

10.

Approval of the remuneration system for Board of Management members

The Supervisory Board proposes, on the recommendation of the Executive Committee, approval of the remuneration system for Board of Management members described below.

Remuneration System for the Board of Management

1. CORPORATE STRATEGY AS A BASIS FOR THE DESIGN OF THE REMUNERATION SYSTEM

Logistics is an attractive sector with good prospects of continuous growth. Like many other sectors, logistics is also changing rapidly and at a growing pace. This creates not only new challenges but also significant opportunities for future growth. Strategy 2025 was developed in order to make the best possible use of this potential. Building on the foundation laid by Strategy 2020, the new strategy will contribute to consolidating and enhancing our position as a market leader in global logistics. Market-leading services hinge fundamentally on their consistency and standardization throughout the Group, along with effective management, while a steady focus on the profitable core business of the divisions will unlock the considerable, sustained potential for profitable growth in the long term. Combining known and future-oriented strategic elements is therefore the key to success:



STRATEGY 2025
**Delivering excellence
in a digital world**

Our Purpose

Connecting people,
improving lives

Our Vision

We are THE logistics company for the world

Our Values

Respect & Results

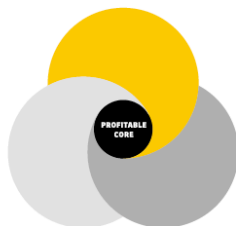


Our Mission

Excellence. Simply delivered.

Along the three bottom lines in a sustainable way

Enabled by **Common DNA**



Our Business Unit focus

Strengthening the profitable core

Supported by **Group functions**

Digitalisation

2. REVISION OF THE REMUNERATION SYSTEM IN 2020

In terms of its basic design, the remuneration system for members of the Board of Management of Deutsche Post AG has been in place for many years. The Supervisory Board reviewed the remuneration system in depth in 2020 in response to changes in the regulatory framework due to the Second European Shareholder' Rights Directive (ARUG II) and the revision of the German Corporate Governance Code. The review also considered investor feedback as one of its key focuses. On December 11, 2020, the Supervisory Board therefore resolved changes to the remuneration system, as summarized in the following table.

Changes to the remuneration system

Object	Previous regulations	New regulations	
Annual bonus	Target structure: <ul style="list-style-type: none"> 75% financial targets 25% non-financial targets, of which 12.5% are ESG targets Calculation: Based on target achievement	Target structure: <ul style="list-style-type: none"> 70% financial targets 30% non-financial targets, all from the ESG area: <ul style="list-style-type: none"> 10% "environmental" 10% "social" 10% "governance" Calculation: Based on target achievement, in exceptional circumstances option for up to 20% increase/decrease	From 2022
Maximum remuneration	Limit to amount of remuneration granted and, beginning in 2022, to amount received, excluding fringe benefits	Remuneration granted including fringe benefits will be limited beginning in 2021, amount received including fringe benefits will be limited beginning in 2022	From 2021 or 2022
Change of control	Entitlement to severance payment for termination upon change of control	No entitlement to severance payment for termination upon change of control	From 2021
Pension commitment	<ul style="list-style-type: none"> Variable interest with iBoxx Corporates AA 10+ Annual Yield Minimum interest rate 2.25% 	<ul style="list-style-type: none"> Variable interest with weighted annual interest rate of Deutsche Post pension assets in Germany Minimum interest rate 1% 	From 2021

3. PRINCIPLES OF THE REMUNERATION SYSTEM FOR THE BOARD OF MANAGEMENT

The remuneration system for the Board of Management provides incentives for the successful implementation of the corporate strategy as well as sustainable development of the Group and is largely geared toward creating long-term value for shareholders. It complies with the requirements of the German Stock Corporation Act (Aktiengesetz – AktG) and the recommendations and suggestions of the German Corporate Governance Code (Deutscher Corporate Governance Kodex – the Code).

Furthermore, the Supervisory Board aims to set the remuneration so that it is competitive and in line with market standards in order to attract and retain the best candidates for Board of Management positions.

In designing the remuneration system, the Supervisory Board also ensures that, as far as possible, it is harmonized with the remuneration system for executives below the Board of Management in order to provide comparable performance incentives. When determining the remuneration system and levels of remuneration, the Supervisory Board therefore considers the following guidelines:

Principles for determining Board of Management remuneration

The remuneration system makes a significant contribution to implementing corporate strategy.

