improve air quality in urban areas with clean pick-up and delivery solutions. Our activities in the area of natural disaster management, disaster relief and refugee aid help promote sustainable communities.
→ Environment, page 73; Society, page 59
- **SDG 13 “Climate Action”:** With our ambitious climate target and Green Solutions, we are helping the world community reach the goals established at the UN Paris Climate Conference (COP 21).
→ Environment, page 67
- **SDG 17 “Partnerships for the Goals”:** Partnerships with or memberships in national and international organizations are of considerable strategic importance for us and our work. As an example, we take advantage of our membership of the World Economic Forum to help shape debate and action on sustainability. We have cooperated with United Nations organizations for many years as part of our Group programs for education and natural disaster management.
→ Annex, page 82

Continuously reviewing our strategic direction ✓

With the goal of continuously improving our performance in the area of corporate responsibility, we systematically include stakeholder expectations with regard to social and environmental issues; this is ensured through a multi-stage management process.

Corporate responsibility management process ✓



These insights are based on dialogue with our stakeholders, as well as detailed stakeholder surveys. We also rely on insights gained through our strategic issues management process that involves intelligent, real-time monitoring of more than 20,000 online media and social media sources.

In addition, we conduct a materiality analysis every two years to systematically identify material issues and define specific actions, goals and KPIs.

The relevance of focus issues identified by the materiality analysis is reviewed on an ongoing basis. We provide our internal committees with regular progress reports and use the annual Corporate Responsibility Report to regularly update our external stakeholders. We facilitate discussion of CR issues with our various stakeholder dialogue formats. The insights gained from this continuous process are fed back into the management cycle on an ongoing basis.

Material issues confirmed ✓

In the reporting year, we conducted qualitative interviews to review the currentness and completeness of the material issues identified two years earlier, further improving our understanding of stakeholder expectations with regard to material issues. The interviews largely confirmed the focus issues identified by the 2015 materiality analysis. “Respect for Human Rights” emerged as a new focus issue, while “Noise” became a lower-priority issue as compared to 2015. In their feedback representatives from the various stakeholder groups emphasized more clearly the specific areas in which the company could exert a more direct influence.

→ Annex, page 81

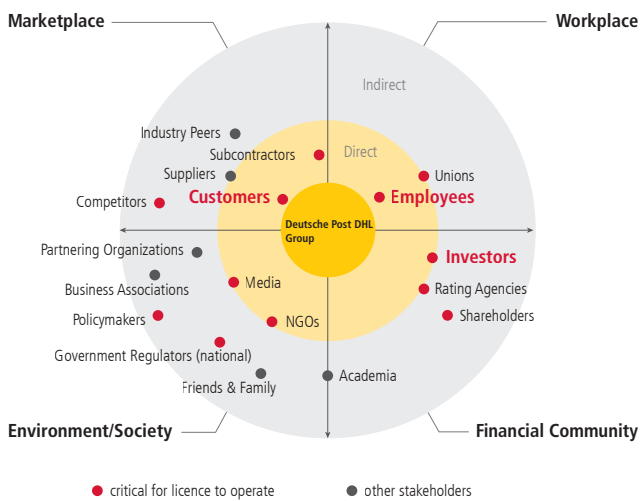


Key performance indicators (KPIs) and target objectives were defined for each of the material issues. These KPIs are also used to track progress in implementing our corporate strategy in the area of corporate responsibility. We do not report on this data in full because these figures contain sensitive information pertaining to our business. The progress made with regard to the individual topics is reported in the respective chapter of this report.

DIALOGUE WITH STAKEHOLDERS

We consider regular, open and constructive dialogue with our stakeholders – especially customers, employees and investors – to be of strategic importance for the Group and an integral part of our management process. This ongoing dialogue is also an important facilitator of collaboration, helping us to work together with stakeholders to address future social and business challenges.

Deutsche Post DHL Group stakeholders



We use targeted dialogue formats:

- **Customers:** Customer satisfaction surveys, market research, customer conferences, workshops on innovation-related topics in our Innovation Centers in Troisdorf and Singapore, social media channels and the Logistics Newsroom. Our international customer magazine “Delivered.” is published five times a year, providing comprehensive information and expert opinions on logistics solutions as well as industry and sector trends
- **Employees:** Surveys such as our annual Employee Opinion Survey, the Employee Trend Monitor and various internal media, online media and social media channels
- **Investors:** Annual events such as the Annual General Meeting and press conferences to disclose the annual and quarterly results, investor road shows and investor conferences, as well as tutorial workshops

Priority is given here to involvement in national and international forums, which allow us to actively participate in shaping the dialogue on overarching issues. During the reporting year, technical advancement in the logistics sector was the focus of particularly intense discussion at the following events:

- **World Economic Forum in Davos (January 2017):** We engaged in discussion with decision-makers and leading logistics industry experts examining potential strategies for new solutions within the sector. As in regional summits in Africa, India, the Middle East and North Africa, the main topics in Davos were the fourth industrial revolution, inclusive growth and responsible leadership in a radically changing world.
- **Capital Markets Day (May 2017):** Strategy 2020 stock-take and in-depth discussions with investors.
- **Smart City Forum in Bad Hersfeld, Germany (June 2017):** Thanks to these discussions on economic and social developments, our PostBOT delivery robot will be piloted in a real-life environment for the first time and ahead of schedule.
- **Trends in robotics (November 2017):** Conference and discussions with investors concerning innovative solutions in our supply chain.

Dialogue formats are standardized across the Group in accordance with our Stakeholder Engagement Guideline (SE Guideline), which is based on the international AA1000 Stakeholder Engagement Standard (AA1000 SES). We provide our employees with internal dialogue platforms and offer training options to further improve their knowledge of the SE Guideline and their overall stakeholder orientation.

EXTERNAL RECOGNITION

Our performance in the area of corporate responsibility is evaluated independently against economic, ecological, social and ethical standards by rating agencies and other institutions according to their own autonomous principles. We also utilize customer platforms to have our performance as a service provider evaluated externally.

In the reporting year, Deutsche Post DHL Group once again received numerous distinctions from customers, environmental and social organizations, and other institutions. These awards reflect the broad recognition our corporate responsibility activities have received around the world.

More and more investment decisions are based on non-financial KPIs and the rankings of CR rating agencies. More than 40% of our share capital is already held by signatories of the UN Principles for Responsible Investment (UN PRI). In doing so, these investors have committed, amongst other things, to supporting greater transparency in non-financial reporting in the companies in which they invest. Customers also increasingly view a company's rating or listing on an ESG (Environmental, Social, Governance) index as a factor when deciding to purchase services, award contracts, etc.

For our company, rating agency or ESG index rankings are primarily of strategic significance, and used as a benchmark comparison when reviewing the direction of our CR activities. Rating agencies are also among the stakeholder groups surveyed as part of our materiality analysis.

Ratings and index listings confirmed

Our strong ratings were confirmed by a variety of ratings agencies and the ESG performance platforms once again in the reporting year. Furthermore, 2017 saw the Group included in two indices which exclusively rate measures relevant to diversity and inclusion, as well as employee development and employee offers for the first time. Deutsche Post DHL Group was included in the Thomson Reuters IX Global Diversity & Inclusion Index and the Bloomberg Gender Equality Index (BBGEI). The Thomson Reuters Index comprises 100 listed companies selected from 6,000 companies, and Bloomberg compiled its sector-neutral BBGEI comprising 104 companies for the first time during the reporting year.

Major achievements in the reporting year included our relisting in both the DJSI World and DJSI Europe CR indices, and in the FTSE4Good Index. For the fourth consecutive year, MSCI awarded Deutsche Post DHL Group its maximum "AAA" rating. As in previous years, Deutsche Post DHL Group is the only logistics company to receive this top rating. Oekom Research also confirmed the Group's Prime status. Our environmental protection measures and performance received a rating of "A-" from the CDP, making Deutsche Post DHL Group a sector leader in the DACH (Germany, Austria and Switzerland) region.

We were also able to maintain our good ratings as a service provider, with a score of 93% from the Responsible Business Alliance (putting us in the "low risk" category) and confirmation of our "Gold" standard rating by EcoVadis, which puts us in the top 1% of all companies assessed.

Key rating agencies and indices



FTSE4Good



Codes of conduct G4 56, SO 6, HR 5 - 6 ✓

The Code of Conduct is the Group's guideline for the ethically, socially and legally correct behavior of our staff; our Supplier Code of Conduct establishes the same requirements for our suppliers. Together, our two codes of conduct constitute our policy with regard to respecting human rights. We have thus refrained from formulating a separate human rights policy.

Group-wide rules of conduct


The key pillars of the Code of Conduct are integrity, respect for employees and customers, as well as the willingness to assume social responsibility. The Code was developed together with the business divisions to ensure that regional requirements are considered; it lays the foundation for our corporate culture in all countries and at all levels of the Group's hierarchy. Our Codes are built on the following fundamental principles: respect for human rights, equal opportunity, transparency, and clear stands in the battle against discrimination, bribery and corruption. This stance reflects our commitment to the Universal Declaration of Human Rights and the UN Global Compact.

Our Code of Conduct sends the signal to stakeholders and the general public around the world that Deutsche Post DHL Group is a trustworthy partner that combines first-class service with social and environmental responsibility.

Deutsche Post DHL Group policies ✓

Code of Conduct¹	} Human rights policy
Supplier Code of Conduct²	

Further policies and guidelines (excerpt)



- Anti-Corruption and Business Ethics Policy³
- Corporate Citizenship Guideline
- Environmental and Energy Policy
- Green Electricity Policy³
- Investment Policy³
- Corporate Procurement Policy³
- Data Privacy Policy
- Corporate Security Policy
- Paper Policy
- Occupational Health & Safety Policy Statement
- Sponsorship Guideline³
- Stakeholder Engagement Guideline
- Competition Compliance Policy³

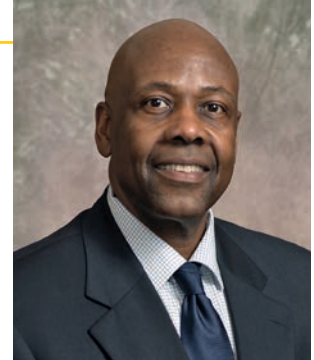
¹ Guided by the principles of the Universal Declaration of Human Rights and the UN Global Compact with reference to the International Labour Organization (ILO) Declaration on the Fundamental Principles and Rights at Work from 1998 and the OECD Guidelines for Multinational Enterprises; ² The term suppliers also refers to our transportation subcontractors; ³ Not available to the public

We expect our managers to serve as role models – to lead by example in both behavior and values, to support and foster our corporate culture in everything they do, and to communicate these values to our employees and business partners. The Code of Conduct is an integral component of our employment contracts with our managers.

"Our customers also expect our company to provide fair working conditions. In calls for tender, I refer to the Code of Conduct or use quotes taken from it. With my team, I experience the value of fairness and respect each and every day. When my team is happy, everyone benefits – customers and company alike."

TONY FLOOD

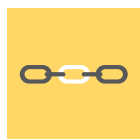
Vice President HR, USA
Supply Chain



All other Group policies, such as the Anti-Corruption Policy and regionally applicable policies and guidelines, are either based on or derived from the Code of Conduct. Violations of the Code can be reported via various channels, including the Compliance Hotline.

As a multinational enterprise, we have made our Code of Conduct available in more than 20 different languages. We familiarize our workforce with the contents of the Code and their application in the workplace via online seminars, which we also use in the induction processes for new employees. This training is mandatory for managers, who have an important function as role models and communicators for our conduct policies.

Supplier Code of Conduct – Shared Values



We believe that successful partnerships with our suppliers are built on a common set of values. Our Supplier Code of Conduct (SCoC) ensures that our values and principles are embedded in our supply chains. The SCoC is a mandatory component of all Group contracts; a requirement which encourages suppliers to implement the same standards in their own supply chains. In the reporting year, we revised the Supplier Code of Conduct, further refining its treatment of human rights protection and fair working conditions:

- **Child labor:** The supplier shall not employ children aged below the prevailing legal minimum employment age. In countries where no legal provisions exist, the minimum hiring age for minors is 15.
- **Forced labor:** The supplier shall reject all forms of forced labor, slavery or compulsory labor. The supplier shall ensure employees are not required to pay fees or make payments of any kind in return for employment. Punishments as well as physical and mental coercion are prohibited.
- **Compensation and working hours:** Prevailing national laws and binding industry standards apply with regard to working hours, overtime and compensation. The supplier shall pay employees on time and provide them with clear and concise information about the basis on which they are paid.
- **Freedom of association and collective bargaining:** The supplier's employees are free to join or not to join a union or employee representation of their choice. Furthermore, the supplier shall recognize and respect the right to collectively bargain in accordance with applicable law.
- **Diversity:** The supplier shall promote an inclusive work environment in which the diversity of its employees is valued. The supplier shall not discriminate or tolerate discrimination with respect to gender, race, religion, age, disability, national origin or any other characteristic protected under law.

In existing Group contracts, the Supplier Code of Conduct will be gradually replaced with the new version as approved by

the Board of Management. The new version will be available to our partners in some 30 languages.

Suppliers and employees who have contact with suppliers receive special Supplier Code of Conduct training. An interactive module for suppliers on our website provides an easy-to-understand explanation of the SCoC's main contents and requirements.

 Training module for suppliers

PURSUING OUR INTERESTS ✓

In our dealings with the public, we build trust through openness and transparency. We maintain correct and lawful relations with all governmental and supervisory authorities, operating at all times in a straightforward, transparent manner and in accordance with applicable laws and regulations. Our Group-wide Anti-Corruption and Business Ethics Policy defines rules for dealing with donations and gifts to political parties and governmental institutions. This policy applies to all regions and countries in which Deutsche Post DHL Group operates. Wherever a transparency register exists, such as in the EU, we also report voluntarily on the type, scope and financing of the activities we conduct in pursuing our company interests. This does not, however, prevent our employees from acting within applicable law, such as that in the US, to organize and manage political action committees (PACs). Employees can make financial contributions on a personal, voluntary basis, but are listed with the name of their employer.

"Employees are not authorized to make contributions to political parties and their affiliated organizations, to governmental authorities or to any other public institution on behalf of the Group. Such contributions include financial donations and other gifts of monetary value."

EXCERPT FROM OUR ANTI-CORRUPTION AND
BUSINESS ETHICS POLICY

Resilience ✓

Customers expect their logistics provider to ensure that their goods and shipments reach their destinations reliably within the agreed period of time. Our comprehensive opportunity and risk management system enables us to respond to disruptions and unforeseeable events quickly and effectively. We also use this comprehensive management approach for early detection of business opportunities, thus strengthening our competitive position.

INTERNAL AUDIT ✓

Internal Audit represents a key element of corporate management. Its main focus is the review of the Group's risk management systems pursuant to legal requirements. By order of the Board of Management, Corporate Internal Audit conducts independent audits Group-wide on a regular and ad-hoc basis on site at our companies. Internal Audit also advises the Board of Management and Group executives on compliance requirements.

Auditors inspect existing local processes and assess whether these are sufficient for reaching defined targets and values, and whether progress towards the targets is being monitored. Internal Audit also reviews and judges whether processes and measures comply with defined targets. The focus is on analyzing and evaluating the efficiency and effectiveness of the Group's internal monitoring system, its risk management system, and its organizational security measures and controls in the divisions and corporate departments.

Audit results and corresponding action recommendations are discussed regularly with the Board of Management and presented to the Supervisory Board. A total of 244 regular audits were carried out in the reporting year.

ACCOUNTING FOR FINANCIAL OPPORTUNITIES AND RISKS ✓

The anticipated impact of potential incidents, developments and trends is considered in our business planning. Opportunities and risks are defined as potential deviations from projected earnings. Our Group-wide opportunity and risk management system records and measures CR-related opportunities and risks from areas such as litigation and personnel.

Each quarter, managers estimate the impact of future scenarios, evaluate the opportunities and risks, and present both planned measures and those already implemented.


Queries are made and approvals are given on a hierarchical basis to ensure that different managerial levels are involved in the process. Opportunities and risks can also be reported at any time on an ad hoc basis.

The early identification and assessment of opportunities and risks follows uniform Group-wide reporting standards. We continuously improve the IT application used for this purpose.


Opportunities and risks relevant to the reporting year are reported by category in the Group Management Report.

➔ Annual Report, from page 81

SECURITY MANAGEMENT ✓

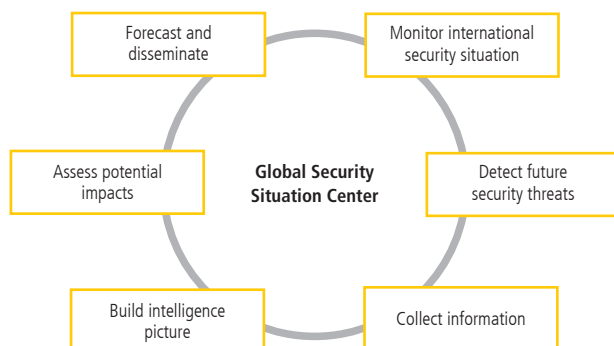
As a globally operating logistics company, we are also affected by international developments and their impact on our business processes, the  resilience and the reputation of our company, or individual employees and their families. As global trade grows, so does the risk that our globally networked supply chains become targets of criminal activity, such as cyber attacks on our extensive networks. We prepare comprehensively for these challenges in a number of different ways.

Our Group-wide security management system ensures business continuity even in emergency situations and helps maintain customer trust in our products and services. The primary responsibility of Corporate Security is to ensure the safety of our employees, our sites and the goods we transport on behalf of our customers. This responsibility also extends to the protection of confidential information, tangible and intangible assets not to mention the reputation of Deutsche Post DHL Group.

The Group-wide security management system is aligned with the  ISO 28000 standard and will undergo the relevant certification process during the first six months of 2018. Our security experts support Internal Audit on a regular basis to ensure our guidelines and standards are applied and complied with across the board.

Our team of security analysts at the Global Security Situation Center (GSSC) identifies and assesses strategically relevant risks and trends worldwide based on specially defined indicators. Using our global IT security platform – Resilience360 – the GSSC can track developments in almost real time. The GSSC's Trend Reports are regularly submitted to Group management for further discussion.

Responsibilities of the Global Security Situation Center (GSSC) ✓



Raising employee awareness for security risks

In the reporting year, we continued developing the training program designed to increase employee awareness with regard to safety and security. Part of this program includes targeted training to prepare employees for deployments in high-risk countries.

"I was about to fly home when shots were fired in the lobby of my hotel in Manila. I don't mind saying it was quite scary but thanks to the advance briefing from our security experts, I knew how to get help. By calling the emergency number in my contacts, I received the information I needed to make it to the airport as planned."



JAMESON CHEN

Senior Manager, Singapore
Customer Solutions & Innovation

Contributing to security policy solutions

In addition to the growing security threats to our global supply chains, regulatory measures are also having an increasing impact on business activities. In response, Deutsche Post DHL Group maintains close and collaborative dialogue with security authorities and represents the Group's interests in national and international bodies and institutions that deal with security issues. This allows us to contribute our extensive experience to developing security policy solutions and applying them within the Group. By implementing Group-wide crime prevention measures and investigating security-related incidents, we safeguard our employees, the assets entrusted to us by our customers, as well as the Group's tangible and intangible assets.

IT SECURITY ✓

We have a comprehensive IT security management system in place designed to protect our IT systems around the world against unauthorized access or manipulation, and to ensure that our systems remain operational in the event of failure or disruption.

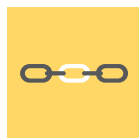
Our guidelines and procedures for securing our IT systems are based on the international certification standard  ISO 27002. In addition, Group Risk Management, IT Audit, Data Protection and Corporate Security monitor and assess IT risk on an ongoing basis.

Employees are granted access to our systems and data only to the extent it is required to perform specific tasks. IT systems and data are backed up on a regular basis, and critical data are replicated in the data centers. Our data centers are distributed across several large sites worldwide to help protect against complete system failures. All of our software is updated regularly to ensure proper functioning, fix possible bugs, and close potential gaps in security.

Suppliers

G4 HR 9, 10 EN 32 - 34, LA 16, SO 9 - 11 ✓

MANAGEMENT APPROACH



Successfully managing our global network of suppliers is a key competitive factor. The Supplier Code of Conduct forms the basis for supplier relations and is a mandatory component of our contracts with suppliers. The Code obligates our suppliers to observe the strategic goals and ethical values of Deutsche Post DHL Group and encourages them to implement the same standards in their own supply chains.

Supplier management is a key component of our procurement processes. It helps us to ensure that our standards are applied and adhered to along the supply chain; moreover it increases supply security and creates value through trust-based collaboration with our suppliers. Supplier management pays particular attention to strategically important suppliers, who contribute significantly to the Group's value creation.

We offer employees comprehensive training designed to sensitize them to the risks that can arise in the procurement process.

Management and measuring success

Corporate Procurement establishes procurement process standards, defines selection processes for suppliers, and is responsible for drafting the Corporate Procurement Policy. As part of Global Business Services, it reports to the CEO.

Annual procurement expenses in the reporting year amounted to approximately €10 billion. This includes the costs involved in upgrading our fleets and sites.

Standards for all procurement activities are defined in the Corporate Procurement Policy, which is mandatory for all subsidiaries within the ① consolidated group.

A rigorous and sustainable supplier management system plays a vital role in the business success of Deutsche Post DHL Group. We do not disclose internal management parameters as this constitutes sensitive business information, however, we have defined requirements and targets for the key areas shown below.

Area	KPI	Progress made
Supplier Code of Conduct	Employee training	All procurement staff received training.
Employee development	Sensitize and train employees, enabling them to act as role models for ethically correct behavior	50% of procurement staff were certified as part of the Certified initiative. This measure will be continued.
Supplier management	By 2020, develop external supplier evaluation criteria and define minimum thresholds	In the reporting year, we intensified dialogue with strategic suppliers and recognized supplier performance with the Supplier Award. In 2018 we want to further intensify the dialogue with our suppliers.
Corporate Procurement Policy	By 2020, include environmental and social standards in the supplier selection process as a binding selection criterion and roll out revised version throughout the Group	Policy was reviewed and measures identified. In 2018 we will update the Corporate Procurement Policy.

SUPPLIER MANAGEMENT ✓

In line with our Corporate Procurement Policy, preference is given to suppliers and transport service providers with high environmental and social standards. We select suppliers and transport service providers by way of a standardized, multi-step evaluation process. To ensure a high degree of quality and objectivity during the tender process, we also look at external supplier evaluations and define appropriate thresholds. As a result, we work with suppliers with whom we have gained positive experience in evaluating our own sustainability performance, and whose processes we believe to be credible and trustworthy.

Code of Conduct revised

The Supplier Code of Conduct applies to suppliers as well as to transportation subcontractors and other services providers, including their own business partners and subcontractors. One area of focus during the reporting year was revising the Supplier Code of Conduct; this included further refining the Code's treatment of human rights protection and fair working conditions. We require that suppliers refrain from employing children under the minimum employment age and prohibit any and all forms of forced labor. We require suppliers to comply with national laws and mandatory industry standards with regard to remuneration and working time, to grant employees the right to freedom of association and wage negotiations, and to create working environments that promote inclusion and honor employee diversity. In existing Group contracts, the previous version of the Supplier Code of Conduct will be gradually replaced with the new version as approved by the Board of Management.

→ Codes of conduct, page 25

Familiarizing suppliers with our standards

Suppliers can access an interactive training module to familiarize themselves with our standards before entering into contract negotiations. The module is available in various languages, which ensures that suppliers around the world can read and understand the Supplier Code of Conduct. In the reporting year, the training module was revised to reflect the updated versions of the Supplier Code of Conduct.

 Training module for suppliers

Evaluation process

An integral component of our purchasing platform, which we use to manage all procurement processes throughout the Group, is a standardized supplier monitoring and evaluation process. Suppliers who meet certain risk criteria contained in our Anti-Corruption Policy are evaluated regularly as part of our due diligence screening. In the reporting year, we revised this process, defined minimum thresholds, and introduced external assessment standards. These are based, for example, on standards defined by the United Nations, which help us take country-specific factors more effectively into account.

Results of the evaluation are documented and available on the purchasing platform. In this way, comprehensive supplier profiles will be available to all procurement staff throughout the Group in future. Providers who pose an increased risk to the Group's legal compliance or reputation and fail to demonstrate ethical pricing practices are excluded from the pool of potential suppliers.

