



ANNUAL CORPORATE GOVERNANCE STATEMENT, CORPORATE GOVERNANCE REPORT

Company in compliance with all recommendations of the German Corporate Governance Code

In December 2019, the Board of Management and the Supervisory Board once again issued an unqualified Declaration of Conformity pursuant to section 161 of the *Aktiengesetz* (AktG – German Stock Corporation Act):

“The Board of Management and the Supervisory Board of Deutsche Post AG declare that all recommendations of the Government Commission German Corporate Governance Code (DCGK) in the version dated 7 February 2017 and published in the Federal Gazette on 24 April/19 May 2017 have been complied with even after issuance of the Declaration of Conformity in December 2018 and that all recommendations of the Code in the version dated 7 February 2017 and published in the Federal Gazette on 24 April/19 May 2017 shall also be complied with in the future.”


The suggestions of the Code dated 7 February 2017 are also implemented, except broadcasting the full AGM. This helps ensure frank and open discussion during the shareholders' debate.

The Board of Management and Supervisory Board will discuss the new recommendations and suggestions in the Code, which is expected to be published in the Federal Gazette in the first quarter of 2020, and will take a position on these in the next Declaration of Conformity.

The current Declaration of Conformity and those for the last five years as well as the Annual Corporate Governance Statement can be viewed on the company's website.

Corporate governance principles and shared values


Our business relationships and activities are based upon responsible business practice that complies with applicable laws, ethical standards and international guidelines, and this also forms part of the Group's strategy. Equally, we require our suppliers to act in this way. Long-term relationships with our shareholders, employees and groups associated with the company, whose decisions to select Deutsche Post DHL Group as a supplier, employer or investment are increasingly also based upon the requirement that we apply good corporate governance criteria, are encouraged.

The  **Code of Conduct**, [dpdhl.com/en](https://www.dpdhl.com/en), is firmly established within the company and is applicable in all divisions and regions. The Code of Conduct is based upon the principles set out in the Universal Declaration of Human Rights and the United Nations (UN) Global Compact. It is consistent with recognised legal standards, including the applicable anti-corruption legislation and agreements.

The Code of Conduct also defines what is meant by diversity. Diversity and mutual respect are some of the core values that contribute to good co-operation within the Group and thus to economic success. The key criteria for the recruitment and professional development of our employees are their skills and qualifications. Our Diversity Council discusses the strategic aspects of diversity management and divisional requirements. Its members comprise executives from the central functions and divisions and it is chaired by the Board Member for Human Resources. Members also act as ambassadors for, and promote, diversity in the divisions. The members of the Board of Management

and the Supervisory Board support the Group's diversity strategy, with a particular focus upon the goal of increasing the number of women in executive positions.

Doing business includes using the expertise as a mail and logistics services group for the benefit of society and the environment, and we motivate our employees to engage personally.

Ensuring our interactions with business partners, shareholders and the public are conducted with integrity and within the bounds of the law is vital to maintaining our reputation. It is also the foundation of Deutsche Post DHL Group's lasting business success. Our compliance management system (CMS) focusses upon preventing corruption and anti-competitive conduct. We continually improve and upgrade the CMS, in part by incorporating the results of the compliance audits and insights obtained from reported violations. The CMS's individual components, the Code of Conduct and information on diversity management and sustainability issues are outlined in detail in our  **Corporate Sustainability Report**, [dpdhl.com/sustainabilityreport2019](https://www.dpdhl.com/sustainabilityreport2019). This report also contains the non-financial report with mandatory disclosures in accordance with sections 289c ff. of the *Handelsgesetzbuch* (HGB – German Commercial Code).

Co-operation between the Board of Management and the Supervisory Board

As a German listed company, Deutsche Post AG is managed by the members of the Board of Management, who are appointed, advised and supervised by the members of the Supervisory Board.

The Board of Management's rules of procedure set out the principles governing its internal organisation, management and representation, as well as co-operation between its individual members. The members of the Board of Management manage their board departments on their own

responsibility, except where decisions of particular significance and consequence for the company or the Group must be taken by the members of the Board of Management as a whole. They are required to subordinate the interests of their individual board departments to the collective interests of the company and to inform the full Board of Management about significant developments in their spheres of responsibility.

The Chair of the Board of Management conducts its business, aligns board department activities with the company's overall goals and plans, and ensures that corporate policy is implemented. When making decisions, members of the Board of Management may not act in their own personal interest or exploit corporate business opportunities for their own benefit. Conflicts of interest must be disclosed to the Supervisory Board without delay; the other Board of Management members must also be informed.