The remuneration structure is intended to support the Group's long-term, sustainable development.

The performance criteria are based primarily on strategic targets in addition to operating targets.

Ambitious targets ensure that outstanding performance is rewarded appropriately, whereas remuneration is reduced when targets are missed ("pay for performance").

The remuneration system takes into account the concerns of shareholders, employees and other stakeholders.

The Supervisory Board ensures that targets are consistent between the Board of Management and executives.

The remuneration appropriately reflects the duties and performance of Board of Management members and the situation of the company, and is also customary in comparison with other companies.

4. PROCEDURE FOR DETERMINING, IMPLEMENTING, AND REVIEWING THE BOARD OF MANAGEMENT'S REMUNERATION SYSTEM

The Supervisory Board determines the remuneration for members of the Board of Management and resolves the underlying remuneration system. It is supported in this process by the Executive Committee, which supervises the appropriate design of the remuneration system and prepares the Supervisory Board's resolutions. If necessary, the Supervisory Board calls in external consultants. It ensures the independence of all consultants selected. As the law assigns the responsibility for determining, reviewing, and implementing the remuneration system for members of the Board of Management to the Supervisory Board, conflicts of interest are largely avoided from the outset. No conflicts of interest of individual Supervisory Board members have arisen in the past. Should conflicts of interest arise in the future, members of the Supervisory Board are obliged to disclose these to the Chairman of the Supervisory Board without delay. In such a case, these Supervisory Board members

would not participate in the passing of resolutions on the relevant agenda items on the Supervisory Board or the Committees.

4.1. Reviewing the remuneration system

The Executive Committee prepares the regular review of the remuneration system by the Supervisory Board. It advises the Supervisory Board to make changes where necessary. The remuneration system is presented to the General Shareholders' Meeting for approval if significant changes are made, but at least once every four years. Should the General Shareholders' Meeting not approve the presented remuneration system, a reviewed remuneration system is presented no later than by the next Annual General Shareholders' Meeting in order to pass a resolution.

4.2. Determining levels of remuneration

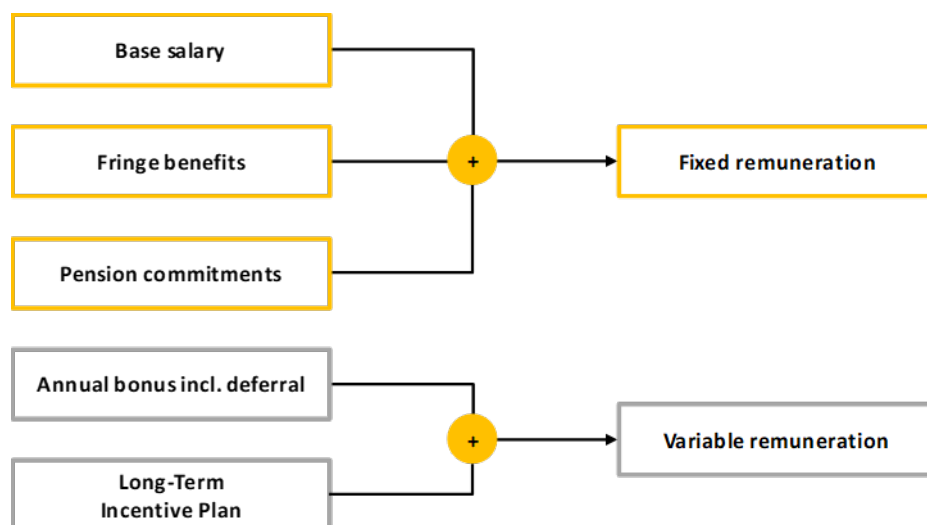
Based on the remuneration system, the Supervisory Board sets specific target and maximum remuneration amounts for every member of the Board of Management. For five-year contracts, remuneration is reviewed three years after the start of the contract. When setting remuneration levels, the Supervisory Board places value on providing appropriate remuneration for members of the Board of Management. Criteria for this include responsibilities, personal performance, and experience of the individual Board of Management members as well as the company's economic situation, success, and future prospects and the customary of remuneration levels in consideration of the market environment (horizontal appropriateness) and the remuneration structure that otherwise applies in the company (vertical appropriateness).