System for responding to non-compliance

We trust our suppliers and business partners to comply with the terms of our contractual agreements, and monitor compliance by means of random spot checks. Suppliers are primarily selected for audit on the basis of their economic and strategic significance and the results of a risk assessment. To enable informed decisions, key Group departments such as HR and Compliance are involved in the process. If a violation of our Supplier Code of Conduct is suspected, the matter is investigated thoroughly. If the violation is confirmed, we establish a binding action plan to address/remedy the noncompliant behavior. The corrective measures identified are based on the severity of the violation and can result in termination of the business relationship.

Fostering lasting relationships

Our goal is to build mutually beneficial long-term relationships with our suppliers – relationships that foster learning and generate innovative ideas. We take a systematic approach to assessing relationships with our suppliers, which involves a four-step process:

- Supplier profiling and segmentation for a clear overview of the types of relationships
- Rating supplier performance e.g. with regard to quality, innovation or compliance with our standards

- Creating a joint action plan for identified improvement areas
- Monitoring and assessing supplier performance as a way to further improve performance

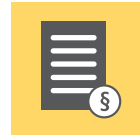
If we identify suppliers with competencies that are of strategic importance for our business – including innovators from the fields of green technologies and IT – we intensify our dialogue with them. In the reporting year, we awarded the Supplier Award for the first time in four categories: Sustainability, Quality, Total Cost of Ownership, and New Breakthrough Ideas and Approaches.

Raising awareness among staff

Procurement staff are trained to recognize certain risks, such as corruption and anti-competitive practices, so they can identify and resolve conflicts quickly and in a policy-compliant way. As part of the Group-wide Certified initiative, we offer a two-day training module developed jointly by Procurement, Corporate Security, Legal and Compliance. Participants learn the proper application of the Supplier Code of Conduct, the Anti-Corruption and Business Ethics Policy and the Competition Compliance Policy. Other employees also have the option of taking part in the training as a way to enhance knowledge and skills. The interactive training module for suppliers is also mandatory.

Compliance G4 SO 3 - SO 5, SO 7 ✓

MANAGEMENT APPROACH ✓



Ethically and legally correct conduct when dealing with our business partners, investors and the public is a major contributor to our company's reputation and the basis for lasting success at Deutsche Post DHL Group. The focus of our compliance management system is preventing corruption and anti-competitive practices.

As a globally active logistics provider, we operate in countries with very different political systems, laws, and cultural values – a challenge we meet with mandatory Group-wide policies and measures. We conform with the compliance-relevant recommendations issued by the German Corporate Governance Code government commission in the version dated February 7, 2017 and observe applicable international anti-corruption standards and laws as stipulated, for example, in the UN Global Compact, the US Foreign Corrupt Practices Act and the UK Bribery Act. We are also a member of the World Economic Forum's Partnering Against Corruption Initiative (PACI). In 2017, we renewed our pledge to observe PACI's seven principles and committed to translating these principles into concrete and measurable action across the Group.

 Partnering Against Corruption

Management and measuring success

Compliance is a management responsibility and is thus overseen by all management bodies within the Group. Responsibility for designing the compliance management system lies with the Chief Compliance Officer, who reports directly to the Chief Financial Officer. The Chief Compliance Officer reports to the Board of Management on a quarterly basis and informs on any insights gained. His annual report also informs the Supervisory Board's Finance and Audit Committee.

Rules for ethical conduct in our Code of Conduct are further specified in the Anti-Corruption and Business Ethics Policy. These guidelines are integrated into a comprehensive compliance management system with clear lines of responsibility and reporting structures as well as effective monitoring mechanisms.

Compliance-related issues are also included in the independent, objective audits commissioned by the Board of Management and conducted by Corporate Audit. These

audits focus on analyzing and evaluating the efficiency and effectiveness of the Group's internal monitoring system, its risk management system, and its organizational security measures and controls in the divisions and corporate departments.

We see compliance as a prerequisite for business success worldwide, a perception that is shared by our various stakeholder groups. Compliance is thus considered a material issue and managed according to predefined indicators. As this information involves sensitive data, we do not disclose it externally in its entirety.

IDENTIFYING COMPLIANCE RISKS ✓

Our Compliance Management System (CMS) ensures adherence to our compliance policy, rules and principles. The primary goal is the prevention and early detection of potential compliance risks so that we are in a position to react appropriately.

Elements of the Compliance Management System ✓



Continuous analysis of the company's current risk profile is a core component of the CMS and fundamentally important to further adjusting and improving the system. Here, the main focus is on issues such as bribery and corruption, antitrust and competition law, as well as fraud and embezzlement for purposes of self-enrichment. Results are used to develop additional measures for avoiding compliance violations. Insights gained from compliance audits and reported violations are also used to continually improve the system.

We expect our managers to lead by example in their behavior and values, and communicate our corporate culture, principles and values to both employees and business partners. Indeed, in order to ensure our compliance rules are understood and adhered to, we offer targeted training. We

also encourage our employees to be alert to compliance violations and to report them through various internal channels, including our dedicated Compliance Hotline. Compliance is thus an integral part of our corporate culture and is lived out at all levels of the Group.

The Chief Compliance Officer is assisted in his task of designing the compliance management system by the Global Compliance Office, which establishes Group-wide standards for compliance management and supports the corresponding activities of the divisions. Each of the four operating divisions has a Compliance Officer, who can draw on additional local resources and regularly presents a report to the divisional Board of Management. The activities as well as the content of the reports drawn up by both the divisional Compliance Officers and the Global Compliance Office are incorporated into the quarterly update reports to the Board of Management and into the annual report to the Finance and Audit Committee of the Supervisory Board.

Key compliance responsibilities include: establishing and updating applicable guidelines; evaluating business partners with regard to compliance; developing, implementing and continually updating compliance training and communication measures, as well as the system for reporting potential violations of law or policy, including the respective sanctions as deemed necessary.

In the reporting year, we launched an additional communications campaign to further raise awareness for compliance issues among employees.

 Group website

Instilling a compliance culture

Regular compliance training for managers and employees helps strengthen the compliance culture and increase awareness for potential compliance violations.

An important part of the Group-wide training program is the Compliance Curriculum, which consists of three modules: Code of Conduct, Anti-corruption and Business Ethics, as well as Competition Compliance. Employees at greater risk of compliance violations due to their role or function are required to complete the curriculum and then undergo repeat training every two years. This requirement also applies to all management-level staff. Depending on their function, employees are required to complete either the entire curriculum or selected individual training modules.

In the reporting year, both training courses (including recurrences) were successfully conducted throughout the Group.

Anonymous reporting of violations: Whistleblower hotline

Employees can report potential compliance violations through a special 24-hour web application or by calling our Compliance Hotline, which is available in 150 countries and in 30 different languages. We treat reported compliance violations confidentially and investigate all substantive reports thoroughly, with all the consequences this entails. Where regional legislation permits, we guarantee anonymity to those reporting possible compliance violations. We use internal media to make sure employees are aware of the reporting systems available to them, including contact persons within the local compliance organization. The reports submitted to the Board of Management and the Supervisory Board's Finance and Audit Committee also include information on relevant compliance violations. As of 2017, external parties can also report possible compliance violations either anonymously or by name using an online form. This conforms to the CR-relevant amended recommendations issued by the German Corporate Governance Code government commission in the version dated February 7, 2017.

 Report form for external parties

Independent monitoring through Corporate Audit

Compliance is a fundamental part of the audits performed regularly by Corporate Audit in all business divisions and departments. This also involves regular inspections of all management processes within the compliance organization. The results of these inspections are documented and reported regularly to the Board of Management together with recommendations for improvement. Recommendations included revising the Group's competition policy and reviewing the compliance training program.

In the reporting year, 244 regular audits, which were either directly or indirectly related to compliance, were conducted across the Group. A number of ad hoc audits were also performed for specific reasons. The audits supplement the Group-wide monitoring system and support ongoing compliance activities, as well as the identification of compliance risks. They provide the basis for ongoing enhancement of our Group-wide compliance program. The findings of the various audits are also used to review existing monitoring and control criteria for their currentness and completeness.

244

regular audits

Data protection & security G4 PR 8 ✓

MANAGEMENT APPROACH ✓



The aim of data protection is to guarantee the right of the individual to informational self-determination; a concept that is becoming increasingly important as all spheres of life become more and more digitized. In our capacity as a multinational company, the international flow of data, along with today's trend towards Big Data, poses a particular challenge when it comes to protecting personal data. As we operate in so many countries throughout the world, we must comply with a wide range of data protection rules and regulations. Indeed, in our growth market e-commerce, as well as in international logistics, customers place particular value on data protection compliance.

In response, Deutsche Post DHL Group is one of the few companies worldwide to have established a Group-wide Data Privacy Policy. This policy is binding for all of the company's subsidiaries that are affected by data protection laws. Through this measure we aim to ensure that the processing of personal data is carried out exclusively in accordance with the respective legal requirements. In countries where there are no prevailing data protection rules or regulations, our Data Privacy Policy serves as the basis for setting the binding minimum standard for protecting data. The policy includes specific instructions on the processing of personal data, and provides information on basic rights, such as the right to information on stored data and its deletion. We also have other data protection rules in place based on our corporate Data Privacy Policy; these focus on specific areas such as the processing of personal data, direct marketing and e-commerce activities.

Our Data Privacy Policy already largely conforms to the new European general data protection regulation, which standardizes data protection law within Europe and takes effect on May 25, 2018. We have conducted training to intensively prepare employees for the new regulation and its requirements.

Management and measuring success

To ensure compliance with our own Data Privacy Policy and prevailing national data protection regulations, we rely on the support of legal counsel, a comprehensive training program and internal audits. Implementation of our Data Privacy Policy is also subject to regular external third-party review.

We report on how we protect personal and business-related data from unauthorized access, disclosure or manipulation under IT security.

High data protection standards are integral to the Deutsche Post DHL Group brand. Our stakeholder groups also regard data protection as a major factor of our business success. Given the sensitive nature of our data protection indicators, we do not disclose this data externally.

→ Resilience, page 26

DATA PROTECTION ✓

In order to ensure compliance with our high data protection standards, we have implemented an effective system of data protection management. Not only does it provide a strong argument for convincing new customers, employees and investors of our expertise, it also helps create confidence in the company. One focus of our data protection management system is conducting Privacy Impact Assessments (PIA), which comprise internal assessments based on detailed questionnaires.

In the reporting year, we began implementing a Group-wide platform which systemizes the processes related to these internal assessments and supports us in applying the new European general data protection regulation, in particular with regard to additional documentation requirements.

Raising data protection awareness

We have also developed a comprehensive training program designed to sensitize employees and managers at all levels to data protection issues, and to ensure compliance with these requirements. Specifically, we offer mandatory web-based training for managers, as well as customized training on site for employees with special tasks, for example in Sales. We intend to develop further training modules as part of the Certified initiative for roll-out across the Group.

"The protection of personal data is a major issue for our customers – particularly in the e-commerce sector. Our Group policy provides guidance and stipulates our minimum requirements even in countries where no legal regulations exist."

GABRIELA KRADER

Corporate Data Protection Officer
Deutsche Post DHL Group



EMPLOYEES

Diversity and equal opportunity open doors to new possibilities. In an environment of mutual respect, our people are empowered to deliver their best for our customers each and every day.





DEDICATED TO SHARED VALUES

— EMPLOYEES

“It is part of our corporate culture that all relations between board members, managers and employees of all levels, units and regions shall be guided by mutual respect, openness, honesty and the spirit of trust and cooperation. We give and seek feedback and we communicate actively and openly with each other. We are committed to a fair and open debate and seek varying opinions. We encourage our colleagues to speak up promptly and to express their ideas and concerns. Team spirit is fostered by open-mindedness. We never encourage or direct our employees to achieve business results at the expense of compliance with the law, ethical standards or with this Code of Conduct.”

Excerpt from the Deutsche Post DHL Group Code of Conduct

Management approach	38
Workforce structure	40
Succession planning	
Diversity & inclusion	
Employee relations & human rights	43
Management system	
Employee representatives	
Employee engagement	47
Employee Opinion Survey	
Compensation	
Employee development	50
Occupational safety	51
Health	53

EMPLOYEES

Management approach

As one of the biggest employers in the world, our global workforce numbers around 520,000 employees. Predominantly deployed in the operative side of the business, our employees are among other things responsible for warehouse operations as well as the processing and distribution of shipments and goods. We also employ experts in a range of specialist disciplines and managers in various fields. Their engagement, expertise and skills, not to mention their commitment to continuous personal development, are key factors in maintaining our high quality of service and business success.

We offer a supportive, respectful work environment in which our employees can develop their skills and expertise. In addition to open, constructively led employer-employee dialogue, we offer performance-based, competitive remuneration, along with a healthful work environment. In response to the digital transformation in logistics, we are increasingly integrating the potential afforded by new technologies into our operations and developing new areas of business. All the while, our focus remains on our employees as we prepare our people for the changes digitization will bring to the workplace.

In our Code of Conduct, which provides the foundation for a corporate culture characterized by respect, we confirm our ethical commitment to respect human rights in our employee relations, reject all forms of forced labor or child labor, as well as recognize and respect the right to freedom of association and to collective bargaining in accordance with applicable law. We are also committed to championing equal opportunity in employee recruitment and selection. As expressed in our Diversity and Inclusion Statement, we actively promote an inclusive work environment throughout the Group. Further development of our diversity management approach across all divisions and functions is based on input and advice from the Group's Diversity Council.

Both the increasing demand for specialists and managers in the logistics industry and the aging societies in the world's industrialized nations pose a challenge for companies everywhere, including Deutsche Post DHL Group. Recognizing, fostering and developing the potential of our employees so that we retain their expertise over the longer term is central

to our HR activities. In terms of recruiting, we focus on attracting young talent and experts in those markets that are relevant to our business. For this reason, we have made the goal of becoming Employer of Choice an integral component of our Group-wide Strategy 2020.

Material issues and KPIs

The priority action areas (material issues) for the Group have been defined in dialogue with our stakeholders. With regard to HR activities, respecting human rights, employee engagement and development, and workplace health and safety represent our primary focus.

→ The Group, page 21



Respecting human rights: We added this issue to our priority action areas in 2017. With a multilevel management system in place across the Group, we ensure that human rights are respected and implemented. We regularly review our Code of Conduct for completeness and currentness, train employees with a management role and support them in implementing the Code within their areas of responsibility. We also conduct regular Employee Relations Reviews (ER Reviews) to assess the situation at local level and, where appropriate, develop responsive measures to introduce change.

→ Page 43



Employee engagement: A management style based on mutual respect can have a great impact on employee satisfaction. This in turn affects employee engagement, which we measure in our annual Group-wide Employee Opinion Survey based on acceptance levels for the Active Leadership KPI. Results from this section of the survey are tied to bonus payments for our company executives.

→ Page 47



Employee development: Personal development is a key factor in employee engagement and one which we address with a broad-based training program. Our Certified initiative allows us to train our employees to be experts in their field while exemplifying the objectives of our company with regard to customers and other interest groups. This initiative poses a considerable challenge given the fact that we want to certify

80% of our employees as experts by 2020. The key performance indicator in measuring our success in this area is the level of participation in the Certified initiative.

→ Page 50



Occupational health & safety: Last but not least, we initiate Group-wide measures to promote health awareness and healthy lifestyles.

We also provide access to healthcare for employees and their families who are not located in Germany. Most importantly, we promote a workplace culture based on the principle of “Safety First”. Because work safety is of key importance, we use the Group-wide accident rate (LTIFR) as a KPI.

→ Page 51



Through the measures we introduce, we aim to support the UN Sustainable Development Goals of “Quality Education” (SDG 4) and “Decent Work and Economic Growth”

(SDG 8).





Managing and measuring success

Decisions concerning human resources are managed via the HR Board, which is chaired by the Board Member for Human Resources. Cross-divisional and cross-functional issues, such as enforcing our values in the supply chain, are addressed by the Group’s Responsible Business Practice Council.

Group policies used in implementing and enforcing our ethical values and goals include our policy on human rights as laid down in our Code of Conduct and Supplier Code of Conduct, as well as collective labor agreements and works agreements which govern issues such as working hours and pay in certain countries.

We measure the success of our human resources management measures with the help of the HR Scorecard, which we use to track and evaluate our KPIs and other Group-wide human resources targets. The results are regularly reported to HR management and used as a basis for further initiatives.

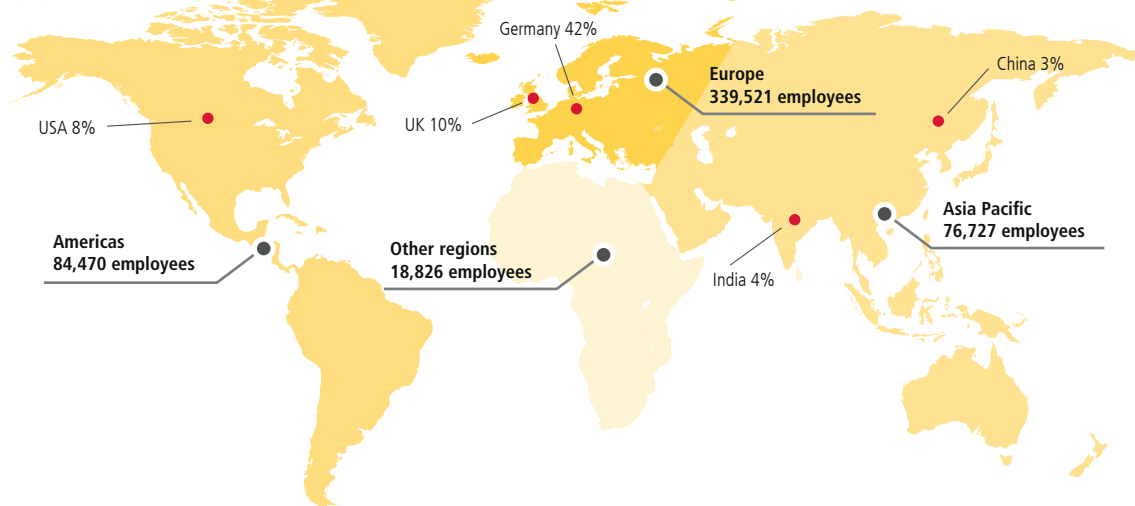
Material Issues: Progress made and new targets ✓

Issue	KPI	Target 2017	Status	Target 2018
	Employee Relations Reviews (ER Reviews)	Continue assessments in Latin America and Asia	Partially achieved: an ER Review was conducted in Asia	Group-wide implementation of management system
	Active Leadership approval rating in the Employee Opinion Survey	Increase approval rating to 75% by 2017	Achieved: 75% approval rating	Increase approval rating by one percentage point
	Participation in Certified initiative	Certify 80% of our workforce by 2020	Achieved: 51% of employees certified	Certify 80% of our workforce by 2020
	Accident rate (LTIFR)	Improve Group LTIFR to 3.8	Not achieved: LTIFR of 4.4	Improve LTIFR by 30% as compared to the 2017 baseline. Improve LTIFR to 4.2 in 2018

Workforce structure

Employees by region, headcount at year end ✓

Number of employees: 519,544



✓ Our steadily increasing workforce numbers testify to the strength of our position within the postal and logistics services industry. However, for Deutsche Post DHL Group, too, demographic change poses a challenge when it comes to securing skilled employees and managers within a highly competitive employment market. In light of this, strategic succession planning plays a key role in helping us to retain expertise while gaining fresh ideas and new insights through new hires. We take an inclusive approach when selecting both internal and external candidates to fill vacant positions. ✓

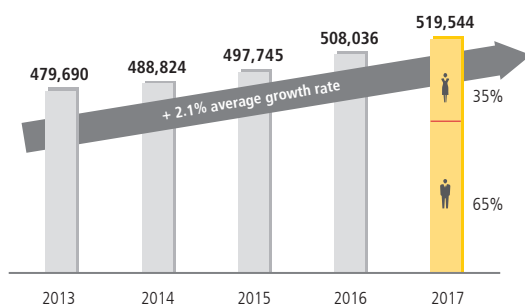
Employee numbers continue to increase ✓

Compared with 2016, we hired an additional 11,508 employees by the close of the year at which point our global workforce numbered 519,544 employees. The annual growth rate has been 2.1% since 2013.

The average employee age in the Group is 41 and women represent one-third of our workforce. The share of women in management positions continues to grow, with women currently holding one in five positions (21.5%) in upper and middle management at Deutsche Post DHL Group.

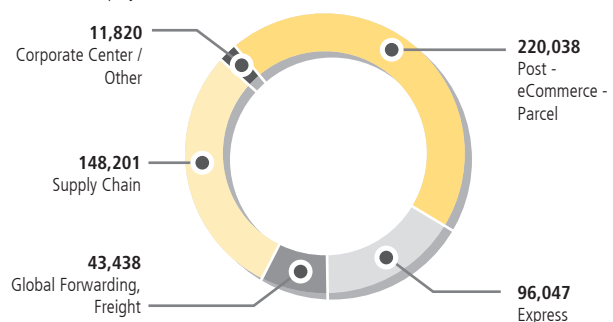
The number of employees in Europe remains unchanged at 339,521 – this represents 65% of our workforce overall, making it the Group's largest region in terms of employee numbers. We have around 215,802 employees based in Germany, where our headquarters are located, representing a 2.2% increase over the prior-year figure. In the Americas we employed 4.1% more people than in 2016, and an additional 2.2% in Asia Pacific.

Employee numbers, headcount at year end ✓



Employees by division, headcount at year end ✓

Number of employees 519,544



In Germany, at our principal company, Deutsche Post AG, figures for the reporting year show that 15,534 of our employees have disabilities (average annual employment rate: 9.8%).

→ Annex, page 87

SUCCESSION PLANNING

In addition to employee development, strategic succession planning is a top priority in our human resources work. This includes vocational training and talent management, along with targeted recruiting.

We offer equal opportunities for internal and external hires, as laid down in our Code of Conduct. Applicants are judged on the basis of merit alone, and hiring decisions are based on the qualifications of each individual applicant.

 Career portal

Most management positions filled internally

When it comes to filling vacant positions or newly-created jobs, we do so internally whenever appropriate and make it a point to assign employees new responsibilities or provide opportunities for job advancement. Developing our training methods and HR development measures is therefore important for us and something we do as part of an ongoing process.

We were able to fill 81% of vacant management positions with internal candidates in the reporting year.

→ Employee development, page 50

81%
management positions
filled internally

Recruiting young employees

We offer a wide range of employment opportunities for job starters and recent graduates. There are, however, significant differences between the vocational training systems in different countries and regions. In many regions, apprenticeship training takes the form of on-the-job training. However, in some European countries, training is often through vocational schools and colleges. Austria, Denmark, Germany and Switzerland have special dual systems which combine on-the-job training at a company or organization with classroom learning at a state vocational school. We train our young employees according to the applicable norms, standards and guidelines in the respective countries and prepare them for their future role in professional life.

Diverse vocational training opportunities in Germany

A wide range of vocational occupations is also available. Depending on their level of education and individual interests,

at our company in Germany, secondary school graduates can choose from over 15 different officially recognized apprenticeships and twelve integrated degree programs which combine university studies with fixed periods of work practice.

In 2017, we hired some 2,500 new apprentices and students within such a format, bringing the total number of trainees in Germany for the year to around **4,000**. Upon completion of their training 74% were hired into full-time positions – **trainees** or part-time work if requested. We plan to offer a total of around 2,600 apprenticeship and study positions in 2018.

In 2017, 19 young people with disabilities were in vocational training at our principal company, Deutsche Post AG. As part of the inclusion project Schule trifft Arbeitswelt (School meets the Working World), we work with the Landschaftsverband Rheinland and the Federal Employment Agency to promote workplace inclusion of young people with (severe) disabilities by offering them opportunities within the Group.



"Perhaps it's because I'm not the youngest anymore that I'm so pleased to have a challenge I can really sink my teeth into. And that's what Deutsche Post DHL Group is offering me with my training to become a professional truck driver. My colleagues are friendly and accept me as one of the team. Finally, I have a job with a future!"