The Supervisory Board works with the Board of Management to ensure long-term succession planning for the Board of Management. In addition to the requirements of the *Aktiengesetz* (AktG – German Stock Corporation Act) and the DCGK, this plan includes the Supervisory Board's diversity criteria it has stipulated for the Board of Management's composition and the target for the percentage of women on the Board of Management. Taking into account the specific qualifications required, the Executive Committee develops a profile, selects particularly suitable candidates from those available for interviews and submits candidate proposals to the Supervisory Board. The initial term of service for members of the Board of Management runs for no more than three years. No member of the Board of Management is a member of a supervisory board of a non-Group listed company or exercises a comparable function. The Supervisory Board has stipulated that the term of service of Board of Management members generally

ends no later than the year in which the Board of Management member reaches the age of 65. D&O insurance for the members of the Board of Management provides for a deductible as set out in the AktG.

The Supervisory Board's rules of procedure contain the principles for its internal organisation, a catalogue of Board of Management transactions requiring its approval and the rules governing the work of the Supervisory Board committees. The chair elected by the members from their ranks co-ordinates the work of the Supervisory Board and represents the Supervisory Board publicly. The Supervisory Board represents the company in respect of the Board of Management members. The General Meeting determines the remuneration of Supervisory Board members. There are no contracts between the company and Supervisory Board members apart from those governing their Supervisory Board activities and the employment contracts with the employee representatives.

The Supervisory Board meets at least twice each half-year, often without the Board of Management present. Extraordinary Supervisory Board meetings are held whenever decisions need to be taken at short notice or particular issues require discussion. In financial year 2019, Supervisory Board members held four plenary meetings, twenty committee meetings and one closed meeting, as described in the [➤ Report of the Supervisory Board, page 76 f.](#) At 98%, the attendance rate again remained very high. The Report of the Supervisory Board contains a breakdown of attendance by member.

The Board of Management and the Supervisory Board regularly discuss the Group's strategy, the divisions' objectives and strategies, the financial position and performance of the company and the Group, key business transactions, the progress of acquisitions and investments, compliance and compliance management, risk exposure and risk man-

agement, and all material business planning and related implementation issues. The Board of Management informs the Supervisory Board promptly and in full about all issues of significance. The chair of the Supervisory Board and the CEO maintain close contact about current issues.

Supervisory Board decisions are prepared in advance in separate meetings of the shareholder representatives and the employee representatives, and by the relevant committees. Each plenary Supervisory Board meeting includes a detailed report regarding the committees' work and the decisions taken. Supervisory Board members are personally responsible for ensuring they receive the training and professional development measures they need to perform their tasks and receive appropriate support from the company. A core element is the annual Directors' Day, which is held regularly in conjunction with the Supervisory Board's closed meeting. At this event, speakers from within and outside of the company make presentations on current issues and developments and are available to provide explanations and answer questions.

Independence of Supervisory Board members

All Supervisory Board members are independent within the meaning of the DCGK. The number of independent Supervisory Board members therefore exceeds the target we had set ourselves of at least 75% of the Supervisory Board as a whole. In light of the European Commission's recommendation regarding the independence of non-executive or supervisory directors and the wide-ranging protection against summary dismissal and ban regarding discrimination contained in the *Betriebsverfassungsgesetz* (BetrVG – German works constitution act) and the *Mitbestimmungsgesetz* (MitbestG – German co-determination act), being an employee of the company is not inconsistent with the requirement for independence. The



largest shareholder in the company, KfW Bankengruppe, currently holds approximately 21% of the shares in Deutsche Post AG and therefore does not exercise control. Accordingly, Werner Gatzert and Günther Bräunig are also independent. The duration of service of all members of the Supervisory Board is in compliance with the recommendation by the European Commission that finds no heightened risk of loss of independence for members serving up to three complete terms of office. No former members of the Board of Management are members of the Supervisory Board.

The Supervisory Board intends to submit a proposal to the 2020 Annual General Meeting to elect Lawrence Rosen to the Supervisory Board. Lawrence Rosen was a member of the company's Board of Management until September 2016. With his proven finance expertise, he meets the requirements in the skills profile stipulated by the Supervisory Board and is a particularly suitable candidate.

No Supervisory Board members exceed the maximum service period of three terms of office or the age limit of 72. They also do not hold positions on the governing bodies of, or provide consultancy services to, or maintain personal relationships with, the Group's main competitors.

Effectiveness of the Supervisory Board's activities

The Supervisory Board carries out an annual review of the effectiveness of its work in plenary meetings and in the committees. This review is based upon a questionnaire, individual conversations between the Supervisory Board members and the chair and discussion in a Supervisory Board meeting, without the Board of Management. Suggestions made by individual members of the Supervisory Board are also taken up and implemented during the year. In financial year 2019, the Supervisory Board reviewed the efficiency of its activities in its meetings in September and

December. It concluded that it had performed its monitoring and advisory duties efficiently and effectively.