In order to assess horizontal appropriateness, the DAX companies are used as peer group; the positioning within the peer group is determined in consideration of the market position of Deutsche Post based on the key figures revenue, number of employees, and market capitalization. In terms of vertical appropriateness, the Supervisory Board considers the relation to the remuneration of the senior management level and the company's workforce in Germany, including the development over time. The Supervisory Board has defined senior management as the top management levels within management levels B through D specified by the company. The remaining workforce consists of other executives and the employees both covered and not covered by collective agreements, for whom representative remuneration groups are considered.

5. BOARD OF MANAGEMENT REMUNERATION COMPONENTS

The total remuneration for members of the Board of Management consists of fixed and variable components. Fixed remuneration consists of base salary, fringe benefits and pension commitments. Variable remuneration consists of a short-term annual bonus, which is partially transferred into a medium-term remuneration component by means of a delayed payment (deferral), and long-term variable remuneration, the Long-Term Incentive Plan (LTIP). The individual performance-based components are differentiated inter alia according to the term and the criteria used to assess performance.

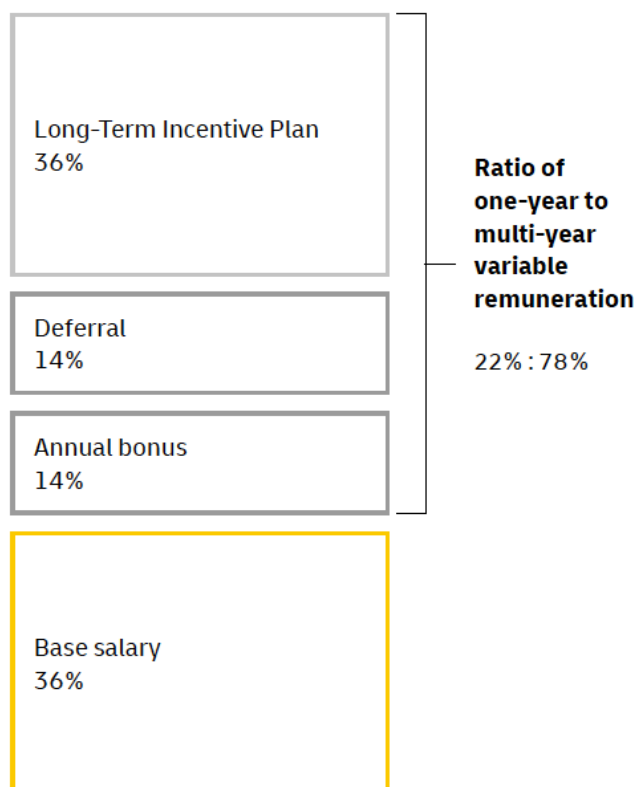
Remuneration components



6. REMUNERATION STRUCTURE

When determining the variable remuneration, the Supervisory Board ensures a predominantly multi-year structure, i.e., long-term and medium-term remuneration components exceed short-term remuneration. This fosters the sustainable and long-term development of the company. At the same time, the share of the short-term variable remuneration ensures that the focus is also always on annual operative targets, the achievement of which forms the basis for future development. The target remuneration structure (excluding fringe benefits and pension commitment) is as follows:

Target remuneration structure



As additional components, pension contributions make up 35% of the respective base salary. Fringe benefits (excluding any compensation paid to new members of the Board of Management for variable remuneration granted by former employers and subsequently forfeited) should, as a rule, not exceed 15% of the base salary. In financial year 2020, they amounted, as a rule, to significantly less than 5% of the respective base salary, or up to 10 % of the base salary in isolated cases involving other countries.

7. OVERVIEW OF THE REMUNERATION COMPONENTS

The following table provides an overview of the remuneration system components, their purpose and how they relate to the company's strategy, as well as their design.

Remuneration components

Component	Purpose	Design
Fixed remuneration		
Base salary	Serves to attract and retain Board of Management members who, due to their experience and expertise, are able to develop and successfully implement the strategy. Simultaneously fosters an independent, risk-adjusted and autonomous management of the company.	Fixed, contractually agreed annual remuneration, generally paid monthly in twelve equal amounts Mainly the use of a company car (including the services of a driver, if applicable), allowances for health and long-term care insurance in analogous application of the regulations and benefits under German social insurance law, and benefits in cases where two households are maintained.
Fringe benefits		
Pension commitment	Ensures adequate income in retirement	<ul style="list-style-type: none"> • Annual contribution of 35% of the base salary • Interest rate: Pension contributions allocated up to and including 2020 in accordance with "iBoxx Corporates AA10+ Annual Yield", but at least 2.25%. • Pension contributions allocated as of 2021: Weighted annual interest rate of overall pension assets of all German pension schemes of Deutsche Post, however no less than 1%
Variable remuneration		