EDUARDO DE JESUS LOURENCO

Trainee, Germany

Post - eCommerce - Parcel

Career perspectives for university graduates

We have established numerous trainee and college recruiting programs. The 18-month trainee program Graduate Opportunities Worldwide (GROW), for instance, develops outstanding recent graduates with Bachelor or Master's degrees to become specialists and managers within our company. For the duration of the program, GROW trainees are supported by a mentor who provides them with regular feedback and career planning support. In 2017, 44 participants were selected to take part in the program and 51 students were

offered a position upon completion of their traineeship. We have also collaborated with the international student organization AIESEC since 1996 to provide more than 100 internships Group-wide each year for qualified university students.

 Career portal

Managing workforce fluctuation ✓

We consider several factors when calculating and managing our workforce structure – these include not only our operative requirements but also the projected effects of staff turnover. Close and particular attention is paid to unplanned fluctuation, which was 8.5% during the reporting year. In addition to the departure of employees due to changes in personal circumstances, this value appears to be driven by a generally greater willingness to change employers due to the improved economic climate. The contract logistics business model also represents a contributory factor.

At 4.7%, unplanned employee turnover is lowest in Europe, where we employ the majority of our workforce; at 1.2% the figure in Germany is lower still. In the Americas and in Asia Pacific it reaches into double digits.

In 2017, employee turnover Group-wide was around 15%, on par with the annual average in the transport and logistics sector in the previous year. Overall fluctuation at management level was 6.4% across the Group.

→ Annex, page 85

DIVERSITY & INCLUSION

As a globally operating company, we consider the diversity of our workforce to be a great strength. Deutsche Post DHL Group brings together people from a wide range of societies and cultural backgrounds – all of them with differing skills, experiences and views.

Diversity takes in all the differences that make us unique individuals. At Deutsche Post DHL Group, we perceive diversity as something that goes beyond gender, race, religion, age, disability, sexual orientation, national origin or any

other characteristic protected under law. We promote inclusion in day-to-day working life. Teamwork and collaboration are characterized by mutual respect, openness, honesty and integrity, and a common understanding of what trust-based cooperation means – all with the goal of achieving productivity, creativity and efficiency at the highest-possible levels.

The diversity of our workforce reflects the diversity of our customers, suppliers and investors. It is the foundation on which we develop and offer innovative products and services which add to our customers' success. We believe that each individual in our company can contribute to our mutual success as a whole. The fact that we are all so different is what makes us successful together.

The Diversity Council, which advises on further development of diversity management strategy within the Group, convened three times in the reporting year. The effectiveness of our measures is subject to systematic review.

Equal opportunities for women and men

We offer women and men the same opportunities and career perspectives. Logistics is still considered a male-dominated industry, indeed just one-third of our employees are women. In upper and middle management, however, the Group-wide share of women in executive positions is 21.5%. We also strive to make the jobs, working models and management responsibilities we offer more attractive to women.

21.5%
women in upper and middle management

We want to increase the number of women in management positions over the longer term and, in order to realize this objective, have introduced a number of measures including career planning workshops, career coaching, mentoring programs and networks for women. In order to better reconcile the responsibilities of family and career, in Germany, we provide flexible working models as well as childcare-related services. We also use our internal media to regularly report on how mixed leadership teams are helping to drive business



"I've been working for 51 years and appreciate the opportunity for partial retirement. I'll remain in charge and can gradually prepare my successor for his new role. My knowledge and expertise won't be lost."

MICK BANHAM

Contract Manager, United Kingdom
Supply Chain

success as a means of encouraging women to pursue a management career at Deutsche Post DHL Group. We continue to hold the Total E-Quality award in recognition of our equal opportunities activities.

→ Annex, page 83

Achieving equal opportunity in Germany

In line with the German Act on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors, we continue to work towards our goal of increasing the share of women in our principal company, Deutsche Post AG, in Germany to 20% in the first management level and to 30% in the second management level below the Board of Management by the end of 2019. Both management levels are differentiated according to reporting lines.

Raising diversity awareness

We offer employees and managers special training on the topic of diversity and inclusion. The aim is to sensitize managers to the fact that they play a key role in putting diversity management into practice.

In 2017, more than 40,000 employees at 250 locations in 40 countries took part in our annual Diversity Week event. We are also planning to offer a range of year-round discussion forums across our various internal networks.

 Diversity Week

In the reporting year, we developed and introduced a tool which, among other things, enables self-assessment in relation to diversity issues at the team level. Another focal point of our diversity management work involved the development of digital media, including an e-magazine and an app which enable us to reach employees more effectively. This year we were also involved in the development of the UN Commission on Human Rights' recommendations for globally operating enterprises on combatting discrimination against homosexual, bisexual and transgender people, and will help in raising international awareness of these recommendations through our internal communications channels.

Employee relations & human rights G4 HR 4 - 9 ✓



Our Code of Conduct, in which we have embedded our values and policies, serves as an ethical compass to guide us in how we treat one another within the Group. In the Code,

we clearly and expressly reject all forms of forced labor or child labor, respect the right of our employees to join or not to join a union/employee representation of their choice, and recognize and respect the right to collectively bargain in accordance with applicable law. We are also firmly committed to ensuring equal opportunity in employee recruitment and selection. These values are guided by the principles of the Universal Declaration of Human Rights and those of the UN Global Compact, which we signed in 2006. Furthermore, we adhere to the principles set forth by the International Labour Organization in its 1998 Declaration on Fundamental Principles and Rights at Work in conjunction with national laws and customs. Our Supplier Code of Conduct obligates our suppliers to respect the same ethical values and goals as ourselves, and to enforce them in their own supply chains.

Together, our two codes of conduct constitute our policy with regard to respecting human rights. We have thus refrained from formulating a separate human rights policy.

In demonstrating our commitment with regard to respecting human rights and providing fair working conditions, Deutsche Post DHL Group has defined a set of minimum standards, including:

- **Child labor:** We do not employ children aged below the prevailing legal minimum employment age. In countries where no legal provisions exist, the minimum hiring age is 15.
- **Forced labor:** We reject all forms of forced labor, slavery or compulsory labor. Our employees are not required to pay fees or make payments of any kind in return for employment. Punishments as well as physical and mental coercion are prohibited.
- **Freedom of association:** Our employees are free to join or not to join a union or employee representation of their choice.

- **Diversity:** We promote an inclusive work environment in which we consider the diversity of our employees to be a real strength. We do not discriminate or tolerate discrimination with respect to gender, race, religion, age, disability, national origin or any other characteristic protected under law.

Human rights as a component of employee relations

Our workforce comprises employees from various regions and cultures. Thus, it is essential that we create a common understanding with regard to respecting human rights and providing fair working conditions. We expect our managers to lead by example and to adopt an open and respectful approach when dealing with their employees. For this reason, we have made the Code of Conduct an integral component of our employment contracts with our managers.

The Employee Relations Forum (ER Forum) ensures that human rights are respected at Deutsche Post DHL Group. The ER Forum, a governance body consisting of employee relations experts from all divisions and from Group headquarters, regularly discusses best-practice solutions and develops measures with the aim of improving the quality of our employee relations and raising employee awareness on respecting human rights. The Forum also assists local-level managers in implementing these solutions and measures by facilitating exchange among the divisions at regional and country level. ER Forum recommendations are also regularly discussed by the HR Board which is chaired by the Board Member for HR. External expertise and recommendations are also sought from the members of the Sustainable Advisory Council (SAC).

→ The Group, page 18

MANAGEMENT SYSTEM ✓

In the course of the reporting year, we worked together with the ER Forum to design a multilevel management system in which we integrated elements of the existing system and added newly-developed components. This is in line with our goal to effectively implement our human rights policy across the Group and to comply with the requirements of the UN Guiding Principles on Business and Human Rights.

The components of the management system are as follows:

- Continuous development of our human rights policy
- Development of training programs for employees in management roles, including subsequent implementation
- Tools to enable country-level managers to assess human rights risks
- Country-level Employee Relations Reviews (ER Reviews formerly ER Due Diligence)
- Development of action plans
- Regular reporting

Employee relations management system ✓



Policy review

In the course of the reporting year we revised our Supplier Code of Conduct in which we further defined our understanding with regard to respecting human rights and providing fair working conditions. The new version of the Code, as approved by the Board of Management, will be made a component of all new agreements we enter into and will gradually replace the version currently contained in existing agreements.

→ The Group, page 25

Training and awareness

One of our focuses was obtaining external business compliance and integrity certification. This training targeted employees who are familiar with conducting ER Reviews and also those who work in our internal audit and compliance departments. Using the management system, we also revised and enhanced our training concepts during the reporting year. The following training programs are available Group-wide:

- **Employee Relations for Human Resources (ER for HR):** Employees from HR are trained to recognize employee relations issues and to better support local-level managers in dealing with them. More than 50 facilitators were trained in the reporting year and initial courses were held in Asia, Africa and South America. The module will be rolled out Group-wide in 2018.
- **“Building great employee relations”:** This program targets employees with management responsibilities. Among other things, it highlights the challenges involved in complying with global standards and accepted local practices. The course contents are available in 18 different languages to date.
- **Online training:** An e-learning module shows managers how human rights can be integrated into employee relations.

Country-level reviews

We regularly perform ER Reviews in selected countries to assess compliance with our Code of Conduct and Supplier Code of Conduct, as well as local legislation. In doing so, we also fulfill the requirement for ER due diligence in the UN Guiding Principles on Business and Human Rights.

When choosing the countries, we focus on the Maplecroft Institute Human Rights Index, the Corruption Perception Index and also on a set of internally defined criteria. We give our country-level managers the right tools and processes to assess human rights risks at local level and take action as needed.

In countries for which the external indicators reveal a high risk potential, the ER Reviews must be performed by specially trained and externally certified HR experts from the divisions and from Group headquarters to ensure both the objectivity and the quality of the review process. In countries with comparatively low-level risk, it is left to the divisions to decide whether an ER Review is needed and if so, to perform the

review themselves. In all other countries, reviews are carried out as the need arises. During the reporting year only a small percentage of Deutsche Post DHL Group’s workforce was employed in countries which exhibit a heightened risk potential according to the Maplecroft Institute Human Rights Index.

Focus Groups (formerly Round Table Groups) are an integral component of the ER Review process. The groups comprise randomly selected employees from a range of operative areas. In line with our values, when performing reviews we ensure that people are treated with respect and have the right to freely express their opinion. Feedback from the Focus Groups is passed in anonymized form to the management team responsible for developing and implementing a suitable action plan. ER Reviews are repeated at regular intervals and the progress made with the local action plan is monitored over an agreed and binding time frame. In the future, the results of the reviews will also flow into the internal audits performed by the Corporate Audit team.

In the course of the reporting year, we focused on developing the employee relations management system. As a result, of the ER Reviews planned for 2017, only those in Asia were carried out. The situation in Latin America was discussed regularly by the ER Forum, and recommendations for action were derived for local employees in management roles. In 2018, we will begin implementing the management system across the Group.

EXCHANGE WITH EMPLOYEE REPRESENTATIVES ✓

In addition to dialogues with their supervisors and other members of management, our workforce makes use of bodies such as employee committees, works councils, unions or other committees to represent their interests. Over 70% of all Group employees are employed under contracts governed by collective labor agreements, works agreements or legally binding statutory increases. In Germany, where 42% of our workforce is employed, we cooperate constructively with employee representatives in all business units where works councils have been formed. In fact, half of our Supervisory Board consists of elected employee representatives. The primary responsibility for managing local employee representatives and trade unions rests with the divisions at a country and local site level.

Dialogue within Europe

The Deutsche Post DHL Forum, a European works council by agreement comprising employee representatives and management representatives from 30 European countries, and its committees address key issues and how they impact the Group's business growth in Europe. Topics include issues such as organizational change and the introduction of new work and production processes. The UNI Global Union federation and the European Transport Workers' Federation are each entitled to send a representative to participate in the Deutsche Post DHL Forum plenary sessions. These are held twice per year with the Board Member for HR in attendance. The Forum and its subcommittees met on more than 30 occasions in the reporting year. The meetings largely focused on digital transformation and the changes it brings. The Forum prepared plans for the development of digital tools, one being a video on the structure and work of the Deutsche Post DHL Forum itself. The video could be used, among other things, to help new members familiarize themselves with the Forum's work and help them ease into their new roles. The video can also be used to give employees and managers an insight into the Forum's importance and how it works.

**>30
meetings**

International dialogue

At the global level we engage in regular dialogue with the Global Union Federations such as the UNI Global Union (UNI) and the International Transport Workers' Federation (ITF). Our discussions, which we have now been conducting for more than ten years, focus on employee relations issues of global importance and their impact on Deutsche Post DHL Group.


Given the trust-based, constructive cooperation with the Global Union Federations, we have asked the OECD's German National Contact Point to extend an existing protocol and continue the regular dialogue until at least the end of 2019. This was preceded by a process to implement the OECD Specific Instance Procedure, which was unanimously agreed in 2016. We met on five occasions in the reporting year; further discussions have already been agreed for 2018.

 Press release

Dialogue with the European Social Dialogue Committee for the Postal Sector

As Europe's biggest postal service provider Deutsche Post DHL Group is a member of the Brussels-based European Social Dialogue Committee for the Postal Sector and was appointed as Committee Chair at the end of 2016. The Committee discusses social issues with employers and union representatives from the postal sectors in Europe. In 2017, the focus was placed on the project "Promoting Social Dialogue in the postal sector in an enlarged Europe". An initial regional workshop was held in Prague with participants attending from seven Central and East-European countries. Additional regional workshops are planned for Vilnius and Athens in 2018, and these will be followed by a concluding conference in Brussels. A final report on the project as a whole is expected to be published in 2018. Also in the reporting year, the European Commission approved the funding for a joint project to be conducted together with the unions on "Trend research for the postal sector in 2030".



 Press release on dialogue with the ITF and UNI Global Union



 Code of Conduct to download

Employee engagement

The loyalty and positive mindset of our employees are important factors contributing to our business success and the achievement of our strategic goals. Three key aspects play a vital role in strengthening employee trust, motivation and loyalty: We give our employees a voice, using our annual Group-wide Employee Opinion Survey to measure employee engagement and see where we need to improve from our employees' point of view. We also offer performance-based, market-standard remuneration, and we supplement this with additional, non-financial components. In addition to this, we encourage our employees to realize innovative business ideas within our Start-up Lab and actively improve their working environment by using the idea management platform.

 Start-up Lab

EMPLOYEE OPINION SURVEY ✓

We value the opinion of our employees. Our global, annual Employee Opinion Survey shows us what they think of the current situation within the Group and the leadership behavior of their superiors, the extent to which they identify with our values and our strategy, and where we might need to improve. We can also use the survey to assess whether our employees deem the information, resources and training we provide adequate for them to do their jobs. Last but not least, we use the survey to compare our standing as an employer with that of other companies.

Measuring employee engagement

In 2017, 76% of our global workforce participated in the Employee Opinion Survey. This represents an increase of two percentage points compared with the prior year and reflects the high level of acceptance the survey enjoys among our employees.

We expressly encourage our employees to give their honest opinion in the survey, which is purely voluntary. From the time the survey is sent out to the time the results are evaluated, employee data is completely anonymized and the responses are assessed by a third party.

The same questionnaire is used throughout the Group, ensuring comparability of results for all categories and questions across the divisions. The questionnaire comprises 41 questions across ten different key performance indicators (KPIs). The Performance Enablement Index is also derived from these questions.

Results from the Active Leadership section of the survey are of particular importance. They also serve as a central non-financial performance metric for the Group (in accordance with German Accounting Standard GAS 20 and are tied to company executive bonus payments. Our managers have a substantial influence on employee engagement and motivation through their personal management styles, for example by recognizing good performance and promoting employee development. They also serve as role models in implementing our corporate values and goals. In 2017, the Group-wide result for this KPI rose by one percentage point compared with 2016, thus meeting our target for the reporting year.

75%
approval rating for
Active Leadership

Results from the Active Leadership section of the survey are of particular importance. They also serve as a central non-financial performance metric for the Group (in accordance with German Accounting Standard GAS 20 and are tied to company executive bonus payments. Our managers have a substantial influence on employee engagement and motivation through their personal management styles, for example by recognizing good performance and promoting employee development. They also serve as role models in implementing our corporate values and goals. In 2017, the Group-wide result for this KPI rose by one percentage point compared with 2016, thus meeting our target for the reporting year.

One of the survey's central KPIs – Employee Engagement – helps us gauge how motivated our employees are to contribute to the success of our company. Following a two percentage point increase in this category in 2016, the agreement rate remained constant in 2017.

The Performance Enablement Index helps us to establish whether we provide our employees with an environment in which they are able to give their very best to our customers. In 2017, we achieved a rating of 81%, thus maintaining at the same high level achieved in the previous year.

81%
Performance
Enablement Index

Results from the Active Leadership section of the survey are of particular importance. They also serve as a central non-financial performance metric for the Group (in accordance with German Accounting Standard GAS 20 and are tied to company executive bonus payments. Our managers have a substantial influence on employee engagement and motivation through their personal management styles, for example by recognizing good performance and promoting employee development. They also serve as role models in implementing our corporate values and goals. In 2017, the Group-wide result for this KPI rose by one percentage point compared with 2016, thus meeting our target for the reporting year.

The Performance Enablement Index helps us to establish whether we provide our employees with an environment in which they are able to give their very best to our customers. In 2017, we achieved a rating of 81%, thus maintaining at the same high level achieved in the previous year.

External comparison of the results

We compare the results of the survey with those of other companies in order to see where our strengths lie and to identify action areas where we can further improve. The comparison of the results for 2017 produced the following picture:

- In Employee Engagement we remain one percentage point above the external reference value, this is despite the fact that the result in this category remained constant in the reporting year.
- In Active Leadership we are just one percentage point below the norm.
- In the Performance Enablement Index, we exceeded the external reference value by four percentage points.

Given the challenges faced in a digitized world, we see these positive survey results as a source of encouragement to continuously improve. For 2018, we have set ourselves the goal of increasing the Active Leadership rating by a further percentage point.

→ Annex, page 87

COMPETITIVE COMPENSATION

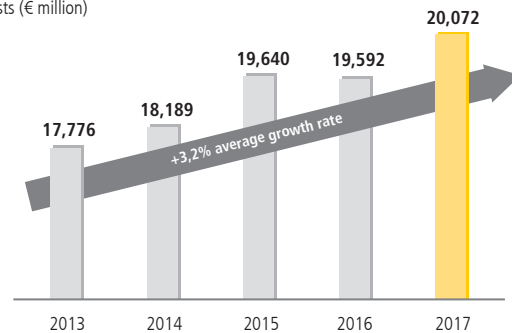
✓ A system of performance-based, market-standard remuneration combined with long-term incentives plays a key role in making us an attractive employer. Along with monetary compensation, we also provide a wide range of non-financial incentives intended to motivate our employees to go the extra mile for our customers and to retain them for the long term.

Monetary compensation includes a base salary plus variable remuneration components such as bonus payments that are subject to local and position-specific requirements and regulations. In some countries, compensation also covers retirement plan contributions as well as health insurance costs.

Over 70% of all Group employees are employed under contracts governed by collective labor agreements, works agreements or legally binding statutory increases. In Germany wages or salaries are generally regulated through either industry-level or company-level collective wage agreements. In many of our subsidiaries throughout Germany, our wage-scale employees also receive a performance-based bonus in addition to their wage or salary. At our principal company Deutsche Post AG in Germany, wage-scale employees generally receive a bonus of between 5% and 17.5% of their annual base salary. Non-managerial, non-pay-scale employees are entitled to a bonus of between 17.5% and 40% of their annual base salary. ✓

Development of staff costs ✓

Staff costs (€ million)



Job evaluation system ensures equal treatment

We apply a systematic job evaluation approach to ensure reasonable and equitable compensation within the company. Positions are graded based on job category and job content alone and in line with our corporate values. As a responsible employer, our pay structures take into account not only national minimum wage requirements and the needs of our divisions, but local market demands as well. We strive to offer reasonable and competitive compensation packages in all of the markets we serve.

In many countries, Deutsche Post DHL Group also provides employees with access to defined benefit and defined contribution retirement plans, and assumes the costs of health insurance and treatment for employees and their family members.



"I'd just started my new job when my partner was diagnosed with cancer. When I explained the situation to my boss, she immediately allowed me to plan my working hours as flexibly as I could. I was able to be there for my partner without having to halt my career."

PETRA CHALOUPKOVA

Global Engagement Coordinator, Czech Republic
Supply Chain

Additional benefits

In addition to monthly monetary compensation, we also offer employees attractive non-financial benefits.

- **Flexible work models:** We offer flexible working models which vary according to operational needs and requirements. These measures help our employees to better combine and balance family and career, and can also enable them to remain in employment for a longer period. In response to the aging workforce in Germany, in 2011 a Generations Pact was signed between Deutsche Post AG and the trade unions, which largely comprises a partial retirement program and working-time accounts. This scheme is limited to Deutsche Post AG; as of 2016 we also offer comparable provisions for those civil servants employed in Germany.
- **Family-friendly offers in Germany:** We work together with a Germany-wide service provider to support employees in their work-life balance choices such as finding suitable childcare services or care for family members. These family-friendly services include advice, emergency care and vacation programs. In some locations, we invest in the provision of company-supported childcare facilities. We also offer a relocation service to facilitate work-related moves and get employees settled in their new environment quickly and easily.
- **Recreation Service:** The Recreation Service (Erholungs-Werk), which receives financial support from Deutsche Post DHL Group, enables current and former employees and their families to take advantage of affordable vacation offers. Under certain income-related circumstances, children

2,500
children receive
vacation allowances

of employees can also receive vacation allowances. Such grants were approved for approximately 2,500 children in the reporting year.

- **Scholarships for employee children:** Our Group-wide UPstairs program provides scholarships for children of our employees. Since launching the program, we have provided around 2,200 scholarships to employees' children in more than 120 countries around the world, thus helping them to pursue higher levels of education. In addition, around 500 employee children have received pre-vocational support in the form of application writing workshops, summer school courses and work placements to date.

2,200
scholarships funded

Start-ups and ideas for improvement generate new impetus

During the reporting year we launched our own Start-up Lab as a means of inspiring our employees to present their new and innovative business ideas. The Start-up Lab creates a stimulating atmosphere in which promising concepts can flourish and grow. More than this, the idea management platform enables us to spur our employees on to take an active role in improving their own working environment. They can submit their suggestions via the online platform, and any ideas that result in a proven benefit are rewarded by means of a bonus system. Over the course of the reporting year, around 70,000 ideas – 83% of all submitted suggestions – could be put into practice.

70,000
ideas implemented

 Start-up Lab

"I started at DHL Freight as an unskilled worker 16 years ago. Over time, I was given the opportunity to learn new things and take on jobs that required various skills. Today, I'm proud of being a shift leader at one of Global Forwarding, Freight's biggest sites in Europe."

HASAN YILDIRIM
Shift Manager, Germany
Global Forwarding, Freight



Employee development G4 LA 9 - 11

Discovering and promoting the potential of every one of our employees is an important function of our human resources management work. In the competition to recruit and retain the best of the best, we focus on two key factors: developing our employees and promoting women. Professional and personal development is a key prerequisite in motivating and retaining talented employees, and is thus vital to our business success. This approach is confirmed both by our employees and by other interest groups. In the 2017 Employee Opinion Survey, we achieved a rating of 81% percent for the KPI Learning & Development. During the reporting year we also received the Silver Brandon Hall Excellence Award for “Best Advance in Learning Technology Implementation”.

 Silver Brandon Hall Award

Training as motivation

We offer employees and managers a comprehensive catalogue of further education and training opportunities. This ranges from a basic portfolio for all, to specialized training to meet the specific needs of the division or function involved. Further education and training programs are available to all employees provided that they have a permanent employment contract. Focus areas include life-long learning and preventive health programs to secure employees' performance and motivation, as well as personal development plans with appropriate measures and training. In 2017, around 4.7 million hours were spent in various online training courses and classroom education programs. On average this is equivalent to 1.4 training days per year for each of our employees.

Certified trains our employees to become specialists ✓







With our Group-wide Certified initiative, we aim to develop our staff into “certified” divisional specialists so that they are even better equipped to perform. Certified helps us to promote a culture of customer centricity. It also contributes to a common understanding of our business processes and the

interconnected nature of all business units throughout the Group. To this end we offer foundation courses and subsequent modules, which are tailored to the business model and strategic orientation of the respective divisions. All modules are conducted by company managers and employees who are specially trained as facilitators; it is our belief that this approach not only increases the impact and longevity of the training but also fosters a sense of loyalty and team spirit within the company.