Targets for the composition of the Supervisory Board (skills profile)

The Supervisory Board has set itself the following targets for its composition; they also represent the skills profile it has set itself:

- 1 When proposing candidates to the Annual General Meeting for election as Supervisory Board members, the Supervisory Board is guided purely by the best interests of the company. Subject to this requirement, the Supervisory Board aims to ensure that independent Supervisory Board members as defined in number 5.4.2 of the German Corporate Governance Code account for at least 75% of the Supervisory Board, and that at least 30% of the Supervisory Board members are women.
- 2 The Supervisory Board's future proposals to the Annual General Meeting will continue to consider candidates whose origins, education or professional experience equip them with particular international knowledge and experience.
- 3 The Supervisory Board should be in a position to collectively provide competent advice to the Board of Management on fundamental future issues; in its opinion this includes, in particular, the digital transformation.
- 4 The Supervisory Board should collectively have sufficient expertise in the areas of accounting and financial statement audits. This includes knowledge of international developments in the field of accounting. Additionally, the Supervisory Board believes that the independence of its members helps guarantee the integrity of the accounting process and ensure the independence of the auditors.

- 5 Conflicts of interest affecting Supervisory Board members are an obstacle to providing independent advice to, and supervision of, the Board of Management. The Supervisory Board will decide how to deal with potential or actual conflicts of interest on a case-by-case basis, in accordance with the law and giving due consideration to the German Corporate Governance Code.
- 6 In accordance with the age limit adopted by the Supervisory Board and laid down in the rules of procedure for the Supervisory Board, proposals for the election of Supervisory Board members must ensure that their term of office ends no later than the close of the next Annual General Meeting to be held after the Supervisory Board member reaches the age of 72. As a general rule, Supervisory Board members should not serve more than three full terms of office.

The current Supervisory Board meets these targets and this skills profile. The Supervisory Board took into account the targets and skills profile in its proposals to the 2019 Annual General Meeting and now also in its proposal to this year's Annual General Meeting to elect Lawrence Rosen to the company's Supervisory Board.

Board of Management and Supervisory Board committees

The members of the Board of Management meet quarterly for business review meetings. The business review meetings discuss strategic initiatives, operational matters and the budgetary situation in the divisions.

The members of the Supervisory Board's committees prepare the resolutions to be taken in the plenary meetings and fulfil the duties assigned to them by the law, the company's Articles of Association and the rules of procedure for the Supervisory Board.



The Executive Committee prepares the resolutions to be taken in the plenary meetings for appointing members of the Board of Management, drawing up their contracts of service and determining their remuneration. It also works on long-term succession planning for the Board of Management.

The Finance and Audit Committee reviews the company's accounts, oversees its accounting process, the effectiveness of the internal control system, risk management and internal auditing, and the financial statement audit, and in particular the selection of the auditors and their independence. The Finance and Audit Committee also deals with the audit of the non-financial report. It also approves the Board of Management's engagement of the auditor to perform non-audit services. The committee examines corporate compliance issues and discusses the half-yearly and quarterly financial reports with the Board of Management before publication. Based upon its own assessment, the committee submits proposals for the approval of the annual and consolidated financial statements by the Supervisory Board. Upon entry into force of the Act Implementing the Second Shareholder Rights Directive (ARUG II) on 1 January 2020, the Finance and Audit Committee additionally assumed responsibility for issuing the required Supervisory Board approval for significant transactions between the company and related parties.

The Chairman of the Finance and Audit Committee, Stefan Schulte, is an independent financial expert as defined in sections 100(5) and 107(4) of the AktG. He has no relationship with the company, its governing bodies or its shareholders that could cast doubt on his independence.

An agreement has been reached with the auditors that the Chairman of the Supervisory Board and the Chairman of the Finance and Audit Committee shall be informed without delay of any potential grounds for exclusion or for impair-

ment of the auditors' independence that arise during the audit, to the extent that these are not immediately remedied. In addition, it has been agreed that the auditors shall inform the Supervisory Board without delay of all material findings and incidents occurring in the course of the audit. Furthermore, the auditors must inform the Supervisory Board if, whilst conducting the financial statement audit, they find any facts leading to the Declaration of Conformity issued by the Board of Management and Supervisory

Board being incorrect. The Audit Committee chair and the auditor regularly exchange information both at meetings and at other times.

The Strategy Committee prepares the Supervisory Board's strategy discussions and regularly discusses the competitive position of the enterprise as a whole and of the divisions. In addition, it does preparatory work on corporate acquisitions and divestitures that require the Supervisory Board's approval.