51%

employees certified

Certified employees by division

	20.4% Certified PeP Experts Post - eCommerce - Parcel
	98.5% Certified International Specialists Express
 	97.2% Certified International Forwarders or Certified Freight Specialists Global Forwarding, Freight
	52.5% Certified Supply Chain Specialists Supply Chain
	73.2% Certified Logistics Professionals Corporate Center / Global Business Services

Development measures for management employees

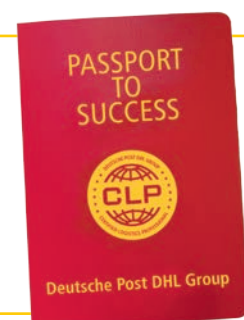
In their function as role models for employees across the Group, we expect our managers not only to motivate employees but to show them how their work supports the company in the achievement of its objectives. The promotion of this management style serves as a central theme across all development measures. By signing our Code of Conduct, our managers also agree to live out the values contained in the Code and to guide their employees in doing the same.

The majority of our executives have already taken part in the Certified Logistics Leader program which communicates the six leadership attributes: Being results-oriented, leveraging strengths, providing purpose, having and creating trust, focusing on clear priorities and being positive about challenges, uncertainty and change. Not only does their Certified

“The best part about Certified? Watching the participants get their ‘Certified Passports’ after Foundation training. They’ve learned about the company but they’ve also learned that what they do – and how they do it – matters. It’s an empowering first step along the life-long Certified development journey.”

MARTA SCHUMAN

Head of Corporate Language Services and Certified Facilitator



training introduce these attributes but it explains their significance for achieving the Group's objectives.

Our training portfolio also includes leadership seminars and development programs specially tailored to individual needs and respective divisional requirements. The members of the Board of Management also take part in modular development programs based on methods such as reflection, feedback and coaching – sometimes in the capacity of trainers themselves.

Occupational safety G4 LA 5, 6 ✓

Workplace safety for our employees is number-one priority at Deutsche Post DHL Group. We place great importance on complying with the Group's existing occupational health and safety policies, legal regulations and industry standards, and we have embedded these in our Code of Conduct.

All our occupational safety measures are aimed at establishing a "Safety First" culture at Deutsche Post DHL Group. Indeed, we aim to make this culture universally relevant for all employees as we work together to identify and raise awareness of potential health and safety risks, as well as define and implement appropriate measures to improve risk management.

We have defined our own high safety standards, which our contractual partners are also obliged to uphold by means of our Supplier Code of Conduct. They include conducting risk analyses and workplace risk assessments, instructing employees on potential risks and hazards in the workplace, implementing prevention measures to protect workers and others from injury, as well as regular safety training. These standards form a binding component of all Group agreements.

Managing and measuring success

Our Group-wide Occupational Health & Safety Policy Statement defines our requirements in this area by means of seven key components, and is, as with all Group policies, binding throughout the ① consolidated group.

Each Group division has its own organizational and management structure dedicated to occupational safety. Cross-functional topics are discussed by the Operations Board, a committee made up of division executives under the leadership of the CEO. The Operations Board is also responsible for managing and developing occupational safety KPIs.

The Group-wide Occupational Health & Safety Committee facilitates dialogue and collaboration between occupa-

tional safety experts in the different divisions. It defines cross-divisional regulations and standards, identifies accident black spots, develops appropriate prevention measures, and lays the groundwork for decisions made by the Operations Board.

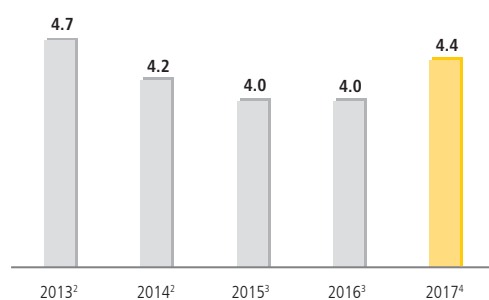
The internationally recognized best practice standard OHSAS 18001 provides us with a framework for establishing the policies, procedures and controls needed to achieve the best possible workplace health and safety conditions. We continued to roll out this standard during 2017, with compliance confirmed either through internal audits or external certification. The implementation rate depends largely on the specific customer requirements and business models within our divisions.

The Group-wide accident rate (LTIFR, number of accidents per 200,000 working hours) is the KPI on which we measure the success of our occupational health and safety measures.

Group-wide accident rate

We record accidents in a Group-wide accident rate statistics report, which includes figures for temporary workers. Despite all efforts to the contrary, our target of reducing the annual accident rate to 3.8 was not attained in 2017, and the Group-wide accident rate for the reporting year was 4.4.

Group-wide accident rate (LTIFR)¹ ✓



¹ Number of accidents per 200,000 working hours; includes temporary workers; ² Not verified by PwC; ³ Coverage rate 96%; ⁴ Coverage rate 99%

Once again, the lowest accident rate in the Group was achieved in the Supply Chain division, with a result of 0.6. At 0.1 the LTIFR at Global Forwarding, Freight remained at the prior year level while the Express division recorded a slight increase of 0.1 to 3.1. In the Post - eCommerce - Parcel division the accident rate rose by 0.7 to 10.9.

We are committed to lastingly reducing our Group accident rate and set new goals to this end during the reporting year: By 2025, we want to reduce the Group-wide accident rate by 30% as compared to 2017. Furthermore, we aim to achieve a target value of 4.2 for 2018.

Improve LTIFR by 30%

→ Annex, page 88

Fatal workplace accidents

We very much regret that in the course of the reporting year three employees lost their lives in workplace accidents or due to injuries suffered as a result of a workplace accident. Of these, one was a fatal traffic accident. We extend our heartfelt condolences to the families of the employees concerned.

Any death is one too many. In order to prevent such incidents, the circumstances surrounding each and every accident are carefully investigated and analyzed. From our findings we derive and implement appropriate corrective measures.

Systematic prevention is key



During the reporting year our focus was, as ever, prevention. Potential health and safety risks were highlighted via internal communication measures, and reinforced by posters and notices throughout our sites. As part of one such initiative, employees were provided with a pocket-sized copy of our Safety First Rules. Over and above this we also set up a cross-divisional working group to share best practice examples and evaluate whether they could be adopted in other locations.

The best divisional occupational health and safety initiatives were recognized once again in 2017 as part of the DPDHL Group Health & Safety Awards.

- **Behavioral change:** The award for the best initiative in this area went to Canada, where the “Making safety a habit” campaign allowed Supply Chain employees to submit their own personal reasons why safety plays an important role in their daily work.

- **Hazard awareness:** In South Korea, Express developed the best initiative in this category and won an award for their efforts.
- **Most innovative approach:** Supply Chain was recognized for its occupational safety efforts, where a project team developed three additional modules for the data management system. These new modules have helped to increase standardization while optimizing occupational health and safety reporting and audit management processes.

Safety standards for dangerous goods transport

As a logistics company, we also specialize in the safe and proper transport and warehousing of dangerous goods and substances in compliance with our general terms and conditions. Ensuring the safety of our employees and minimizing risk remain top priorities at Deutsche Post DHL Group.

Transport of dangerous goods is performed in accordance with prevailing national and international safety standards, including the European Agreement concerning the International Carriage of Dangerous Goods by Road and the Air Transport Association Dangerous Goods Regulations. Only specially trained employees are permitted to handle dangerous goods. In all divisions, Dangerous Goods Safety Advisors ensure compliance with prevailing regulations. Dangerous goods guidelines are made available in the languages of the countries concerned.

Despite the Group's high standards and extensive experience in the area of dangerous goods transport, handling and warehousing, we must still rely on our customers to declare and label their dangerous goods shipments properly and honestly as required in our general terms and conditions.

Health G4 LA 7, 8

Our management approach is designed to address the growing demands of changing work environments, demographic shifts and global health trends. At Deutsche Post DHL Group, we provide healthy work environments, moreover, we encourage and help our employees and their families to pursue healthy lifestyles, avoid risk factors and make use, for example, of preventative screening and condition management initiatives. In doing so, we align our own holistic approach with that of the World Health Organization (WHO) Healthy Workplace Model.

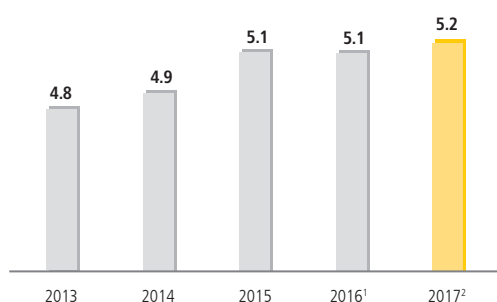
Organizational health management

While Group divisions are responsible for the local implementation of health management within their organizations, cross-divisional issues are discussed and agreed centrally by the Board of Management. In partnership with Human Resources, Insurance & Risk Management is responsible for driving Health and Well-being initiatives. Such initiatives and campaigns are tailored to address local requirements on the basis of a systematic international evaluation of risk indicators.

In both Germany and the Post - eCommerce - Parcel division, health management is the responsibility of the Chief Medical Officer. Not only does the CMO advise the Board of Management, he is also responsible for the Central Health Working Group for our business units based in Germany. In addition, the CMO is head of the Group's ISO 9001-certified occupational health services in Germany, which includes a staff of some 90 occupational health physicians nationwide. Every year the best health initiatives are recognized as part of the Group Health and Safety Awards.

We measure the success of our initiatives across the Group with the help of various KPIs. In terms of external reporting, we concentrate on the development of our sickness rate.

Group-wide sickness rate ✓



¹ Coverage rate: 98%; ² Coverage rate: 100%

Sickness rate at prior year level

The development of the sickness rate can largely be attributed to the rise in chronic disease. In the year under review, the Group sickness rate remained at the prior-year level of 5.2%. Workplace accidents contributed 0.3 percentage points to this result.

Additional health insurance benefits

Approximately 300,000 of our employees – more than half of our workforce – live and work outside of Germany, many of them in countries that do not offer adequate social health coverage. Thanks to our Group-wide Employee Benefits Program, employees and their dependents in over 100 countries can receive primary or supplementary healthcare at costs well below local market alternatives. Our ability to maximize and control funding efficiencies around the provisions of our insurance program allows us to invest in health promotion measures to benefit our employees and their families.

>100 countries with employee benefits program

Sharing experience throughout the Group

A key element of our Global Health & Well-being activities is the exchange of best practice initiatives and measures via a global IT sharing platform. These measures are, in turn, ranked within the framework of our ① Four Pillars of Health, a model which allows business units to qualify for discounts on Group-sponsored insurance coverage, freeing up resources to be used to further benefit our people and their families locally. The platform also serves as a valuable resource for information on current health issues and trends.

In Germany, information and medical advice are also available to employees via an internal platform.

Raising management awareness of mental health and well-being

The issue of mental health and well-being is playing an increasingly important role at Deutsche Post DHL Group. For this very reason, we aim to raise awareness of the topic among our managers, specifically with regard to the potential impact they can have on employee stress levels. We hold dedicated Certified training courses to demonstrate the correlation between good leadership and health, and provide managers with tips on how to manage stress effectively.

In Germany, China and the US, support in the shape of dedicated occupational health experts and employee assistance programs is provided to employees affected by depression – according to the WHO, one of the most underestimated contributors to the overall global burden of disease.

SOCIETY

Our employees are involved in local projects all around the world. Their expertise and our global network help where help is needed most, and where we can be most effective.





DEDICATED TO SHARED VALUES

— SOCIETY

“Corporate citizenship at Deutsche Post DHL Group is governed by the following principles and standards:

- The focus of our corporate citizenship activities are laid down in our Corporate Citizenship Strategy.
- The aim of our corporate citizenship activities is to generate long-lasting value for both society and Deutsche Post DHL Group.
- Corporate citizenship creates value for our company by enhancing the Group’s image and attracting, empowering and retaining employees.
- Corporate citizenship creates value for society by driving positive social change through close collaboration with our longstanding partners.”

Excerpt from the Corporate Citizenship Guideline

Management approach	58
Disaster management	59
Educational opportunity & employability	60
Refugee aid	61
Local projects	61

SOCIETY

Management approach

Corporate citizenship at Deutsche Post DHL Group is about giving back to the communities in which we live, work and conduct business. This is an integral part of our corporate responsibility strategy. As the world's leading transport and logistics company, we want to leverage our core competencies and the know-how of our people in a way that makes a positive contribution to society and the environment. Our sites, employees and suppliers contribute indirectly to economic growth and development in their respective regions, promoting the prosperity of both individuals and society. The impact of our volunteering activities on communities is more directly felt.

- We prepare airports in disaster-prone regions so that they are able to respond effectively in the event of an actual disaster, and deploy teams to provide logistics support when disaster does strike.
- We promote educational opportunity and employability for young people from disadvantaged socio-economic backgrounds.
- We support local environmental and community projects initiated by our employees together with partner organizations.
- We are actively involved in efforts to integrate refugees both socially and economically in Germany and other host countries.

We work with established partner organizations to ensure our activities are as effective as possible. Our work in disaster management, which is entirely pro bono, builds on a longstanding partnership with the United Nations.

Our efforts to promote educational opportunity and employability are based on a successful partnership with the worldwide educational initiative Teach For All. To help prepare young people for the working world, we work closely with SOS Children's Villages.




These programs and partnerships are aligned with and aim to support the United Nations Sustainable Development Goals (SDGs) “Quality Education” (SDG 4), “Decent Work and Economic Growth” (SDG 8), “Sustainable Cities and Communities” (SDG 11), “Climate Action” (SDG 13) and “Partnerships for the Goals” (SDG 17).

Management and measuring success

Our activities in the area of corporate citizenship fall under the auspices of the CEO board department and are guided by the Group-wide Corporate Citizenship Policy. This ensures that employees have clear practical guidelines for their involvement.

Corporate citizenship is one of the key drivers of employee engagement across the Group. A large proportion of our employees believe that our corporate citizenship program makes a positive contribution to society and to the image of the company. For this reason, we intend to keep doing our part to ensure it is easier for our employees to dedicate their commitment to social projects.

Socially engaged employees make happy employees – an idea further supported by Germany's annual “Happiness Atlas” which reveals that people who engage more on behalf of society and the environment are generally happier with their lives.

We assess and quantify the impact of our corporate responsibility activities using the  LBG measurement model. Activities are assessed according to a number of factors, including the number of individuals reached or supported.

As part of our efforts to improve transparency, the Group-wide data platform that is used to gather information on employee involvement in local projects was redesigned during the reporting year.

We measure the success of our activities based on the number of employee volunteer hours devoted to the various projects. In the reporting year, our employees around the world gave around 398,000 hours of their time across all areas of corporate citizenship, a figure based on data voluntarily provided by our people. Translated into years, Deutsche Post DHL Group employees donated 45 years to volunteer work – half a lifetime in just one reporting year.

398,000
hours volunteered



Disaster management

When natural disasters strike, a rapid response on the part of the international community can be a matter of life and death for victims. Our Group program GoHelp prepares airports in disaster-prone regions for a future disaster response. When disaster does strike, GoHelp deploys teams of disaster response specialists to provide fast and effective local support.

Getting airports ready

In the wake of a natural disaster, airports in or near the affected area often become bottlenecks in the flow of relief supplies. This is why we collaborate with the United Nations Development Programme (UNDP) to conduct multi-day workshops for personnel at airports and local disaster management organizations. The workshops prepare participants for the logistical challenge of a disaster relief effort, and help them improve processes for dispatching and processing large volumes of incoming relief workers and supplies.

Disaster management since 2005

Disaster Preparedness (GARD)	Disaster Relief (DRT)
<ul style="list-style-type: none"> GARD training conducted in 22 countries 44 airports prepared for emergency scenarios >1,000 workshop participants  	<ul style="list-style-type: none"> 40 DRT deployments >7,000 volunteers 475 days of DRT deployment >62,000 tonnes of relief supplies handled 

During the workshops, our air freight experts help participants conduct a capacity assessment of their airport, review existing emergency plans, and conduct risk analyses as needed. The resulting action recommendations are included by the United Nations in the country's own emergency response plans; this helps ensure effective implementation of the workshop measures.

In the reporting year, 220 participants took part in five workshops in Ecuador, Iran, Kazakhstan, the Maldives and Nepal.

 GARD – Get Airports Ready for Disaster

Help within 72 hours

In cooperation with the United Nations Office for the Coordination of Humanitarian Affairs, we have established a network of around 500 trained DHL employees who serve as volunteers in our Disaster Response Teams (DRT) in the Americas, Middle East and Africa, and Asia Pacific regions. When called upon by the United Nations, we can deploy our volunteers to disaster areas within a maximum of 72 hours. These Disaster Response Teams provide immediate logistics support at main relief airports, ensuring that incoming relief supplies are processed and passed on quickly and effectively to aid organizations on site.

We provide our DRT volunteers with intensive training to make sure they are prepared for the extraordinary demands of such deployments. In 2017, over 100 employees were trained for disaster response deployments and in 2018 we plan to conduct at least one training in each of the three DRT deployment regions.

In the reporting year, our DRTs were deployed on four occasions around the world – in Barbados, Costa Rica, Peru and Puerto Rico.

- Following the devastating floods and mudslides caused by the El Niño weather phenomenon, the Peruvian authorities requested the assistance of our DRT in the spring of 2017. Our employees handled the loading and unloading of relief supplies as well as warehouse logistics in two warehouses at Lima Airport.
- In Puerto Rico, our employees provided support in the coordination of relief shipments following the widespread destruction left in the wake of Hurricane Maria in October of the reporting year. During this deployment some of our employees were on site and providing assistance for fourteen consecutive days.

 DRT – Disaster Response Teams

500

DRT volunteers

Improving educational opportunity and employability


As one of the world's largest employers, we rely on access to highly qualified employees around the world; their know-how is the basis for our company's innovative strength and productivity. At the same time, education promotes greater stability and prosperity – for individuals, and for the societies and markets in which we conduct business. Our Group-wide program GoTeach provides children and young people with access to quality education and helps set the course for a successful vocation or career, regardless of their socioeconomic background. For all of our GoTeach activities, employees share not only their time but their own individual skills and experiences. Some of the activities include: conducting workplace tours, providing special interview and job application training, or acting as mentors for interns.

Equal opportunity through education

Our close collaboration with the international Teach For All (TFA) network dates back to 2010. TFA recruits and trains university graduates through its independent partner organizations at the country level. Participants in the program – outstanding university graduates with a desire to give back to society – work two-year assignments as teachers in high-need schools. The experience inspires many participants to become life-long ambassadors for educational equity and quality. Thanks in part to our financial support, the TFA network has grown from 13 to 46 partner organizations since launching our partnership.

Deutsche Post DHL Group employees donate their time and energy to TFA partner organizations in twelve different countries around the world – in Asia, Latin America, the Middle East and Europe. Working as mentors, trainers or internship supervisors, they support both TFA program participants and their school students.

In 2017, over 1,496 employees gave around 5,800 hours of their time to support 167 partnership activities. We also work closely with country organizations Teach First Deutschland and Teach For Lebanon in the area of refugee aid.

 Partnership with Teach For All

Setting the course for future careers

Deutsche Post DHL Group also collaborates closely with SOS Children's Villages – a longstanding global partnership that today includes programs in 29 countries. The collaboration with SOS Children's Villages focuses mainly on supporting

4,000

children & young people supported

young people between the ages of 15 and 25 as they make the transition to working life. In addition to financial support for educational programs

and youth facilities, we provide various forms of job training and orientation, such as internships.

In the reporting year, more than 1,100 employees devoted over 11,000 hours of their time to our partnership with SOS Children's Villages. Some 4,000 young people received assistance through the active involvement of our employees in over 100 programs. Over 700 young people took up the opportunity to complete an internship within the Group, and 70 were offered employment contracts.

Drawing on our years of experience working with SOS Children's Villages, we have launched a joint initiative to encourage other companies to engage on behalf of young people in similar ways. Gaining the support of additional partners is key to expanding this work with young people to even more countries. In the reporting year, a number of multinational corporations joined us in this initiative, which is already making a difference in nine countries.

 Partnership with SOS Children's Villages



"I grew up in the SOS Children's Village in Cape Town. Nisa Ebrahim has been my mentor since 2012. The GoTeach program brought us together. In the meantime I have completed my apprenticeship and now have a permanent position at DHL in South Africa. Now I'm helping young people from the SOS Children's Village, where I come from."



KEEPER BONASE

Administrator, Ocean Freight Consolidation, South Africa
Global Forwarding, Freight

Refugee aid

Education is also fundamental to successfully integrating refugees into society and local job markets. Deutsche Post DHL Group has been actively involved in refugee aid in Germany since September 2015, and has been recognized multiple times for its contribution. Here too, long-term partnerships with well-known and established organizations, such as Stiftung Lesen and Teach First Deutschland, are key to our efforts. Our network of coordinators throughout Germany makes it possible for us to cooperate with various partners and initiate activities at the local level.

Refugee aid initiative achievements since 2015

Refugee aid in Germany	
Employees	Refugees
<ul style="list-style-type: none">~ 16,000 employee volunteers> 1,500 local initiativesAround 100 coordinators on site 	<ul style="list-style-type: none">> 1,400 acquainted with the Group as an employer778 interns, of which 40 are women603 hired44 refugees hired as trainees 

After 362 refugees successfully completed internships with us during the reporting year, we employed 279 of them in the company and offered another 23 apprenticeship positions. With a diverse range of activities – from interview and job application training to mentoring programs – we provide refugees with job skills and the prospect of employment. In the reporting year, we expanded the reach of our activities to other host countries and launched initial pilot projects in Lebanon and Syria.

"As part of our GoTeach program, we work to promote young people in Madagascar. We also recently organized a Science Olympics with around 1,000 participants. The award we received from the government and UNESCO acknowledging our social engagement encourages us to do even more."

FANEVA RAHARIMANANTSOA
GoTeach Coordinator, Madagascar Express



Local projects

Various incentives encourage employees to get involved as volunteers and lay the foundation for long-term collaboration with charitable organizations in local-level projects. We also have an internal relief fund in place, which allows staff to donate funds to fellow employees who are themselves victims of natural disasters.

GLOBAL PLATFORM

Our Global Volunteer Day program provides the framework to facilitate employee volunteer work at the local level throughout the year. In Certified trainings, we teach managers how to set an example in encouraging and implementing community and environmental projects, which include the tree planting initiatives that form part of our environmental and climate protection activities.

→ Environment, page 77

We quantify the level of employee engagement based on the number of employee volunteers, local projects and volunteer hours devoted to these projects. In the reporting year, 101,533 employees contributed to charitable projects in their communities. Some 73,374 of these employees actively participated in 2,988 projects, signaling a steady increase in both employee participation and the diversity of projects supported.

2,988
local projects

FINANCIAL ASSISTANCE

Our Living Responsibility Fund provides financial support to outstanding local volunteer projects in which our employees are involved. In order to qualify for financial support, at least two Group employees must volunteer a total of more than 50 hours of their time to a charitable partner organization over the course of one year. A jury representing all Group board departments selects projects to receive funding of up to €4,000. The Living Responsibility Fund awarded a total of €200,000 to 125 projects over the course of the reporting year.

ENVIRONMENT

Change requires leadership and new ideas. Our environmental solutions ensure our competitiveness over the long term and help our customers succeed.





DEDICATED TO SHARED VALUES

— ENVIRONMENT

“We acknowledge the impact of our business activities on the environment and are committed to improving our environmental track record through precautionary measures and the use of environmentally friendly technology. We have set ourselves a measurable carbon efficiency target and regularly assess and monitor our impact on the environment. By systematically identifying and leveraging ecological initiatives, we strive to support constant improvement of our environmental performance by means of environmental audits and risk management. We do this in order to use natural resources more efficiently. We measure our processes and services against the highest national and international environmental standards.”

Excerpt from the Deutsche Post DHL Group Code of Conduct


Management approach	66
Energy efficiency & climate change	69
Greenhouse gas emissions	
Fleet	
Network	
Buildings	
Air pollution	73
Clean delivery	
Green Solutions	75
Economic target	
Green products and services	
Employees & society	77
Further environmental aspects	77

ENVIRONMENT

G4 EN 3 - 7, EN 15 - 21

Management approach

As a logistics company we are an important driver of global trade. Trade generates opportunity and prosperity in many regions throughout the world, but also impacts the environment. Roughly 14% of human-induced greenhouse gas emissions can be attributed to transport. As a company, we aim to take the lead in sustainable logistics and, in 2017, we set an ambitious new target: to reduce all logistics-related emissions to net zero by the year 2050. We see this as our contribution to helping the world community reach the two-degree goal established at the 2015 UN Paris Climate Conference (COP 21).


Our environmental protection program GoGreen includes a diverse range of innovative solutions for improving our  carbon efficiency and reducing air pollution over the long term. These measures address not only the direct emissions generated by our own fleet, but also the indirect emissions from our transportation subcontractors, which account for the largest share of the Group's overall emissions. We want to reduce our dependency on fossil fuels, improve our carbon efficiency, and lower our costs.

Improving air quality is also important to us. Our ongoing efforts to develop and implement local air pollution reduction measures will allow us to continue conducting business in urban areas even if future regulations severely limit or ban vehicles run on fossil fuels from inner city areas, something that several cities and countries are already considering today.

Material issues and targets

Our focus issues in the area of environmental protection are energy efficiency, climate protection, and the reduction of local air pollutants, especially in urban areas. After becoming the first global logistics company to set a climate target back in 2008, we have now set an ambitious new trajectory – our Mission 2050, which includes four interim targets for the year 2025:



Global target: to increase carbon efficiency by 50% compared to 2007 levels based on the approach taken by the  Science Based Targets Initiative.



Local target: to deliver 70% of our own first and last mile services with clean pick-up and delivery solutions to contribute to improved air quality in urban areas.

- **Economic target:** to have more than 50% of our sales incorporate Green Solutions.
- **People target:** to train 80% of our employees to become certified GoGreen specialists and actively involve them in our environmental and climate protection activities. This includes joining partners to plant one million trees each year.

These interim targets are the focus of our emissions-reduction measures, which include increasing the efficiency of our fleets, buildings and networks, as well as increased use of alternative fuels. In addition to this, we continue to develop new environmentally-friendly products and logistics solutions, which help our customers and transport partners reduce their environmental impact. We are also involved in a number of initiatives to achieve greater transparency and comparability in the area of greenhouse gas emissions data collection and reporting.



These measures also support the United Nations Sustainable Development Goals (SDGs): “Sustainable Cities and Communities” (SDG 11) and “Climate Action” (SDG 13).

In line with the Shared Value approach, our contribution to society and the environment is, at the same time, a driver for business value. The Group's performance in the area of environmental protection is evaluated positively by external rating agencies.

→ The Group, page 23

Management and measuring success

Implementation of the Group's environmental strategy is the responsibility of the GoGreen Sponsors Board, which reports to the CEO and comprises executives from all divisions as well as representatives from the relevant corporate functions. The Group's Board of Management also regularly discusses environmental protection issues and approves corresponding action measures.

The focus areas of our GoGreen program are defined in our Group-wide Environmental and Energy Policy. This ensures a consistent approach so that every individual can contribute effectively to reaching our environmental targets. Further Group policies include:

- **Investment Policy:** Requires that new acquisitions be more carbon efficient than existing assets. This must be substantiated in the investment plans.
- **Biofuel Policy:** Requires that we forgo the use of liquid biofuels that negatively impact local food production in the countries where they are produced.
- **Paper Policy:** Requires us to purchase recycled paper whenever certified recycled paper is available on the local market.


- **Green Electricity Policy:** Requires the use of electricity from renewable electricity sources to the extent it is available.

Independent of Deutsche Post DHL Group's own environmental protection priorities and main action areas, the Group always acts in accordance with existing environmental laws and regulations.

Our own system of environmental management ensures compliance with the above-named policies and creates a uniform framework for thinking and acting "green" at strategically important sites. Of the approx. 12,000 sites across the



62%

of sites certified

Group, 10,418 were suitable for external certification in the reporting year. 6,456 of our sites around the world, i.e. 62%, are already certified according to at least either  ISO 14001 or ISO 50001.

KPIs & targets ✓

WE WANT TO REDUCE ALL TRANSPORT-RELATED EMISSIONS TO NET ZERO BY 2050

Focus area	KPI	Target 2025	Interim target 2017	Status	Target 2018
	Carbon Efficiency Index (CEX)	Increase our carbon efficiency by 50% compared to 2007 levels	Improve CEX by at least one index point in 2017	Achieved → p. 69	Improve CEX by at least one index point compared to the previous year
	Percentage of clean pick-up and delivery	Deliver 70% of our own first and last mile services with clean pick-up and delivery solutions	Develop clean pick-up and delivery solutions, prepare sites for e-mobility	Achieved → p. 73	Roll out StreetScooter outside Germany
Green Solutions	Percentage of sales incorporating Green Solutions	Have more than 50% of our sales to incorporate Green Solutions	Develop strategies and campaigns	Achieved → p. 75	Further establish reporting and integrate Mission 2050 into sales processes
Employees & society	Certify employees and plant trees	Train 80% of our employees to become certified GoGreen specialists and actively involve them in our environmental and climate protection activities. This includes joining partners to plant one million trees each year.	Join partners in planting one million trees	Achieved → p. 77	Create employee certification plan and plant one million trees together with partners



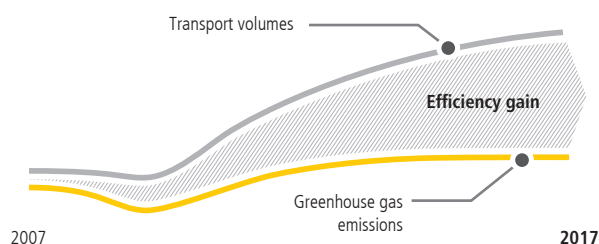
Energy efficiency & climate change

G4 EN 3 - 7, EN 15 - 20



We operate our own fleets and buildings around the world and also rely on additional capacity provided by transport subcontractors. In the area of ocean and rail freight, we work together with subcontracted shipping and rail companies. The majority of greenhouse gas emissions produced by the Group is attributable to air and road transport. However, our buildings and facilities also consume energy and produce greenhouse gas emissions. We continuously improve the efficiency of our own fleets and buildings with the help of a comprehensive efficiency management system and the use of innovative technologies. In fact, advanced efficiency technologies are already standard equipment in many of our fleets and buildings. This is due to the Group's Investment Policy, which requires verification that any new acquisitions are more carbon efficient or environmentally friendly than existing assets. We employ two main strategies to reduce our dependency on fossil fuels, improve carbon efficiency, and reduce costs. First, by reducing our consumption of energy and fuels (Burn Less) and, second, by using alternative fuels and drive systems (Burn Clean).

Efficiency principle



GREENHOUSE GAS EMISSIONS ✓

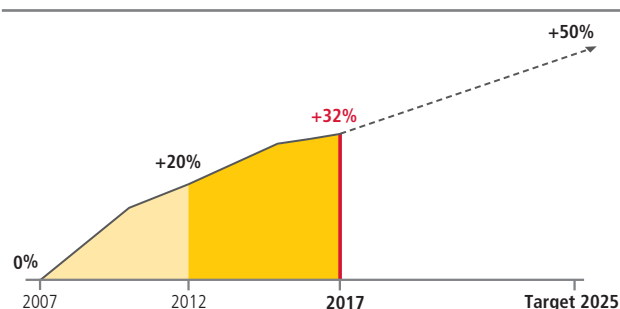
The basis for our reporting is detailed data on greenhouse gas emissions. The Carbon Efficiency Index (CEX) (also a non-financial KPI in accordance with the German Accounting Standard GAS 20) is the main KPI for tracking the progress of our global climate protection activities. The CEX is based upon business unit-specific emission intensity figures that are indexed to base year 2007. Calculations are performed using recognized and proven methods:

- Our greenhouse gas emissions are calculated based on guidelines provided by the Greenhouse Gas Protocol, the EN 16258 standard and the Global Logistics Emissions Council, as well as requirements outlined by the European Emissions Trading System.

Carbon efficiency target achieved despite transport growth

The effectiveness of our efficiency measures is reflected in the Carbon Efficiency Index (CEX). During the reporting year, we were able to improve this performance indicator by two index points to 32% against the 2007 baseline. In doing so, we have exceeded our target for 2017 by one index point.

Development of carbon efficiency ✓



This development was primarily driven by efficiency gains in Global Forwarding, Freight's air and ocean freight operations, as well as in the Express division's air freight business. The Post - eCommerce - Parcel division achieved further gains through a shift from air to road transport, not to mention the increased use of electromobility solutions in road transport operations. The increasing use of renewable energy sources, particularly in the Supply Chain division's warehouse logistics operations, also contributed to this development.

In 2018, we expect to witness a further improvement in the CEX by one index point. Our target for 2025 is to increase carbon efficiency by 50% compared to the 2007 baseline.

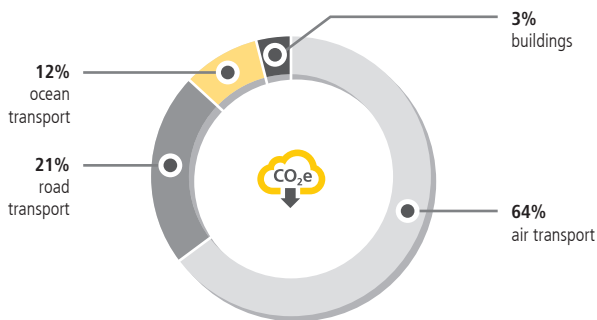
Increase in greenhouse gas emissions

Our successful business performance and the resulting increase in transport volumes prevented emission-neutral growth during the reporting year, with greenhouse gas emissions totalling 28.44 million tonnes of CO₂e, a 5.9% increase year-on-year.

① Scope 1 emissions, i.e. direct emissions from our own operations, rose by 3.9% to 5.90 million tonnes of CO₂e. Indirect emissions from energy used to produce electricity, district heating and cooling in our buildings (Scope 2) totaled 0.44 million tonnes of CO₂e, and were thus also higher than the prior-year value. Emissions from subcontracted transportation (Scope 3) accounted for 22.10 million tonnes of CO₂e in the reporting year – an increase of 6.2% year-on-year. This figure includes 0.08 million tonnes of CO₂e from business travel.

Carbon emissions (total) by source ✓

Total 28.44 million tonnes CO₂e



→ Annex, page 91

FLEET: EFFICIENCY AND CONSUMPTION

We continuously invest in more efficient aircraft and in technical developments for our road vehicles and buildings as part of our efforts to reduce greenhouse gas emissions.

Air fleet modernization

Air transport is particularly fuel and emission intensive. In the reporting year, we once again recorded an increase in transport volumes, which resulted in higher fuel consumption and carbon emissions. We were not able to offset this increase entirely, despite continued progress in route and network optimization. At 1,406.3 million kilograms, fuel consumption in the reporting year was 5.5% higher than the previous year.

Emissions from our air transport operations amounted to 4.47 million tonnes of CO₂e, accounting for approximately 70% of our direct greenhouse gas emissions (Scopes 1 and 2).

In the reporting year, we continued to expand and modernize our air fleet. Among other measures, we signed another agreement with Elbe Flugzeugwerke GmbH to convert an additional four Airbus A330-300s from passenger aircraft to cargo planes. Like the aircraft already converted, the newly converted planes will be used to cover medium-to-high demand levels for cargo space capacity, which will both increase our flexibility and improve our fuel efficiency per kilogram transported.

In addition, we continue to participate in the ① Aviation Initiative for Renewable Energy in Germany e.V. to improve the viability of alternative aviation fuels. We are also involved in local noise abatement initiatives.

Greater vehicle efficiency

Our road transport operations rely on our own fleet of 97,165 vehicles worldwide, including small commercial vehicles in mail and parcel operations, light trucks for regional transport, and heavy trucks for long-haul transport. Based on factors such as vehicle type, utilization and route, we implement a diverse range of measures designed to achieve further efficiency gains. Technical modifications help reduce fuel consumption in our conventional fuel vehicles.

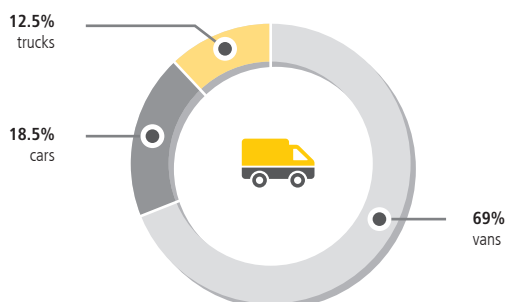
97,165
vehicles worldwide

These include new technologies in the area of aerodynamics and light-weight vehicle design, as well as speed limiting systems and low-rolling resistance tires. By 2016, we had already made modifications to one third of the vehicles in our worldwide fleet, with several modifications often made to a single vehicle. As technical modifications have increasingly become standard procedure, as of this reporting year, we will no longer report on these developments in detail. We will, however, continue to pursue technical innovations.

Despite the increase in transport volumes during the reporting year, we were able to keep road transport fuel consumption at a stable 451.1 million liters and thus more or less on a par with the prior-year figure.

Deutsche Post DHL Group vehicle fleet in 2017

Total 97,165 vehicles



Along with technical modifications made to conventional fuel vehicles, we have also increased our efforts to deploy alternative drive technologies and alternative fuels as a way to further reduce our greenhouse gas emissions. This includes electric and natural gas powered vehicles for short distances, as well as sustainably produced, advanced generation biofuels for long-haul transport.

→ Annex, page 89

Major projects in the reporting year

The following projects made a significant contribution to improved carbon efficiency during the reporting year:

- In 2017, we introduced minimum standards worldwide for our heavy trucks. In combination with technical modifications – such as speed limiting devices and anti-idling systems, low-rolling resistance tires, automatic transmissions, aerodynamic swap bodies, and other optimization measures – we expect these minimum standards to result in a significant increase in carbon efficiency.
- In our Global Forwarding, Freight division we are operating as a carrier ourselves for the very first time. For transports on our trans-Pacific route, we have deployed a Boeing 747-400 to fly around the world. Each time the plane lands for unloading, it takes on new cargo. Due to largely full capacity flights and greatly reduced transit times, the solution has resulted in carbon emissions roughly 12% below the ① Green Carrier Scorecard requirement.

- Together with a start-up, Supply Chain began fitting delivery vehicles and trucks with thin solar mats in the UK. At just 2mm thick they represent a mobile source of power for the tail lifts, and all the electronics in the vehicle. The system achieves approximately 5% diesel savings.
- In the reporting year, we successfully tested trailers fitted with “boat tails” – innovative plastic panels screwed on to the rear of trailers to improve aerodynamics. The boat tails result in carbon/fuel efficiency gains of at least 5%. We put 34 trailers into operation over the course of the reporting year.
- In Paris, we deployed nine natural gas powered trucks equipped with sophisticated telematics. Besides reducing carbon emissions, this solution also delivers economic and energy efficiency gains.

“We like to break the mold in the air freight business – and are now carriers in our own right. Our Boeing 747-400 cargo plane flies all around the world and is almost always filled to capacity. This allows us to offer our customers an incredibly efficient green solution whilst improving our carbon footprint by around 25%.”

HENK VENEMA

Head of Network Carrier Management, Netherlands
Global Forwarding, Freight



NETWORK

Additional efficiency gains can be achieved through intelligent network planning and alternative modes of transport. Increasing digitization and the potential for recording data via sensors and apps is opening up new opportunities in this regard. Whether locally or across continents it is now much easier to optimize processes and connect logistics chains.

- In Thailand, 450 trucks were fitted with telematics software in order to increase the efficiency of our fleet, lower costs and improve safety. As part of a combined initiative including driver training, monthly monitoring and an incentive system to encourage more economical driving, these measures resulted in a 3% reduction in distance traveled and a significant fuel saving of 20% overall. This initiative earned us a Green Freight Asia award and we now plan to expand use of this solution to our transport subcontractors.
- In a bid to motivate couriers to drive more efficiently and safely, we are testing a solution combining telematics with gamification. In the USA, the Driver Safety Rodeo was introduced allowing drivers to fine-tune their driving habits by means of feedback from GPS-based Geotab monitoring. In the Netherlands, couriers make use of a Best Driver App on their courier scanners, competing against colleagues over the working day in an attempt to become Courier of the Month. The fully automated system makes use of Big Data analysis and has realized an increase in fuel efficiency of up to 5%.
- In several cities in Germany, we have begun testing the delivery of parcels directly into the trunks of parked cars. The parcel courier is informed via app about the preferred delivery location and given access to the recipient's car for a limited time. The solution responds to customer demands for greater mobility and flexibility. We now plan to expand the pilot project to additional cities.

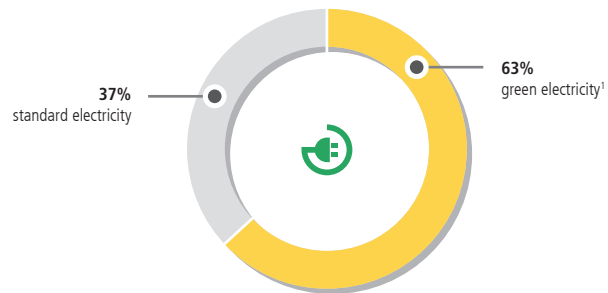
BUILDINGS

✓ At sites across the Group over 60% of our energy requirements are already derived from renewable sources. In Belgium, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Sweden, and the US, we obtain over 90% of our electricity needs from renewable sources. In other countries as well, we strive to either increase our use of green electricity or establish renewable sources wherever they are not yet available. In the reporting year, we drafted a Green Electricity

Policy, which requires the Group-wide use of electricity from renewable energy sources such as wind, hydropower, solar and biomass to the extent it is available in a given country. Implementation of the policy will follow in 2018.

Green electricity use in 2017 ✓

Total 1,737 million kWh



¹ Includes use for electric vehicles

New technologies are just one component of our building efficiency measures. The employees who work at these sites also play a key role in improving our overall environmental impact, which is why we encourage them to think and act responsibly with regard to energy and natural resource consumption.

Energy consumption in our buildings and facilities is influenced substantially by both climate and building/facility utilization. In the reporting year, energy consumption in our buildings and facilities was 3,194 million kWh – a 5.1% increase over the previous year. The prior-year value was adjusted for an error in calculation. Through our use of renewable energy we were able to save 0.44 million tonnes of greenhouse gas emissions in 2017. ✓


→ Annex, page 90

Efficient technologies reduce energy consumption

We regularly review the efficiency of our buildings, with a view to replacing conventional technologies with more efficient solutions across our sites. Depending on whether the building is rented or owned by the company, and giving due consideration to the term of use of the location in question, we place great importance on ensuring that any investment in new technology is both economically and environmentally worthwhile.

- **LED lighting systems:** We are increasingly replacing conventional lighting with intelligent LED systems which reduce energy consumption by 75%. A total of 75 projects were implemented in the reporting year. In Germany,

more than half of our mail centers have been upgraded and, by 2019, all such facilities shall be equipped with LED lighting systems.

- **Combined heat and power (CHP) units:** Buildings must meet certain technical requirements to make use of decentralized heat and power generation via CHP. All of our parcel centers in Germany have now been converted accordingly. Indeed, in Bochum, we are part of the local heat supply network via which we can also help to fulfill the heating requirements of neighboring residents.
- **Cooling:** In Australia, the use of reflective roof membranes significantly reduces the amount of energy needed for cooling.
- **New builds:** Building specifications contain as standard efficient heating, climate and lighting systems, and the use of daylight as well as photovoltaic systems in certain cases.
- **Certification:** Our goal is to obtain international certification for new construction projects. During the reporting year the London Heathrow facility received  BREEAM Excellent certification.

Air pollution G4 EN 21



✓ Our transport-related activities involve fuel combustion, which produces not only greenhouse gas emissions, but also additional local air pollutants, such as mono-nitrogen oxides (NO_x), sulfur dioxide (SO₂) and particulate matter (PM₁₀). This has a negative impact on air quality, and in urban areas in particular, levels of these pollutants are on the rise. For this reason, we want to reduce emissions of local air pollutants and deliver 70% of our own first and last mile services with fully or partially emissions-free pick-up and delivery solutions by 2025. ✓

CLEAN DELIVERY SOLUTIONS

✓ In urban areas, delivery by foot, bicycle or electric vehicle makes a particular contribution to lowering levels of local air pollutants. In addition, we deploy a range of e-mobility solutions – from all-electric drives for short distances, to plug-in hybrids and fuel cells for longer-range transport. These measures also contribute to minimizing noise pollution in urban areas.

Emissions data for the 70% target only covers our own road vehicles deployed for the first and last mile.

In the reporting year, the percentage of clean pick-up and delivery solutions was already at 28%. In 2018 we want to launch the StreetScooter in various additional markets both in Europe and beyond, bringing the number of countries in which the StreetScooter is in operation from three to at least ten. ✓

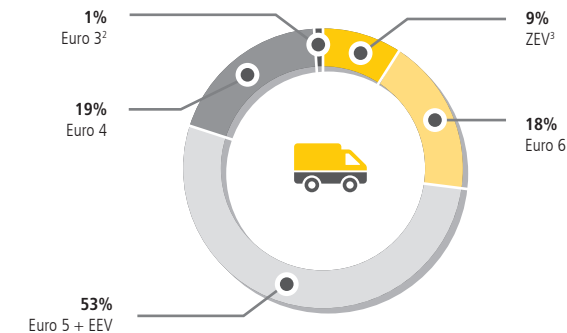
28%
clean delivery

Reducing pollution from our fleet of conventional vehicles

We further reduce our air pollutant emissions by continually upgrading our remaining conventional vehicles in accordance with the latest emissions standards. Optimizing our pick-up and delivery routes also helps reduce emissions and improve air quality in urban areas. In the reporting year, 49,400 of our road vehicles in Europe were already compliant with Euro 5 or Euro 6 standards.

Vehicles by emission class in 2017

Total 69,709¹



¹ Covers our largest vehicle fleets within scope of Euro emission classification

² Includes eight Euro 1 (one) and 2 (seven) vehicles

³ Emission-free vehicles

E-mobility becoming the new standard

The Group's very own StreetScooter electric delivery vehicle is already demonstrating how e-mobility can become standard in the logistics industry.

By the end of the reporting year, we had deployed over 5,500 StreetScooters. These new additions are proving their ability to withstand the demands of day-to-day delivery operations, and making a contribution to climate protection. In the reporting year we launched the pre-series production phase of our StreetScooter "Work XL" model together with our production partner Ford. Based on the chassis of the Ford Transit, the electric-powered Work XL will have a load capacity of 20 cubic meters and room for over 200 parcels, allowing us to handle ever-growing parcel volumes with an even greener delivery solution. The Work XL features a modular battery system with 30 to 90 kilowatt hours for a range between 80 and 200 kilometers. We plan to produce 2,500 Work XL vehicles by the end of 2018. We also intend to offer the Work XL for sale to third-party customers in the future, as is already the case with StreetScooter models Work and Work L.

As we gradually grow our fleet of electric vehicles, we are also expanding the infrastructure required to charge our e-fleet. In Germany, we already have a sufficient number of charging stations in place nationwide. StreetScooters are charged overnight at these stations so that they are ready for use the following morning.

 StreetScooter

Further key initiatives

The following solutions also demonstrate substantial potential in terms of clean pick-up and delivery:

- After successful testing in the Netherlands and Germany, we have expanded the City Hub solution for parcel and express delivery to other countries. City Hubs are central points in cities where couriers start their routes and pick up pre-sorted containers for delivery. We have developed a trailer specifically for DHL's Cubicycle cargo bicycle, which can carry up to four of the special standardized containers. A DHL van brings the trailer into the city center, where the containers can be quickly and easily loaded on to Cubicycles. A modified pickup version of the StreetScooter is now also being used in the project. In addition, Cubicycle containers have been enhanced with a GPS system or a transmitter to enable tracking.
- In many countries gasoline-fuelled motorbikes are increasingly being replaced with electric models. Using these smaller, zero-emission vehicles in urban areas is already helping us to offer our customers efficient, environmentally friendly delivery in Brazil, Mexico, South Korea, Taiwan, Turkey and Vietnam.