Committees of the Supervisory Board

Executive Committee

Dr Nikolaus von Bomhard (Chair)
Andrea Kocsis (Deputy Chair)
Rolf Bauermeister
Ingrid Deltenre
Werner Gatzler
Thomas Held

Personnel Committee

Andrea Kocsis (Chair)
Dr Nikolaus von Bomhard (Deputy Chair)
Thomas Koczelnik
Roland Oetker

Finance and Audit Committee

Dr Stefan Schulte (Chair)
Stephan Teuscher (Deputy Chair)
Werner Gatzler
Thomas Koczelnik
Simone Menne
Stefanie Weckesser

Strategy Committee

Dr Nikolaus von Bomhard (Chair)
Andrea Kocsis (Deputy Chair)
Rolf Bauermeister
Dr Günther Bräunig (since 15 May 2019)
Prof. Dr Henning Kagermann (until 15 May 2019)
Thomas Koczelnik
Roland Oetker

Nomination Committee

Dr Nikolaus von Bomhard (Chair)
Ingrid Deltenre
Werner Gatzler

Mediation Committee (pursuant to section 27(3) of the German Co-determination Act)

Dr Nikolaus von Bomhard (Chair)
Andrea Kocsis (Deputy Chair)
Rolf Bauermeister
Roland Oetker



The Nomination Committee presents the shareholder representatives of the Supervisory Board with recommendations for shareholder candidates for election to the Supervisory Board at the Annual General Meeting.

The Personnel Committee discusses human resources principles for the Group.

The Mediation Committee carries out the duties assigned to it pursuant to the MitbestG: it makes proposals to the Supervisory Board on the appointment of members of the Board of Management in those cases in which the required majority of two-thirds of the votes of the Supervisory Board members is not reached. The committee did not meet in the past financial year.

Information about the work of the Supervisory Board and its committees in financial year 2019 is also contained in the [➤ Report of the Supervisory Board, page 76 ff.](#) The members of the Supervisory Board and the mandates they hold are listed on [➤ page 79.](#)

Diversity

When filling Board of Management vacancies, the Supervisory Board pays close attention to ensuring that the members of the Board of Management have a variety of qualifications, skills and experience. Long-term succession planning in all divisions guarantees that there will be sufficient qualified candidates to fill Board of Management positions in future. The early promotion of women in the company also plays a key role. The current target for the proportion of women on the Board of Management is 2:8, to be achieved by the date of the Annual General Meeting in 2021.

The Board of Management set target quotas for the proportion of women in the two executive tiers below the Board of Management of 20% for tier 1 and 30% for tier 2; these targets applied to the period between 1 January 2017

and 31 December 2019. The target of 20% set for tier 1 was far exceeded at 25%, but at 23.1%, the target of 30% specified for tier 2 was not met. Since the start of the target period on 1 January 2017, extensive organisational changes have been made at tier 2: this has led to changes in the structure of the various units and thus also affected the number of female executives. We shall continue to work on expanding the female talent pool below the second executive tier so that sufficient suitable candidates are available in the future.

A new target of 30% was set for the percentage of women at both executive tiers below the Board of Management. We aim to meet these targets by 31 December 2024.

The company intends to increase the share of women in management positions globally and has therefore set itself the goal of increasing the percentage of women in middle and upper management to 30% by 2025. This figure has risen continually in recent years and stood at 22.2% as at 31 December 2019.

The diversity criteria important to the Supervisory Board, including when considering its own composition, are outlined in the list of its goals. With 35%, the Supervisory Board exceeds the statutory share of women of 30%.

Shareholders and General Meeting

Shareholders exercise their rights, and in particular their right to receive information and to vote, at the General Meeting. Each share in the company entitles the holder to one vote. The agenda with the proposed resolutions for the General Meeting and additional information will be made available at dpdhl.com/en/investors at the latest when the General Meeting is convened. A detailed CV is published for each Supervisory Board candidate put forth for election. We assist our shareholders in exercising their voting rights not only by making it possible to submit postal votes but

also by appointing company proxies, who cast their votes solely as instructed to do so by the shareholders and who can be reached during the General Meeting. Additionally, shareholders can authorise company proxies, submit postal votes and grant proxies to intermediaries and shareholder associations attending the General Meeting via the company's online service.

Remuneration of the Board of Management and Supervisory Board

Most recently, the Annual General Meeting approved the system of Board of Management remuneration in 2018 with around 89% of the votes cast. The remuneration system continues to be applicable largely unchanged, as explained in greater detail in the [➤ Remuneration Report, page 17 ff.](#) That report also contains information regarding the remuneration of the individual members of the Board of Management and Supervisory Board. The remuneration system is again scheduled to be presented for approval to the 2021 Annual General Meeting.