"My team regularly maintains around 10,000 vehicles. These days, our work often includes StreetScooters – the e-vehicle developed by my employer. I now know the StreetScooter inside out and am often called on for my expertise."

KAI RIEHL

Quality Manager, Fleet Management, Germany
Global Business Services



Green Solutions G4 EN 7, 19

In keeping with our Shared Value approach, our Green Solutions contribute to society and the environment while creating business value. We offer our customers a range of products that help them understand their environmental footprint, and then implement measures to minimize that footprint by using alternative modes of transport or offsetting emissions. We also offer comprehensive consulting services to help customers improve efficiency across their supply chains.

ECONOMIC TARGET ✓

Expanding our portfolio of green products and services is a component of our Mission 2050; by 2025, we want more than 50% of our sales to incorporate Green Solutions. Relevant to the calculation of the economic target are products and solutions that use alternative fuels or fulfill certain carbon efficiency criteria. Each division is considered separately for calculation purposes. The respective proportion of the total divisional revenue generated from green products and solutions is then determined and aggregated to derive a Group value. Value-added services, taxes, customs and duties are not included in the calculation.

- Revenue generated by our standardized products Carbon Reports and Climate Neutral is included in the calculation in full, as are customized solutions such as DHL Enviro-solutions.

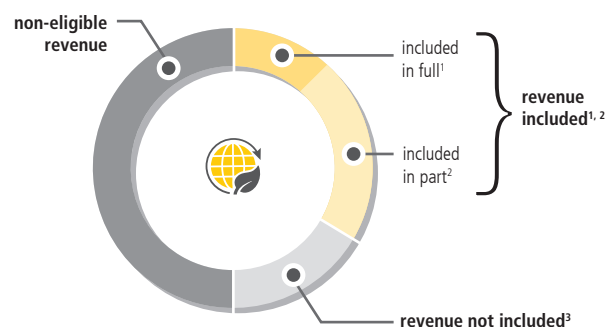
 DHL product website

- Road transport solutions are taken into account if they include green technologies with total CO₂e savings of at least 5% or a biofuel share of at least 10%, and if they significantly impact the transport solution.
- Air and ocean freight are taken into account in the event that carbon intensity is significantly below the industry average.
- Transport by rail, bicycle or on foot is taken fully into account.

- In terms of contract logistics, warehousing solutions are taken into account if they include one or more green technologies that realize carbon savings of at least 10%, and have a significant impact on the warehousing solution.

Calculating the economic target ✓

By 2025, >50% of our sales are to incorporate Green Solutions.



¹ Revenue with Carbon Reports, Climate Neutral, transport by bicycle/on foot/by rail.

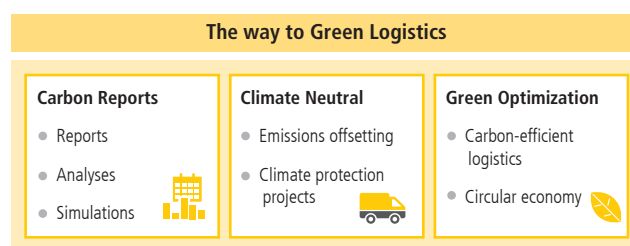
² Transport revenue with carbon savings of at least 5%, warehousing solutions of 10%.

³ Revenue with value-added services.

GREEN PRODUCTS AND SERVICES

With both standardized and customized solutions, we increase awareness among customers with regard to the emissions generated by the transport of their goods, and help make their supply chains greener.

Green products offered by Deutsche Post DHL Group



- **Carbon Reports:** Carbon Reports provide our customers with transparency on the volume of their logistics-related emissions resulting from the transport and logistics services we provide to them.

 Carbon Reports

- **Climate Neutral:** Climate-neutral products provide customers with a way to offset their transport and logistics-related greenhouse gas emissions. Emissions are offset through investment in climate protection projects certified with the Gold Standard, such as our own climate protection project in Lesotho.

1.9 billion
climate-neutral
shipments

In the reporting year we transported some 1.9 billion climate-neutral shipments, which offset around 245,000 tonnes of CO₂e. The Lesotho Project contributed 27,560 carbon credits.

 Climate protection projects

In the reporting year, we collaborated with a start-up company in the Netherlands to develop a solution for carbon-neutral, low-emissions ocean freight shipping worldwide based on the use of sustainably produced advanced biofuels.

 Press release

- **Green Optimization:** We review our customers' entire logistics supply chain to identify potential environmental and economic efficiency levers in areas such as network design, road freight, ocean freight or warehousing. This results in tailored strategies for more efficient and environmentally sustainable logistics, which consider both green efficiency gains as well as savings potentials.

With an innovative concept to repurpose the site of a former coal mine, we have secured a contract to fit out and operate a warehouse tailored to the requirements of an apparel customer in the USA, an organization that puts environmental importance at the very center of its ethos. The building will be equipped with various environmentally optimized features including LED lighting, additional windows, and indoor air quality friendly building materials.

We have also secured a contract to develop a bespoke logistics solution to meet the needs of a customer in the food industry. The objective is to reduce all warehousing and distribution-related emissions to zero.

- **Enabling the Circular Economy:** We develop solutions for reverse logistics, waste management and extended producer responsibility. These are available through our DHL Envirosolutions product portfolio, for example. In the reporting year, we opened a new waste management plant at Gatwick Airport, which makes Gatwick the first airport in the world to turn airport waste, such as food and packaging, into energy on site. The energy is used to fuel Gatwick's waste incineration plant and to power the site's water recovery system. The plant not only saves the airport about €1,100 a day in energy costs, but also supports Gatwick in its goal to boost the airport's recycling rate from 49% today to 85% by 2020.

Employees & society ✓

As employee engagement is such a crucial factor in achieving our environmental targets, we will be training 80% of our people to become certified GoGreen specialists by 2025, and actively involving them in our environmental and climate protection activities. This includes joining partners to plant one million trees each year as part of our commitment to forest conservation.

Deeper understanding of environmental protection

While the training provides employees with relevant background knowledge in environmental protection, its main purpose is to convey a deeper understanding of the role they themselves play in their daily work, and how their actions can contribute to the Group's environmental targets. In the reporting year, we began developing the training program, which we plan to finalize and then roll out in 2018.

Employees support tree-planting target

Trees play a special role in our environment, absorbing carbon dioxide in the air and filtering other airborne pollutants. A large proportion of the trees used in our reforestation efforts will be planted by partner organizations. These include recognized charities, NGOs, and national forestry authorities around the world, who are most familiar with local conditions and habitats. At the same time, employees can get involved in the campaign themselves by making a donation or taking part in organized tree-planting events. In the reporting year, over one million trees were planted by our employees together with our partner organizations, exceeding our projections for the year. The tree-planting initiatives are among the projects we support as part of Global Volunteer Day.

**>1 million
trees planted**

→ Society, page 61

Further environmental aspects

Issues such as noise, waste, natural resources and biodiversity are not considered material issues by the company or our stakeholders. We nevertheless consider these issues to be socially relevant and choose to include a brief overview in this report.

Noise pollution

At sites located in or near residential areas, our local management works closely with residents and other stakeholders to ensure that noise pollution caused by our business activity is kept to an acceptable minimum.

Waste and recycling

We try to avoid waste, such as transport packaging or paper waste, as much as possible. Increased digitalization of our processes and communications helps us reduce paper waste in our offices, and by supporting materials recycling efforts, we contribute to the circular economy.

Maintenance and decommissioning or scrapping of our aircraft, road vehicles and IT equipment is generally the responsibility of the manufacturer or other third-party providers. In our maintenance and disposal contracts with partners, we include explicit guidelines for compliance with environmentally-friendly practices.

Although waste is not considered a material issue, waste separation is standard procedure at many of our sites. The collection and proper disposal of waste is handled by local energy management systems.

Natural resources

We have committed to the exclusive purchase and use of recycled paper products in accordance with our Group-wide Paper Policy. Exceptions are permitted only if recycled paper does not meet certain technical requirements or cannot be procured on the local market under reasonable terms. Our systematic efforts to reduce our use of paper and packaging help lower demand for wood. To this end, we collaborate closely with experts and customers.

Water is used primarily for drinking and sanitation at our facilities and is obtained for the most part from municipal suppliers and discharged into public sewage systems. We implement measures to minimize water consumption as part of our environmental management system. For new construction projects, we also look to install water recovery systems

and water-efficient sanitary installations where possible. As water consumption and disposal are not considered significant environmental factors for the Group, we do not record and report global water use data.

→ Annex, page 93

Biodiversity

As our sites are primarily located in urban areas or designated industrial and commercial zones, our business operations generally do not have a negative impact on protected areas or endanger protected plant or animal species. Nevertheless, our business activity still has an impact on ecosystems through greenhouse gas emissions, air pollution, resource consumption and other environmental factors, which is why we consider the effect of our activities on biodiversity. One such example is our Policy on the Usage of Liquid Biofuels, which considers biodiversity in the countries where biofuels are produced.

Our terms and conditions also explicitly prohibit the use of our network to transport protected, threatened or endangered plant and animal species. We are a member of the United for Wildlife Transport Taskforce, an initiative backed by Prince William to stop illegal trade in protected species of wildlife. Our employees also take part in workshops on the topic and volunteer their time to international animal protection initiatives.

About this report	80
Materiality analysis	81
Memberships & partnerships	82
Distinctions	83
Multi-year overview	84

ANNEX G4 28 - 33

About this report


The 2017 Corporate Responsibility Report (CR Report) was prepared in accordance with the international G4 Guidelines (Core Option) issued by the Global Reporting Initiative (GRI). The material issues selected for the report are based on the results of our materiality analysis. The CR Report also serves as an Advanced Level Communication on Progress (COP) on our commitment to the ten principles of the UN Global Compact (UNGC). The linkages to the UNGC's ten principles are based on the UNCI/GRI publication "Making the Connection". The UNGC principles have been integrated and noted accordingly in the GRI Index.


Publication and report formats

This CR Report was published on March 7, 2018. It is available online, in PDF format, and in print in both German and English. The CR Report is published annually and issued concurrently with the Annual Report. The previous year's report was published on March 8, 2017. Deutsche Post DHL Group has published CR reports since 2003, all of which can be downloaded from the Group's website.

 [CR Report archive](#)

Independent third-party review


Report content on material issues as well as other content were independently reviewed by the audit firm PricewaterhouseCoopers (PwC), Frankfurt am Main at the request of the Board of Management. The reviewed content has been marked with the  symbol in the CR Report. Information on the scope and outcome of the review can be found in the Assurance Report.

 [Assurance Report](#)

Reporting scope

The information provided in the CR Report covers the period from January 1 to December 31, 2017 and applies to the entire consolidated group as described in the 2017 consolidated financial statements. As a result, all subsidiaries under the umbrella of the Deutsche Post DHL Group have been included in the reporting scope. Departures from this rule are indicated accordingly.



The 2017 list of consolidated companies (list of shareholdings) is available for download from the Group's website.

 [List of shareholdings](#)

Data measurement techniques and bases of calculations

Unless otherwise noted, "headcount" is used in the main text of the CR Report to refer to the number employees as of the reporting date (December 31, 2017).


The measurement techniques are explained where relevant in the CR Report. The basis on which data has been calculated, and information that is based fully or partly on estimates is similarly explained directly where it occurs. This also applies to any changes made in the calculation bases or adjustments to data made compared with the previous year.

In accordance with the Greenhouse Gas Protocol, Scope 2 greenhouse gas emissions are reported as gross CO₂e volumes using both the site-based and market-based methods. Unless referred to separately in the text, reported data is based on the market-based method. Our methodologies for calculating the data meet the requirements of the European Emissions Trading System (EU-ETS) as well as the  EN 16258 and  ISO 14064 standards.

Contact and publisher information

- Editorial office: CR-Reporting@dpdhl.com
- Published by Deutsche Post AG – Headquarters – Corporate Communications and Responsibility, 53250 Bonn, Germany



 [Assurance Report](#)



 [List of shareholdings](#)

Materiality analysis G4 19 - 21, 25 ✓

In 2015, Deutsche Post DHL Group once again conducted a materiality analysis to identify essential focus issues within three main areas: Employees, the Environment and Governance. Concrete goals and KPIs were also confirmed and defined.

In the reporting year, qualitative interviews were conducted with various parties including the company's most important stakeholder groups in order to evaluate the relevance of previously defined material issues. The results largely confirmed the continued relevance of these issues, although two were positioned differently: "Noise pollution" was rated a lower-priority issue as compared to 2015, while the issue "Respect for human rights" emerged as significantly more relevant for the Group. This resulted in nine material issues – along with their respective KPIs and targets – which form the basis for the Group's continuous performance improvement process and associated reporting, both internally and externally.

Comparison of materiality analysis results in 2015 and 2017 ✓

Material issues 2015	Material issues 2017
Governance <ul style="list-style-type: none"> Compliance Standards in the Value Chain Data Protection & Security Employees <ul style="list-style-type: none"> Employee Engagement Employee Development Occupational Health & Safety Environment <ul style="list-style-type: none"> Energy Efficiency & Climate Change Air Pollution & Noise 	Governance <ul style="list-style-type: none"> Compliance Standards in the Value Chain Data Protection & Security Employees <ul style="list-style-type: none"> Respect for Human Rights Employee Engagement Employee Development Occupational Health & Safety Environment <ul style="list-style-type: none"> Energy Efficiency & Climate Change Air Pollution

2015 materiality analysis process

Identifying focus issues involved a four-step process. 500 representatives of our main stakeholder groups participated in an anonymous, international online survey and shared with us their input on the importance of sustainability issues for the Group, as well as their feedback on the Group's performance in the respective areas.

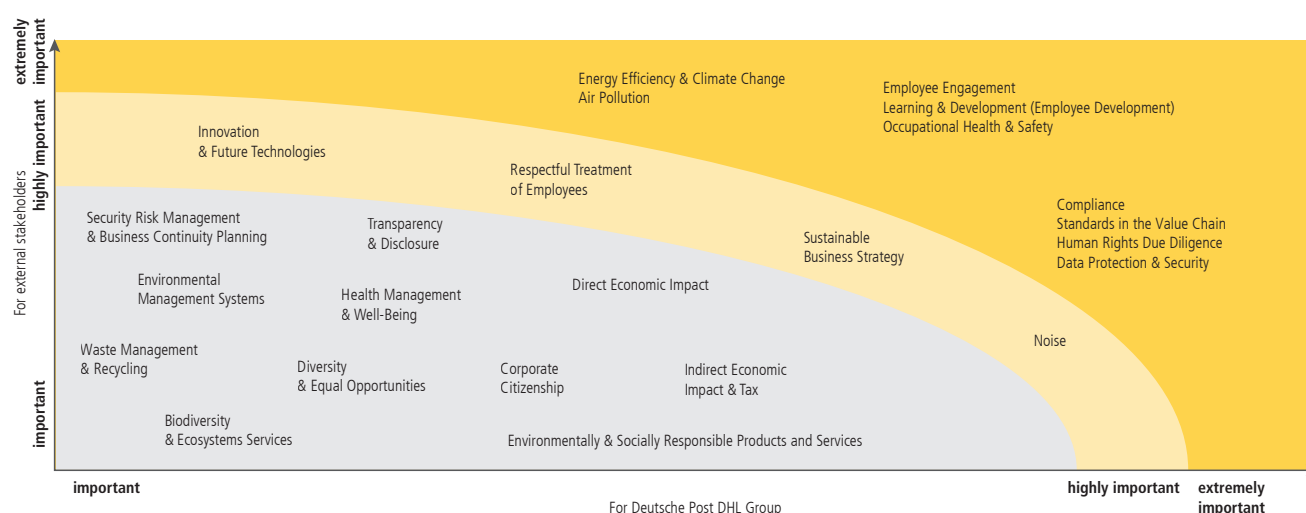
Participants in the survey included employees, customers, investors, non-governmental organizations (NGOs), policymakers, suppliers, journalists, academic institutions, associations and councils, as well as CR experts from other companies. The survey questions covered five thematic areas: ethical governance and sustainable business strategy, product responsibility and business practices, working conditions and the safeguarding of human rights, environmental protection and corporate citizenship.

The list of issues included focus issues already identified by the Group in 2013. Additional focus areas were established according to the most important sustainability initiatives and standards including the Global Reporting Initiative, UN Global Compact and the OECD.

Results of the stakeholder surveys were combined with insights gained from other relevant sources of information. These included information from interviews with stakeholders, analysis of customer requirements, evaluations by CR rating agencies, an evaluation of global trends and issues, and the impact of the logistics industry on environment and society based on the [Green Transformation Lab's](#) impact study "Responsibility to act".

Interviews were conducted with members of the Responsible Business Practice Council who shared their assessment of issue relevance. Members of the Sustainability Advisory Council also provided their input. As a final step, material issues and associated KPIs and objectives were confirmed by the Board of Management.

Key issues in logistics ✓



Memberships & partnerships G4 15, 16

The work we do with national and international organizations is of great strategic importance for our company. Our dialogue with these organizations is a significant contributor to the successful practice of corporate responsibility across the Group. Through our memberships in and partnerships with these organizations we are also able to take part in shaping the dialogue on overarching sustainability issues. These include, for example, the World Economic Forum, the United Nations Global Compact, the UN High Level Advisory Group on Sustainable Transport and the international Partnering Against Corruption Initiative.

We cooperate with a number of establishments and institutions on the full range of our CR activities and develop joint solutions and positions on specific issues. Below are selected examples which, although not mentioned explicitly in this report, are of strategic importance to the company. A complete list of our memberships and partnerships can be found on our Group website.

- **World Health Organization (WHO):** Through our partnership with the WHO we gain knowledge about health risks in specific countries.
- **Business Leadership Forum to Target Depression in the Workplace:** This initiative is designed to help employees tackle the effects of workplace depression.
- **Global Occupational Safety & Health Network of the International Organization of Employers:** Through this network we engage in dialogue with other employers around the world.
- **European Road Safety Charter (ERS):** This membership helps us to improve our knowledge about the causes of road accidents and develop appropriate prevention measures.
- **The Business for Social Responsibility Clean Cargo Working Group:** We are working toward greater sustainability in international ocean freight shipping.
- **Global Logistics Emissions Council, Green Freight Asia:** Our involvement in these initiatives helps to promote standardized emissions calculation methodologies and increase awareness among road transport subcontractors for the importance of emissions data.
- **EV 100:** This initiative aims to accelerate the transition to electric vehicles (EVs) and make electric transport the new normal by 2030.



Awards & distinctions G4 15

In the reporting year, Deutsche Post DHL Group once again received numerous distinctions from customers, environmental and social organizations, and other institutions. These awards reflect the great recognition our corporate responsibility activities have received around the world, and strengthen our resolve to become a benchmark company in this area as well. Several distinctions are listed below by means of example. While they are not mentioned explicitly in the Report, they are of particular importance to us. The complete list can be found on the Group website.

DHL was awarded Gold, Silver and Bronze at the **International Stevie® Awards**. Resilience360 won Gold in the category “Best New Product or Service”. The Silver Stevie was awarded in the category “Sales and Customer Service” and the Bronze award in recognition of a forward-looking approach to developing intercultural business relationships.

Employees

In recognition of its excellent workplace conditions Express received various awards during the reporting year.

- **“Top Employer Global 2017”** – best employer in 59 countries for the third time in a row and the only company to be recognized as such all around the world
- **“World’s Best Workplaces - No.8”** – awarded in recognition of a motivating and engaging corporate culture by Great Place to Work® and the American publication Fortune
- **“Best Employer for Women” and “Best Generation Employer”** – in recognition of the best conditions for women in management and for young employees (Generation Y) in Taiwan
- **“Best Workplace in Korea” and “Best Workplace for Women”** – recognized as one of the best employers in South Korea

Society

- **“Partner Impact Award 2017”**: Awarded by our educational partner Teach First Deutschland
- **“7th Asia Best CSR Practice Award”**: Awarded for an educational project promoting road safety and earthquake awareness in Bangladesh (Global Forwarding, Freight)
- **“#IMake4MyCity 2017”**: First prize for GoTeach and SOS Children's Villages as part of the Orange Foundation's “Fablab” competition
- **“CSR Jobs Award”** in recognition of particular involvement in the area of refugee aid
- **“Triangle World Mail & Parcel Awards 2017”** for the Global Volunteer Program

Environment

- **“German Solar Prize 2017”**: Awarded by the European Association for Renewable Energy, EUROSOLAR, for the StreetScooter and the comprehensive realization of an environmentally friendly urban logistics solution
- **“Global Express Provider of the Year” and “Green Award”**: Awarded for the fourth time in a row for excellence at the Payload Asia Awards (Express). The division also received an award for its environmentally friendly business practices.

Further prizes for a strong concept facilitating the circular economy at Gatwick Airport:

- **“Supply Chain Excellence Award 2017”**: First prize in the category “Environmental Improvement”
- **“Green Champion”**: Special award at the Green Apple Environmental Awards for Environmental Best Practice

MULTI-YEAR OVERVIEW

Employee data

Number of employees at Deutsche Post DHL Group at year end ✓

	2013	2014	2015	2016 ²	2017
Employees (headcount)	479,690	488,824	497,745	508,036	519,544
Full-time equivalents ¹	434,974	443,784	450,508	459,262	472,208
Share of part-time employees (%)	-	18.2	18.4	18.5	18.1
Employees by region (headcount)					
Europe	316,071	322,440	326,979	333,080	339,521
of which Europe excl. Germany	112,464	116,709	118,239	121,987	123,719
Germany	203,607	205,731	208,740	211,093	215,802
Americas	78,728	76,230	78,027	81,152	84,470
Asia Pacific	67,473	72,121	73,843	75,045	76,727
Other regions	17,418	18,033	18,896	18,759	18,826
Employees by division (headcount)					
Post - eCommerce - Parcel	197,545	200,868	206,686	214,873	220,038
Express	75,490	79,896	87,453	88,409	96,047
Global Forwarding, Freight	44,903	47,079	44,737	44,283	43,438
Supply Chain	148,565	148,329	147,650	149,279	148,201
Corporate Center / Other	13,187	12,652	11,219	11,192	11,820

¹ Excluding apprentices/trainees; ² Adjusted

Number of employees at Deutsche Post DHL Group (yearly average) ✓

	2013	2014	2015	2016	2017
Employees	478,903	484,025	492,865	498,459	513,338
of which Hourly workers and salaried employees	433,647	440,973	451,882	459,990	477,251
Civil servants	40,321	37,963	35,669	32,976	30,468
Apprentices and trainees	4,935	5,089	5,314	5,493	5,619
Full-time equivalents (including apprentices/trainees)	435,218	440,809	449,910	453,990	468,724



Detailed tables are available for download in the online version of our Corporate Responsibility Report

 cr-report2017.dpdhl.com

Employee turnover at Deutsche Post DHL Group (%)¹ ✓

	2013	2014	2015	2016	2017
Unplanned turnover	6.3	6.6	7.0	7.6	8.5
By region					
Europe	2.7	3.3	3.8	4.3	4.7
of which Europe excl. Germany	1.8	2.2	2.6	3.0	3.3
Germany	0.4	0.6	0.9	0.9	1.2
Americas	17.4	15.6	15.7	18.8	22.8
Asia Pacific	10.8	11.5	11.9	10.4	10.5
Other regions	8.4	7.1	7.0	6.3	5.1
By division					
Post - eCommerce - Parcel	1.9	2.0	2.6	2.8	3.5
Express	8.8	7.1	7.1	8.5	9.4
Global Forwarding, Freight	10.0	10.0	10.9	10.2	11.0
Supply Chain	10.8	12.0	11.9	13.3	14.8
Corporate Center / Other	3.5	3.3	4.7	5.1	4.7
Planned turnover	5.8	6.1	6.6	7.3	6.8
Total turnover Group	12.1	12.6	13.6	14.9	15.3
of which Turnover in management ²	-	-	-	6.7	6.4

¹ Coverage rates Group: 100% (2017), 96% (2016), 97% (2015), 95% (2014), 88% (2013), 77% (2012); ² Upper and middle management

Management vacancies filled with internal candidates at Deutsche Post DHL Group (%)

	2013	2014	2015	2016	2017
Internal management placements¹	87.4	86.9	81.1	78.3	80.8

¹ Upper and middle management

Employees at Deutsche Post DHL Group by gender at year end (%)

	2013 ¹	2014	2015	2016	2017
Share of male employees	64.2	64.1	64.5	65.0	65.0
Share of female employees	35.8	35.9	35.5	35.0	35.0
Female employees by region					
Europe	39.6	39.3	38.7	38.1	37.8
of which Europe excl. Germany	28.8	28.7	28.8	29.0	29.6
Germany	45.4	45.2	44.3	43.4	42.5
Americas	28.1	30.2	32.0	31.7	31.4
Asia Pacific	29.7	29.7	28.8	27.9	29.7
Other regions	21.5	23.5	22.3	23.1	23.3

¹ Adjusted

Share of women in boards/committees and in management at Deutsche Post DHL Group (%) ✓

	2013	2014	2015	2016	2017
Board of Management¹	14.3	14.3	14.3	14.3	14.3
Supervisory Board²	30.0	35.0	35.0	40.0	40.0
Upper and middle management	19.6	19.3	20.7	21.1	21.5
By region					
Europe	-	-	-	20.8	21.4
of which Europe excl. Germany	-	-	-	21.0	21.5
Germany	-	21.1	20.6	20.7	21.3
Americas	-	-	-	20.3	20.8
Asia/Pacific	-	-	-	23.6	23.4
Other regions	-	-	-	17.8	19.3
Female executives					
Upper management	-	-	-	18.3	18.3
Middle management	-	-	-	22.7	23.3

¹ Seven board areas in all; one female board member; ² 20 members in all: 10 shareholder representatives, 10 employee representatives

Age structure of employees at Deutsche Post DHL Group 2017

	< 26	26–30	31–40	41–50	51–60	from 61	Average age
Group¹	11%	13%	25%	25%	22%	4%	41
By region							
Europe	9%	10%	21%	27%	28%	5%	43
of which Europe excl. Germany	9%	13%	28%	27%	19%	4%	41
Germany	10%	8%	17%	27%	32%	6%	44
Americas	16%	17%	28%	21%	14%	4%	38
Asia Pacific	13%	22%	39%	19%	6%	1%	35
Other regions	7%	19%	44%	22%	7%	1%	37
By division							
Post - eCommerce - Parcel	10%	8%	17%	27%	32%	6%	44
Express	12%	18%	35%	23%	11%	1%	37
Global Forwarding, Freight	11%	17%	33%	22%	14%	3%	39
Supply Chain	12%	15%	29%	23%	17%	4%	39
Corporate Center / Other	5%	11%	24%	26%	28%	6%	44

¹ Coverage rate Group: 97%

Work time accounts and partial retirement in Germany¹ at year end

	2013	2014	2015	2016 ²	2017 ²
Employees with time value-/work time accounts	16,737	18,788	20,404	25,724	28,030
Employees in partial retirement	1,429	2,323	3,305	4,307	4,962

¹ Deutsche Post AG, principal company in Germany; ² Including civil servants

Number of employees with disabilities in Germany (yearly average)^{1, 2}

	2013	2014	2015	2016	2017
Employees with disabilities	14,170	14,741	15,149	15,456	15,534
Employment rate (%)	8.7	9.1	9.6	9.9	9.8

¹ Deutsche Post AG, principal company in Germany; ² According to German Social Law (§ 80 Sozialgesetzbuch IX)

Results of the Deutsche Post DHL Group Employee Opinion Survey (%) ✓

	2015	2016	2017
Participation rate	73	74	76
Approval rating per category			
Active Leadership (relevant for executive bonus payments)	73	74	75
Employee Engagement	73	75	75
Customer Centricity & Quality	79	81	80
Future & Strategy	69	72	72
Communication	74	75	76
Teamwork	83	84	84
Learning & Development	79	81	81
Job Fulfillment & Workplace	77	78	78
Continuous Improvement	65	67	68
Group Responsibility	75	77	77
Performance Enablement Index	80	81	81

Certified initiative: Certified employees (%) ✓

	2017
Group	51.4
Post - eCommerce - Parcel	20.4
Express	98.5
Global Forwarding, Freight	97.2
Supply Chain	52.5
Corporate Center / Other	73.2
Executives (upper and middle management)	65.1

Learning and development at Deutsche Post DHL Group¹

		2013	2014	2015	2016	2017
Training days per employee ✓	days	1.4	1.5	1.4	1.5	1.4
of which Online training days per employee	days	-	0.0	0.1	0.1	0.1
Training costs per employee ²	€	148	150	149	143	155
Training costs per full-time equivalent²	€	166	166	165	159	172
Training satisfaction ³	%	70	71	79	81	81

¹ Coverage rates Group: 80% (2017), 76% (2016), 78% (2015), 76% (2014), 69% (2013), 67% (2012); ² The costs were calculated in accordance with Note 6. Notes to the consolidated financial statements;

³ Corresponds to the indicator "Learning & Development" in the annual Employee Opinion survey. Participation rate: 76% (2017)

Staff costs and Human Capital ROI at Deutsche Post DHL Group

		2013	2014	2015	2016	2017
Staff costs¹	€m	17,776	18,189	19,640	19,592	20,072
of which Wages, salaries and compensation		14,300	14,583	15,723	16,092	16,192
Social security contributions		2,110	2,164	2,300	2,324	2,419
Retirement benefit expenses		883	965	1,031	607	891
Other employee benefits		483	477	586	569	570
Staff costs per FTE²	€ 1,000	40.8	41.3	43.7	43.2	42.8
Personnel expenditure ratio³	%	32.4	32.1	33.2	34.2	33.1
Human Capital Return on Invest⁴		1.16	1.16	1.12	1.18	1.19

¹ Notes position 14. Consolidated Financial Statements; ² Calculation based on data published in consolidated financial statements; ³ Staff costs/revenue; ⁴ (EBIT + staff costs)/staff costs; according to consolidated financial statements

Sickness rate at Deutsche Post DHL Group (%)¹ ✓

	2013	2014	2015	2016	2017
Group	4.8	4.9	5.1	5.1	5.2

¹ Coverage rates Group: 100% (2017), 98% (2016), 97% (2015), 94% (2014), 90% (2013), 73% (2012)

Workplace accidents at Deutsche Post DHL Group¹

	2013	2014	2015 ² ✓	2016 ^{2,4} ✓	2017 ² ✓
LTIFR (workplace accidents per 200,000 hours worked)	4.7	4.2	4.0	4.0	4.4
By division					
Post - eCommerce - Parcel	10.8	10.1	10.0	10.2	10.9
of which Excl. mail and parcel last mile delivery (Deutsche Post AG)	n/a	n/a	4.0	4.1	5.2
Express	4.0	3.5	2.8	3.0	3.1
Global Forwarding, Freight	1.9	1.0	0.9	1.0	1.0
Supply Chain	0.8	0.7	0.8	0.6	0.6
Corporate Center / Other	0.6	0.5	0.5	0.4	0.4
By region					
Europe	n/a	n/a	6.3	6.4	7.2
of which Europe excl. Germany	n/a	n/a	1.6	1.5	1.9
Germany	n/a	n/a	10.2	10.6	11.6
Americas	n/a	n/a	1.4	1.3	1.1
Asia Pacific	n/a	n/a	0.3	0.3	0.3
Other regions	n/a	n/a	0.8	1.9	0.7
Other key figures					
Working days lost per accident	14.4	14.2	15.6	14.8	15.3
Fatalities resulting from workplace accidents³	n/a	4	6	4	3
of which due to traffic accidents	n/a	n/a	1	2	1

¹ Coverage rates Group: 99% (2017), 96% (2016, 2015), 92% (2014), 83% (2013); ² Including temporary workers; ³ Coverage rates Group: 100% (since 2015), 92% (2014), 36% (2013); ⁴ Adjusted

Environment data

Jet aircraft - by nitrogen oxide (NO_x) emissions standards

	2013	2014	2015	2016	2017
Total aircraft	170	176	182	190	208
of which CAEP/6 ¹	80	84	90	96	107
CAEP/4 ¹	32	39	46	49	56
CAEP/2 ¹	39	39	34	28	22
No classification	19	14	12	17	23

¹ Classification issued by the Committee on Aviation Environmental Protection (CAEP). The higher the CAEP class, the more stringent the requirements.

Jet aircraft - by noise standard

	2013	2014	2015	2016	2017
Total aircraft	170	176	182	190	208
of which Chapter 4	110	117	122	130	142
Chapter 3	59	59	60	60	66
of which Equipped with hush kits	9	3	0	0	0
No classification	1	0	0	0	0

Total vehicles

	2015	2016	2017
Total	91,973	92,328	97,165
of which Vans	63,650	63,771	67,222
Trucks	11,171	11,227	12,096
Cars	17,152	17,330	17,847

Vehicles by Euronorm class 2017

	2015	2016	2017
Total¹	66,284	63,861	69,709
of which ZEV (zero emission vehicles)	–	–	6,040
Euro 6	4,592	8,701	12,613
Euro 5 + EEV ²	43,640	39,542	36,768
Euro 4	17,205	14,771	13,489
Euro 3 ³	847	847	799

¹ Covers our largest vehicles fleets within scope of Euro emission classification; ² Enhanced environmentally friendly vehicles; ³ Includes Euro 1 (7) and 2 (10) vehicles

Vehicles with alternative drive systems

	2014	2015	2016	2017
Alternative drive systems	1,976	2,886	4,177	7,896
of which Electric & fuel cell	346	881	2,432	6,040
Hybrid	325	372	474	572
Liquid biofuels	0	0	30	30
Compressed natural gas (CNG, contains drives with bio CNG) / liquified natural gas (LNG)	767	864	701	401
Liquefied petroleum gas (LPG)	144	184	121	113
Bioethanol	221	419	269	606
Dual Fuel	173	166	150	134

Deutsche Post DHL Group fleet fuel use (excl. transport partners) ✓

	2013	2014	2015	2016 ¹	2017
Air transport (million kg)					
Kerosene	1,151.0	1,188.0	1,312.8	1,332.5	1,406.3
Road transport					
Road transport (million liters)	450.2	447.6	449.1	447.2	451.1
of which Gasoline	19.3	20.6	21	22.7	21.6
Biodiesel	0.7	1.0	1.4	2.9	3.0
Bioethanol	0.0	0.0	0.1	0.2	<0.1
Diesel	429.6	425.1	426.1	420.2	425.9
Liquefied petroleum gas (LPG)	0.6	0.9	0.5	1.2	0.5
Road transport (million kg)	3.2	4.4	4.9	4.5	3.6
of which Bio natural gas	0.2	0.2	0.2	0.2	0.2
Compressed natural gas (CNG)	2.9	4.2	4.7	1.7	1.1
Liquefied natural gas (LNG)				2.6	2.3

¹Adjusted

Energy use in buildings (million kWh) ✓

	2013	2014	2015	2016 ³	2017
Total	3,393	3,247	3,113	3,039	3,194
Electricity	1,824	1,697	1,690	1,647	1,737
of which "Green" electricity ¹	1,056	1,040	1,056	1,013	1,086
Standard electricity	768	657	634	634	651
Natural gas	952	951	806	969	903
Heating oil ²	248	308	305	328	275
District heating	202	189	195	54	171
District cooling	8	8	1	8	8
Liquefied petroleum gas (LPG)	159	94	116	33	100

¹ Includes electric vehicles; ² Also includes quantities of gasoline and diesel for auxiliary power generators; ³ Adjusted

Carbon efficiency (index points) ✓

	2013	2014	2015	2016	2017
Group	22	26	29	30	32
Post - eCommerce - Parcel ¹	25	28	31	31	31
Express ²	35	36	37	37	39
Global Forwarding, Freight ³	15	20	21	23	26
Supply Chain ⁴	23	27	32	30	30

¹ Main reference base: CO₂e per liter (physical volume); ² Main reference base: CO₂e per tonne-km; ³ Main reference base: CO₂e per tonne-km or TEU(20-foot equivalent units)-km;⁴ Main reference base: CO₂e per square meter of warehouse space and CO₂e by revenue from transportation services after adjusting for exchange rate effects

CO₂e emissions Group-wide (million tonnes) ✓

	2013	2014	2015	2016 ¹	2017
Group²	28.31	29.03	27.02	26.86	28.44
of which Scope 1	5.13	5.22	5.6	5.68	5.90
Scope 2	0.49	0.44	0.45	0.37	0.44
Scope 3	22.69	23.36	20.97	20.81	22.10
Emissions by division					
Post - eCommerce - Parcel	1.56	1.60	1.69	1.85	2.14
of which Scope 1	0.49	0.48	0.48	0.53	0.54
Scope 2	0.07	0.08	0.08	0.03	0.09
Scope 3	0.99	1.04	1.13	1.29	1.51
Express	8.18	8.66	9.23	9.42	9.71
of which Scope 1	3.77	3.89	4.29	4.34	4.59
Scope 2	0.13	0.12	0.13	0.13	0.13
Scope 3	4.28	4.64	4.81	4.95	4.99
Global Forwarding, Freight	16.69	16.47	14.18	13.76	14.68
of which Scope 1	0.16	0.16	0.14	0.13	0.10
Scope 2	0.05	0.05	0.05	0.05	0.05
Scope 3	16.47	16.26	13.99	13.58	14.53
Supply Chain	2.18	2.56	2.21	2.19	2.27
of which Scope 1	0.68	0.68	0.67	0.66	0.66
Scope 2	0.2	0.16	0.15	0.15	0.15
Scope 3	1.31	1.72	1.39	1.38	1.46

¹ Adjusted; ² After consolidation of scope 3 emissions from intercompany business activities, including Corporate Center / OtherScope 2 CO₂e emissions (million tonnes) ✓

	market-based method			location-based method		
	2015	2016	2017	2015	2016	2017
Group¹	0.45	0.37	0.44	0.90	0.81	0.88
Post - eCommerce - Parcel	0.08	0.03	0.09	0.26	0.19	0.27
Express	0.13	0.13	0.13	0.19	0.20	0.20
Global Forwarding, Freight	0.05	0.05	0.05	0.07	0.07	0.06
Supply Chain	0.15	0.15	0.15	0.32	0.31	0.31

¹ Includes Corporate Center / Other

Scope 3 CO₂e emissions included (million tonnes), by GHG category ✓

Category	Activities included	Calculation methodology	2014	2015	2016 ¹	2017
1. Purchased goods and services	Production of goods and services purchased	In accordance with the DEFRA reporting guidance (EEIO)	2.7	2.5	2.0	2.1
2. Capital goods	Production of capital goods	In accordance with the DEFRA reporting guidance (EEIO)	0.6	0.7	0.8	0.7
3. Fuel- and energy-related activities	Extraction, production and transportation of fuels and energy purchased; distribution losses from the generation of electricity, district heating and cooling	IPCC Guidelines, the International Energy Agency, the EN 16258 standard and the DEFRA reporting guidance	1.1	1.3	1.3	1.4
4. Upstream transportation and distribution			27.8	25.2	25.1	26.6
of which - transportation and distribution	Transportation services purchased across all business units	Data from operational and business intelligence systems, emission factors for air transport (NTM), ocean transport (Clean Cargo Working Group), and road transport (Handbook Emission Factors for Road Transport)	22.9	20.9	20.8	22.0
- fuel- and energy-related activities for upstream transportation and distribution	We also report emissions from fuel- and energy-related activities for upstream transportation and distribution to fulfill the requirements of the EN 16258 standard and offset the imbalance between our own and subcontracted transports.	As value chain partners usually do not disclose fuel types used, emissions were calculated assuming most common fuel types (air transport: kerosene; road transport: diesel; ocean transport: HFO) and emission factors provided in the EN 16258 standard.	4.9	4.4	4.3	4.6
6. Business travel	Includes emissions from business travel via airplane. Emissions from business travel via company car are included in our scopes 1 and 2. Emissions from business travel via bus, train, and private/rental cars are not reported due to insufficient data quality and coverage.	Emissions data from our main travel agencies extrapolated to reach full coverage of our business travel	0.05	0.1	0.1	0.1
7. Employee commuting	Includes emissions from employee commuting in vehicles not already included in scopes 1 and 2	Data calculated using global headcount data and national statistics	0.5	0.7	0.7	0.7

¹AdjustedScope 3 CO₂e emissions not included (million tonnes), by GHG category

Rationale	Category	Explanation
not applicable	8. Upstream leased assets	Emissions from the operation of leased assets already included in scopes 1 and 2.
	10. Processing	We do not offer intermediate products for further processing.
	11. Use of sold products	Not applicable due to the nature of our business as a provider of service.
	15. Investments	Not applicable due to the nature of our business.
not reported	5. Waste generated in operations	This category is not currently reported on as it is of limited relevance in terms of quantity and management due to the nature of our business.
	9. Downstream transportation and distribution	This category is not currently reported on as all transportation services purchased by us are included in category 4. Transport services not purchased/controlled by us were estimated and excluded due to limited relevance in terms of quantity and management.
	12. End-of-life treatment of sold products	This category is not currently reported on as it is of limited relevance in terms of quantity and management due to the nature of our business.
	13. Downstream leased assets	This category is not currently reported on. Emissions in this category were estimated and excluded due to limited relevance in terms of quantity and management.
	14. Franchises	This category is not currently reported on. Emissions in this category were estimated and excluded due to limited relevance in terms of quantity and management.

Local air pollutants (tonnes)^{1, 2}

	2013	2014	2015	2016 ³	2017
Mono-nitrogen (NO_x)	32,518	31,965	32,352	35,754	40,428
of which Road transport	18,178	17,625	15,971	15,634	19,191
Air transport	14,340	14,340	16,381	20,120	21,237
Sulphur dioxide (SO₂)	1,825	1,771	1,930	1,711	1,949
of which Road transport	675	621	615	588	763
Air transport	1,150	1,150	1,315	1,123	1,186
Particulate matter (PM₁₀)	1,195	1,129	1,157	1,043	1,264
of which Road transport	976	911	907	881	1093
Air transport	219	218	250	162	171

¹ Emissions data covers our own aircraft and road vehicles only; ² Emissions of local air pollutants from road transport are calculated on actual consumption data, calculations of emissions from air transport are based on route profiles; Emission factors published in the EMEP/EEA Air Pollutant Emission Inventory Guidebook (2013) as well as those published by the US Environmental Protection Agency were applied; ³ Adjusted

Water use at facilities in Germany (million liters)¹

	2013	2014	2015	2016	2017
Water consumption	1,363	1,097	1,054	1,438	1,389

¹ Data are based on annual consumption invoicing; figures were not available at the time of this report's publication.

Society

Corporate citizenship

	2015	2016	2017
Volunteers	110,270	105,804	101,533
of which Involved in projects	78,270	75,692	73,374
Involved through donations	32,000	30,112	28,159
Volunteer hours	258,423	365,076	397,639
Number of projects	2,016	2,490	2,988

Economic data

Key figures

		2013 ¹	2014 ¹	2015 ¹	2016 ¹	2017
Revenue	€m	54,912	56,630	59,230	57,334	60,444
Post - eCommerce - Parcel		15,291	15,686	16,131	17,078	18,168
Express		11,821	12,491	13,661	13,748	15,049
Global Forwarding, Freight		14,787	14,924	14,890	13,737	14,482
Supply Chain		14,227	14,737	15,791	13,957	14,152
Corporate Center/Other		1,251	1,345	1,269	1,279	1,247
Consolidation		-2,465	-2,553	-2,512	-2,465	-2,654
Profit/loss from operating activities (EBIT)	€m	2,865	2,965	2,411	3,491	3,741
Post - eCommerce - Parcel		1,286	1,298	1,103	1,446	1,502
Express		1,083	1,260	1,391	1,544	1,736
Global Forwarding, Freight		478	293	-181	287	297
Supply Chain		441	465	449	572	555
Corporate Center/Other		-421	-352	-351	-359	-349
Consolidation		-2	1	0	1	0
Other key figures						
Capital Expenditure (CapEx)	€m	1,747	1,876	2,024	2,074	2,277
Staff costs	€m	17,776	18,189	19,640	19,592	20,072
Staff cost ratio ²	%	32.4	32.1	33.2	34.2	33.2
Tax rate ³	%	14.0	15.5	16.4	11.2	14.3
Dividend distribution	€m	968	1,030	1,027	1,270	1,409 ^{4,5}
Payout ratio	%	46.3	49.7	66.7	48.1	51.9
Dividend per share	€	0.8	0.85	0.85	1.05	1.15 ^{4,5}
Dividend yield	%	3.0	3.1	3.3	3.4	2.9
Number of shares carrying dividend rights	million	1,209.00	1,211.20	1,208.70	1209.1	1,225.1 ⁵

¹ Adjusted; ² Staff costs/revenue; ³ Income tax expense/profit before income taxes; ⁴ Proposal; ⁵ Estimate

ASSURANCE REPORT

**INDEPENDENT PRACTITIONER'S REPORT ON
A LIMITED ASSURANCE ENGAGEMENT ON
SUSTAINABILITY INFORMATION**

ASSURANCE REPORT

Assurance Report G4 33

INDEPENDENT PRACTITIONER'S REPORT ON A LIMITED ASSURANCE ENGAGEMENT ON SUSTAINABILITY INFORMATION

To Deutsche Post AG, Bonn

We have performed a limited assurance engagement on the disclosures denoted with “✓” in the PDF version of the Corporate Responsibility Report of Deutsche Post AG, Bonn (hereinafter: “the Company”), for the period from January 1 to December 31, 2017 (hereinafter: “CR Report”). Our engagement in this context relates solely to the disclosures denoted with the symbol “✓”.¹

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the CR Report in accordance with the principles stated in the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative (hereinafter: “GRI Criteria”) and for the selection of the disclosures to be evaluated.

This responsibility of the Company's executive directors includes the selection and application of appropriate methods of sustainability reporting as well as making assumptions and estimates related to individual sustainability disclosures, which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a CR Report that is free from material misstatement whether due to fraud or error.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors (“Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer”: “BS WP/vBP”) as well as the Standard on Quality Control 1 published by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly

maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the disclosures denoted with “✓” in the CR Report based on the assurance engagement we have performed. Within the scope of our engagement we did not perform an audit of external sources of information or expert opinions, referred to in the CR Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that no matters have come to our attention that cause us to believe that the disclosures denoted with “✓” in the Company's CR Report for the period from January 1 to December 31, 2017 have not been prepared, in all material respects, in accordance with the relevant GRI Criteria. This does not mean that a separate conclusion is expressed on each disclosure so denoted.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's professional judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Inquiries of personnel involved in the preparation of the CR Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the CR Report
- Identification of the likely risks of material misstatement of the CR Report under consideration of the GRI Criteria

¹PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the Corporate Responsibility Report 2017 and issued an independent assurance report in German language, which is authoritative. The following text is a translation of the independent assurance report.

- Analytical evaluation of selected disclosures in the CR Report
- Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the Group Management Report
- Evaluation of the presentation of the selected disclosures regarding sustainability performance

Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the disclosures denoted with “✓” in the Company’s CR Report for the period from January 1 to December 31, 2017 have not been prepared, in all material aspects, in accordance with the relevant GRI Criteria.

Intended Use and Distribution

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement. The report is not intended to provide third parties with support in making (financial) decisions. Our responsibility lies solely toward the Company. We do not assume any responsibility towards third parties.

Dusseldorf, February 21, 2018
PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Hendrik Fink
Wirtschaftsprüfer
(German Public Auditor)

ppa. Axel Faupel

NON-FINANCIAL REPORT

Non-Financial Report	100
Assurance Report	105

NON-FINANCIAL REPORT

NON-FINANCIAL REPORT

Separately consolidated non-financial report for Deutsche Post AG and the Group

REPORTING STANDARDS

The separately consolidated non-financial report (“Non-Financial Report”) for Deutsche Post AG and the Group (“Company”) for financial year 2017 has been prepared in accordance with Sections 289b ff. and 315b ff. of the German Commercial Code (Handelsgesetzbuch – HGB). The information described applies equally to Deutsche Post AG and the Group. The main topics and the non-financial performance indicators relevant for management for Deutsche Post AG and the Group were determined based on the materiality of and in accordance with the German Commercial Code and using German Accounting Standards (GAS).¹

Frameworks were not applied, since the Company compiles a Corporate Responsibility Report (“CR Report”) in accordance with the international G4 guidelines (Core Option) issued by the Global Reporting Initiative.

References to information extending beyond the Group Management Report is information that exceeds the required disclosures of the German Commercial Code and are not included in this Non-Financial Report.

AUDITING BY THIRD-PARTIES

The Non-Financial Report was audited on behalf of the Board of Management in accordance with ISAE 3000 (Revised) with limited assurance through PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft.

➔ From page 105

BUSINESS MODEL

Deutsche Post DHL Group is a provider of mail and logistics services with locations in more than 220 countries and territories. The Group is organized into four operating divisions: Post - eCommerce - Parcel; Express; Global Forwarding, Freight; and Supply Chain. The core business of Deutsche Post AG is largely reflected in the business activities of the Post - eCommerce - Parcel division while the internal services that support the entire Group are consolidated under Global Business Services. Group management functions are centralized in the Corporate Center.

Post - eCommerce - Parcel provides an extensive range of services including mail communication and dialogue marketing in Germany as well as a global portfolio of parcel and e-commerce services. Our Express division transports urgent documents and goods from door to door. Global Forwarding, Freight is an air, ocean and overland freight forwarder that arranges transport services between customers and freight carriers. Supply Chain provides contract logistics as its core activity.

Further details on the business model and the performance of the business are presented in detail in the Group Management Report.

➔ 2017 Group Management Report, from page 22

RELEVANT NON-FINANCIAL ASPECTS

In accordance with the requirements of the German Commercial Code, the following non-financial aspects were established as significant for the Company:

- environmental matters pertaining to the issue of energy efficiency and climate change,
- employee matters pertaining to the issues of employee engagement, employee development and occupational health and safety,
- social matters pertaining to the issue of corporate citizenship,
- respect for human rights in our employee relations as well as
- the prevention of corruption and bribery.

The non-financial performance indicators “Carbon Efficiency Index (CEX)” and “Active Leadership”, which we derive from the Group-wide Employee Opinion Survey, are additionally defined as relevant to internal management under GAS 20.

¹PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the non-financial report and issued an independent assurance report in German language, which is authoritative. The following text is a translation of the independent assurance report.

Based upon the Group's early warning system and in the estimation of its Board of Management, there were no reportable risks for the Group in the current forecast period which were connected with its own business activity, business relations, products or services and that very likely have or will have a severe negative impact on the significant aspects. Opportunities and risks relevant to these aspects are ascertained and quantified as part of the Group's opportunity and risk management process.

➔ Group Management Report, from page 81

ENVIRONMENTAL MATTERS

The impact the company's business operations has on the environment is primarily through greenhouse gas emissions. The dependency on fossil fuels and rising energy prices represent the greatest challenges for the company in terms of the environment. By utilizing innovative concepts – such as those aimed at improving fuel efficiency or increasing the use of alternative fuels – we intend to not only lower our dependency on fossil fuels and reduce costs, but also ensure that our business is on a secure, long-term footing. With measures to increase carbon efficiency as well as environmentally friendly GoGreen Solutions, the company will fulfill its responsibility toward the environment and society, create added value for its customers and strengthen its market position.

The company's standards for climate change and environmental protection are anchored in the Group's Environmental and Energy Policy. The progress of action plans and targets are discussed and managed on a regular basis at meetings of the GoGreen Sponsors Board under the direction of the Group's CEO.

The Supplier Code of Conduct sets out the company's expectations with regard to its transport and business partners and their support for the company's objectives. The Supplier Code of Conduct is a binding component of all Group contracts entered into with suppliers.

Key performance indicators and measures

We monitor our greenhouse gas emissions with the help of a Carbon Efficiency Index (CEX), which is a management indicator applied to gauge the Group's performance in this area. The CEX is based upon business unit-specific emission intensity figures that are indexed to base year 2007. The calculation of greenhouse gas emissions is based on internationally recognized standards, including the Greenhouse

Gas Protocol. We also include the emissions caused by our transport partners in our CEX calculations.

During the reporting year our efforts focused on increasing the use of electromobility solutions in our vehicle fleet.

Results and objectives

In its pursuit of sustainable logistics the company set new environmental targets during the reporting year in order to reduce greenhouse gas emissions in the long term. In 2017, the CEX had already recorded an improvement of 32% against 2007 levels. In 2018, the company expects a further improvement of one index point, and, by 2025, this improvement should represent a 50% efficiency gain compared to the 2007 baseline.

Further information on environmental measures that goes beyond mandatory disclosures required by the HGB can be found in the CR Report.

➔ CR Report, Environment, from page 64

EMPLOYEE MATTERS

Changing work environments, demographic shifts, differing educational levels and global trends in health represent the main challenges facing the company's operations, especially in terms of securing and retaining the best employees within a competitive employment market. To this end, HR concepts have been introduced focusing on the essential issues of employee engagement, employee development, and occupational health and safety. Managers at the company in particular are expected to involve their employees in the shaping of such measures.

In its Code of Conduct, which provides the foundation for a corporate culture characterized by respect, the company confirms its commitment to respect human rights in employee relations, champion equal opportunity in employee recruitment and selection, and to provide a healthful work environment. The goals and action plans for promoting a healthy working environment are laid out in the Group Occupational Health & Safety Policy Statement.

Overarching employee matters are discussed and managed by the HR Board which is chaired by the Board Member for HR. Issues relevant to occupational health and safety are regularly addressed in the Operations Board which is chaired by the CEO.

The Supplier Code of Conduct sets out the company's expectations with regard to its business partners and their support for the company's values and principles. The

Supplier Code of Conduct is a binding component of all Group contracts entered into with suppliers.

Key performance indicators

The success of the company and its high service quality are largely founded on the engagement and expertise of its employees, and their commitment to continuous personal and professional development. Employee Engagement is therefore of particular significance, and an indicator that is calculated on the basis of the annual, Group-wide Employee Opinion Survey. Particular bearing is placed on how employees rate the leadership demonstrated by their superiors, for which reason the Active Leadership indicator is defined as relevant to internal management under GAS, and used correspondingly in the calculation of executive bonuses.

Another aspect relevant to motivating and retaining employees is enabling their professional and personal development. It is for this reason that the company aims to train its employees as specialists as part of the Group-wide Certified initiative.

Employee workplace safety is a top priority at Deutsche Post DHL Group. The company places great importance on compliance with existing occupational health and safety policies, legal regulations and industry standards, and has embedded these in its Code of Conduct. The Group-wide accident rate (LTIFR) is the KPI on which the success of occupational health and safety activities is measured.

Measures during the reporting year

Employee engagement was measured once again in 2017 by means of the Group-wide Employee Opinion Survey. In almost all areas, the results for the 2017 EOS either remained stable or recorded an improvement, and almost all values either meet or exceed the external reference value. The acceptance level enjoyed by the tool is illustrated by the employee participation rate of 76%, which also represents an increase of two percentage points.

As part of the Group-wide Certified initiative, the company offers its employees a wide range of courses through which they can gain knowledge that is specifically relevant to their role, and learn more about the Group. The fostering and promotion of a management style which is based on newly-defined management attributes represents an important component of management development measures. By the end of 2017, the majority of the target group had already taken part in the Certified Logistics Leader program.

During the reporting year occupational health and safety activities continued to focus on the prevention of accidents in the workplace. Potential health and safety risks were highlighted via internal communications channels, and reinforced by communications measures throughout our sites.

Results and objectives

In 2017 the approval rating for the Active Leadership KPI was 75 %. The aim is to increase this figure by one percentage point in 2018. In the medium term we aim to achieve a consistent improvement in the approval rating across the Group.

New modules were developed for the Certified initiative and further employees graduated from the program. 51% of all employees have already taken part in the Certified training initiative, and 80% of our workforce are to be certified specialists by 2020.

In the reporting year the Group-wide accident rate (LTIFR) was 4.4. We aim to reduce this figure to 4.2 in 2018 and continually reduce the rate over the longer term.

Further information on employee matters that goes beyond mandatory disclosures required by the HGB can be found in the CR Report.

→ CR Report, Employees, from page 40

SOCIAL MATTERS

The company contributes indirectly to economic growth and development in the regions in which it operates through its locations, employees and suppliers, promoting the prosperity of both individuals and society.

It makes a direct impact through targeted corporate citizenship activities. Here, the company works systematically with established, long-term partner organizations to ensure our activities are socially relevant and as effective as possible. Corporate citizenship is also viewed as an opportunity to sustainably enhance the reputation of the company. In addition, voluntary corporate citizenship initiatives are targeted at our strategic goal of becoming Employer of Choice. Potential employees are increasingly choosing to work for companies that dedicate themselves to addressing local social concerns, and they remain loyal to employers who offer meaningful work and enable personal fulfillment.

Our Corporate Citizenship Policy defines the focus and the objectives of our activities in this regard. Such activities are coordinated and managed by the CEO's board department.

Key performance indicators and measures

Success is measured by the number of hours employees dedicate to local volunteer projects.

Numerous activities took place during the reporting year with the support of employee volunteers. These included workshops to prepare airports for a disaster scenario, and the company's Disaster Response Teams were involved in four UN deployments during the year. Over and above this, numerous activities have taken place to promote education and prepare young people for the working world. The initiative to promote workplace integration and language acquisition for refugees in Germany was also continued, and initial measures were also broadened to other countries.

Results and objectives

On the basis of voluntary information, employees gave a total of around 398,000 hours of their time as volunteers in social projects.

Further information on our Corporate Citizenship programs that goes beyond mandatory disclosures required by the HGB, as well as on activities that took place during the reporting year, can be found in the CR Report.

→ CR Report, Society, from page 56

RESPECT FOR HUMAN RIGHTS

The company is guided in its actions by the principles laid out in the United Nation's Global Compact. It also adheres to the principles set forth by the International Labour Organization in its 1998 Declaration on Fundamental Principles and Rights at Work in accordance with national laws and customs.

Together, our two codes of conduct constitute our policy with regard to respecting human rights. We have thus refrained from formulating a separate human rights policy. In the Codes of Conduct the company clearly and unequivocally states its opposition to all forms of forced and child labor, and its respect for the right to freedom of association for its employees, and the right to organize and bargain collectively in accordance with the respective national legal system; the company also opposes all forms of discrimination in recruitment and employment.

Executives are also expected to put these values into practice and to lead by example in their actions, which is why the Code of Conduct is a binding component of their employment contracts. The Supplier Code of Conduct establishes the same high standards for our suppliers and constitutes an integral component of all Group contracts

The Employee Relations Forum ensures that human rights are respected within the company. Moreover, these topics represent a regular topic of discussion within the HR Board, which is chaired by the Board Member for Human Resources. External expertise and recommendations are also sought from the members of the Sustainable Advisory Council.

Employee Relations Reviews are conducted at the local level to assess compliance with the Code of Conduct, Supplier Code of Conduct, local legislation as well as the success of the measures we undertake. In addition to raising awareness among all concerned, the process gives the company insight into employee relations in the respective countries, allowing it to identify challenges and provide support to executives where they work.

Key performance indicators and measures

The company focuses not only on creating a common understanding with regard to respecting human rights in employee relations, but also on awareness for the importance of this issue. Particular emphasis is placed on the training of all employees with a management role.

During the reporting year, our efforts were dedicated on obtaining external business compliance and integrity certification for those employees that carry out Employee Relations Reviews, as well as on the training of facilitators for the "Employee Relations for Human Resources" training module.

Results and objectives

On the basis of the training measures undertaken in the reporting year, the company will be in a position to start rolling out this training module across the Group in 2018.

Further information on respect for human rights in employee relations that goes beyond mandatory disclosures required by the HGB can be found in the CR Report.

→ CR Report, Employees, from page 36

FIGHTING CORRUPTION AND BRIBERY

Part of behaving ethically and within the bounds of the law is preventing corruption and bribery, for which reason anti-corruption and bribery practices are entrenched in the Group's policies and programs. The company is committed to upholding the relevant international anti-corruption standards and statutes and is an active member of the World Economic Forum's Partnering Against Corruption Initiative.

Compliance is a primary management task and is therefore the responsibility of all management bodies within the Group. Responsibility for designing the compliance manage-

ment system lies with the Chief Compliance Officer (CCO), who reports directly to the Chief Financial Officer. The CCO is assisted by the Global Compliance Office, which establishes Group-wide standards for compliance management and supports the corresponding divisional activities.

Each of the Group's four operating divisions has a Compliance Officer who can draw on additional local resources and reports regularly to the divisional Board of Management. The activities and the content of the reports prepared by both the divisional Compliance Officers and the Global Compliance Office are incorporated into the quarterly update reports to the Board of Management as well as into the annual report to the Supervisory Board's Finance and Audit Committee.

Our Code of Conduct and our Anti-Corruption and Business Ethics Policy support our employees in identifying situations that could call the integrity of our conduct toward our customers, our suppliers, the authorities or other relevant third parties into question. They include guidelines on how to handle donations and contributions to political parties and their affiliated organizations, to governmental authorities and to any other public institution.

Employees are able to report potential compliance violations through a special web-based application or by calling our Compliance Hotline. Compliance violations can be reported by name or, where legally permitted, anonymously.

Information regarding relevant violations form part of the reports to the Board of Management and the Supervisory Board's Finance and Audit Committee.

Key performance indicators and measures

Special attention is given to prevention. For this reason, the company aims to further instill a compliance culture in the workplace and increase awareness of the topic among all employees.

During the reporting year external parties were also given a platform to report possible compliance violations to the company either anonymously or by name via the internet. Furthermore, the training concept was developed into a Compliance Curriculum. Depending on their function, employees are required to complete either the entire curriculum or selected individual training modules. All management personnel are required to take part in special training. Participation is also mandatory for employees holding positions of particular relevance to the topic of compliance. The training courses must be repeated at two-year intervals.

Results and objectives

In the reporting year, both Compliance Curriculum training and refresher courses were conducted throughout the Group. In addition, regular audits, which were either directly or indirectly related to compliance, were conducted by Internal Audit across the Group.

Further information on this topic that goes beyond mandatory disclosures required by the HGB can be found in the CR Report.

→ CR Report, The Group, from page 31

Assurance Report

INDEPENDENT PRACTITIONER'S REPORT ON A LIMITED ASSURANCE ENGAGEMENT ON NON-FINANCIAL REPORTING

To Deutsche Post AG, Bonn

We have performed a limited assurance engagement on the separate combined non-financial report pursuant to § 289b Abs. 3 and 315b Abs. 3 HGB ("Handelsgesetzbuch": "German Commercial Code") of Deutsche Post AG, Bonn, (hereinafter the "Company") for the period from January 1 to December 31, 2017 (hereinafter the "Non-financial Report").

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Non-financial Report in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of non-financial reporting as well as making assumptions and estimates related to individual non-financial disclosures which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a non-financial report that is free from material misstatement whether due to fraud or error.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Pro-fessional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Re-quirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with

ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the Non-financial Report based on the assurance engagement we have performed.

Within the scope of our engagement we did not perform an audit on external sources of information or expert opinions, referred to in the Non-financial Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from January 1 to December 31, 2017 has not been prepared, in all material aspects, in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB. In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement, and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Inquiries of personnel involved in the preparation of the Non-financial Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Non-financial Report
- Identification of the likely risks of material misstatement of the Non-financial Report
- Analytical evaluation of selected disclosures in the Non-financial Report

- Comparison of selected disclosures with corresponding data in the Group Management Report
- Evaluation of the presentation of the non-financial information

Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from January 1 to December 31, 2017 has not been prepared, in all material aspects, in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB.

Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the limited assurance engagement. The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility towards third parties.

Dusseldorf, February 19, 2018
PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Verena Heineke
Wirtschaftsprüferin
(German Public Auditor)

Hendrik Fink
Wirtschaftsprüfer
(German Public Auditor)

FURTHER INFORMATION

Glossary	108
Index	109
QR codes	110

GLOSSARY

Aviation Initiative for Renewable Energy in Germany (aireg e.V.)

A joint initiative comprised of airlines, airports, research institutions, aviation companies, and companies from the extractive industries; its aim is to promote the manufacture and use of alternative aviation fuels.

BREEAM

Building Research Establishment Environmental Assessment Method. A sustainability certification program for buildings in the UK.

Carbon efficiency

A ratio index used by Deutsche Post DHL Group to manage the greenhouse gas emissions of its business operations, whereby emissions resulting from fuel and energy consumption are assessed in relation to services rendered (e.g. quantities/volumes of letters, parcels, pallets or containers).

Consolidated group

Companies included in the consolidated financial statements. These include the parent company and all subsidiaries as a general rule.

DIN EN 16258

European standard for the calculation of greenhouse gases in logistics.

First Choice

Deutsche Post DHL Group-wide program which encourages employees to put the customer at the center of everything they do; the aim is to make the company provider of choice for customers all around the world. Encouraging employees to make suggestions for improvement is just one means of identifying optimization potential in our processes.

Four Pillars of Health

Describes the different phases in health promotion – Education & Awareness, Prevention & Screening, Disease & Condition Management Programs and Behavioral Change.

GAVI

International organization bringing together public and private sectors including governments, the UN, the vaccine industry and other relevant partners with the shared goal of protecting the lives of children by facilitating easier access to vaccines. Since 2000, GAVI has helped make it possible for 580 million children to receive vaccinations, and has saved around 8 million lives.

Green Carrier Scorecard

Unlike our Express business, our air and ocean freight operations have no Group-owned fleet. We operate solely as an agent between customer and freight forwarder. When selecting our transport partners we also consider environmental criteria such as carbon efficiency, transparency in fleet composition and commitment to industrial initiatives. The data obtained is entered into the Green Carrier Scorecard.

Greenhouse Gas Protocol (GHG Protocol)

A guideline designed to assist companies in calculating their greenhouse gas emissions. The following GHG Protocol standards are applied in our carbon accounting: "Corporate Accounting and Reporting Standard" (Scope 1), "Scope 2 Guidance Accounting and Reporting Standard", and "Corporate Value Chain Accounting and Reporting Standard" (Scope 3).

Green Transformation Lab (GTL)

A collaboration between DHL and the Singapore Management University to accelerate the evolution of sustainable logistics across the Asia-Pacific region. The GTL creates innovative solutions that help organizations transform their businesses towards sustainable green growth, and drives beneficial change in supply chains across the region through education, research and best practice development.

ISO 14001

Standard with internationally recognized requirements for environmental management systems covering such aspects as life cycle assessments, environmental indicators and environmental performance evaluations.

ISO 14064

Standard providing companies with a wealth of measures for the quantification, monitoring, control and verification of greenhouse gas emissions.

ISO 28000

International security management system standard for the entire supply chain.

ISO 50001

Energy management standard established to help companies and organizations improve their energy efficiency and sustain savings over time. Identifying and tapping energy savings potential can help reduce operating costs and enhance market competitiveness.

ISO 9001

International standard that defines the minimum requirements for an effective quality management system within a company.

LBG model

The global standard issued by the London Benchmarking Group (LBG) for measuring and reporting corporate community investment.

- Input: Total financial donations, monetary value of time/service donated by employees, in-kind donations, as well as the management costs associated with the coordination and implementation of the various activities
- Output: Number of people reached or supported; number of activities/offerings
- Impact: Resulting short and long-term changes in supported individuals/groups as well as changes within the company as a result of activities

Resilience

A company's ability to respond to changes/disruptions in the business environment and successfully stabilize operations by increasing flexibility and agility.

Science Based Targets Initiative

A collaboration between the United Nations Global Compact, the World Resources Institute, the World Wide Fund for Nature, and the CDP which aims to increase the climate protection targets of companies around the world. Applying a science-based methodology is integral to improving the evaluation of such targets. According to the SBTi, company climate targets are "science-based" if they are consistent with the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC AR5), and in line with levels required to keep increases in global temperature to below 2 degrees Celsius compared to pre-industrial temperatures.

Scopes 1, 2 and 3

The GHG Protocol ("A Corporate Accounting and Reporting Standard, revised edition") categorizes greenhouse gases in three groups referred to as "scopes". The classification into scopes 1, 2 or 3 is based on the source of the emissions.

Scope 1:

Direct greenhouse gas emissions resulting from the company's own business activities

Scope 2:

Indirect greenhouse gas emissions generated by the production of electricity, district heating and cooling

Scope 3:

Other indirect greenhouse gas emissions

Stakeholder

Individuals or groups of individuals affected by a company's business operations.

INDEX

A

Accident rate (LTIFR)	51
Active Leadership	47
Aircraft	70
Alternative drive systems	69, 71
Anti-corruption	30

B

Burn Clean and Burn Less	69
--------------------------	----

C

Carbon efficiency	66, 69
Carbon Efficiency Index (CEX)	69
Carbon Reports	76
Career coaching	42
Certified initiative	50
Circular Economy	76
Climate change	69
Climate-neutral products	76
Climate protection target	67
Code of Conduct	24
Competition law	31
Compliance hotline	32
Compliance program	31
Cubicycle	74

D

Data protection	32
Deutsche Post DHL Forum	46
Digital transformation	4, 38
Disaster Response Teams	59
Diversity	42
Diversity Charter	42
Divisions	10

E

Efficiency gains	69
Electromobility	74
Emissions categories	91, 92
Employee benefits program	53
Employee turnover	42
Energy efficiency	69
European Standard categories	73, 74

F

Fairtrade Climate Standard	76
Fleet	70

G

GARD workshops	59
Global Volunteer Day	61
GoGreen	66
GoHelp	59
GoTeach	60
Green electricity	72
Greenhouse gas emissions	69, 91
Green Optimization	76

H

Health and well-being program	53
-------------------------------	----

I

Inclusion	42
Innovation Center	22
Issues Management	21

L

Local air pollutants	73, 93
----------------------	--------

M

Material issues	21
Mentoring program	42

P

Party donations	25
-----------------	----

R

Rating agencies	23
Recycling	77
Refugee aid	61
Resilience 360	14, 26
Responsible Business Practice	18

S

"Safety First"	51
SOS Children's Villages	60
StreetScooter	74
Succession planning	41
Supplier Code of Conduct	25
Sustainable Development Goals (SDGs)	20

T

Teach First Deutschland	60
Teach For All	60
Telematics	71
Trainee program	41
Training	50
Transparency Register	25
Two-degree goal	5, 66

U

UN Global Compact	4, 24
-------------------	-------

W

Whistleblower hotline	32
Work-life balance	49

LINKS

The Group



Future
logistics



Studies &
specials



Articles of
Association



Members of the
Board of Management



Members of the
Supervisory Board



The supervisory
committees



Training module
for suppliers



Partnering Against
Corruption



Group website



Report form for
external parties

Employees



Career portal
Jobs



Career portal
Training



Diversity Week



Press release
Dialogue with the ITF
and UNI Global Union



Start-up Lab
website



Brandon Hall
website

Environment



GARD – Get Airports
Ready for Disaster



DRT – Disaster
Response Teams



Partnership with
Teach For All



Partnership with
SOS Children's Villages

Society



StreetScooter



DHL product website



Carbon Reports



Climate protection
projects

PUBLICATION

The 2017 CR Report was published March 7, 2018
in both German and English.

Online version: cr-report2017.dpdhl.com

PDF version: www.dpdhl.com/responsibility

 www.dpdhl.com

PRINTED EDITIONS

External orders

Order form available via the Group website:

 www.dpdhl.com/orderform

Internal orders via GeT or the DHL Webshop

German: Mat. no. 675-601-686

English: Mat. no. 675-601-687

CONTACT

Tel.: +49 (0)228 182 - 99 44

Fax: +49 (0)228 182 - 98 80

E-mail: CR-Reporting@dpdhl.com

DESIGN & IMPLEMENTATION

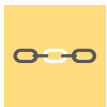
Design & Online: Gekko Brandservices GmbH

Printing: Woeste Druck + Verlag GmbH & Co. KG

Printed on Envirotop, recycled paper produced from 100% recovered fiber, which is manufactured climate neutrally and is, among other things, FSC certified, has Nordic Ecolabel 244 053 and complies with the EU Ecolabel AT/11/002 guidelines.



Material issues



Standards in the Value Chain



Compliance



Data Protection & Security



Energy Efficiency & Climate Change



Air Pollution



Employee Engagement



Respect for Human Rights



Employee Development



Occupational Health & Safety

Useful symbols



Management approach



United Nations
Sustainable Development Goals (SDGs)



Audited by PwC



Glossary entry

DATES

APRIL 24, 2018

Annual General Meeting

MARCH 7, 2019

Corporate Responsibility
Report 2018

2018 Annual Report

MAY 15, 2019

Annual General Meeting