<p>Annual bonus with medium-term component (deferral)</p>	<ul style="list-style-type: none"> - Ensures profitable growth in consideration of the overall responsibility of the Board of Management and the performance of the individual Board of Management members - Provides incentives for Board of Management members to concentrate on successfully carrying out annual business priorities - The deferred component, which is subject to an additional performance criterion, reinforces the focus of the Board of Management remuneration upon the company's long-term performance 	<ul style="list-style-type: none"> - Target amount: 80% of the respective base salary - Payout: 50% in the following year, 50% after an additional two years (sustainability phase), but only if the cost of capital is earned at the end of the sustainability phase (medium-term component) - Deferred component designed solely as a malus provision <p>Until and including 2021</p> <ul style="list-style-type: none"> - 75% financial and 25% non-financial performance targets - Maximum amount (cap): 100% of the respective base salary <p>From 2022:</p> <ul style="list-style-type: none"> - 70% financial performance targets and 30% ESG targets - Option for an increase/decrease of up to 20% in the event of exceptional developments - Maximum amount (cap): 120% of the respective base salary possible in the event of exceptional developments
<p>Long-term component – Long-Term Incentive Plan (LTIP)</p>	<p>Fosters sustainable, positive development of the company's value and connects the interests of the Board of Management members with those of shareholders</p>	<ul style="list-style-type: none"> • Plan type: Stock appreciation rights • Amount allocated: 100% of the base salary • Personal investment: 10% of the base salary • Performance targets based on share price: <ul style="list-style-type: none"> - Absolute increase in share price - Relative performance versus the STOXX Europe 600 • Cap: 4x base salary (2.5x base salary for the Chairman of the Board of Management) • Exercisability: based on performance targets reached after four years. • Cash payout: in the fifth or sixth year after allocation, depending on the individual exercise date

8. REMUNERATION COMPONENTS IN DETAIL

8.1. Fixed remuneration

8.1.1. BASE SALARY AND FRINGE BENEFITS

The base salary fosters independent, risk-adjusted and autonomous management of the company. Board of Management members also receive fringe benefits, which are taxed as a non-cash benefit. Fringe benefits may include the provision of a company car, including for personal use; the use of a driver; allowances for health and long-term care insurance; the assumption of costs for security installations at the board member's private residence; benefits in the event of assignments outside of the member's home country, such as the reimbursement of moving costs, benefits for maintaining two households, the reimbursement of costs associated with taking a position in Germany (e.g., for engaging a relocation service, for official applications or for tax consulting costs); reimbursement of expenses for journeys home. The amount of fringe benefits is capped. Fringe benefits should not exceed 15% of the base salary as a rule. In addition, compensation payments may be made to new members of the Board of Management to compensate them for variable remuneration that had been granted by former employers but subsequently forfeited. The overall cap (see number 9) increases by the compensation amount in the year any such compensation payment is made.

8.1.2. PENSION COMMITMENTS

The Members of the Board of Management are granted contribution-based pension commitments. The company credits an annual amount to a virtual pension account for each member of the Board of Management. Pension contributions allocated from 2021 onwards will bear interest at the weighted annual interest rate of the overall pension assets of all German pension schemes of Deutsche Post for the year the interest is granted.

The minimum interest rate is 1%. The main features of the contribution-based pension commitments are summarized in the following table:

Defined contribution pension benefit

Aspect	Description
Type of retirement benefit	Capital payment with annuity option
Retirement age	62 years
Contribution amount	35% of base salary, limited to 15 years
Invalidity and survivor's pension	Payout of the pension account balance without any risk benefit
Interest rate	Pension contributions allocated up to and including 2020: "iBoxx Corporates AA10+ Annual Yield", or 2.25% at minimum. Pension contributions allocated as of 2021: Weighted annual interest rate of overall pension assets of all German pension schemes of Deutsche Post, or a minimum of 1%
Adjustment of annuities	1% p.a.

In lieu of the benefits described, members of the Board of Management whose primary residence is outside of Germany may receive an annual amount equivalent to 35% of their base salary, paid directly (pension substitute). Since the contribution-based pension commitment was launched in 2008, this option has not been used.

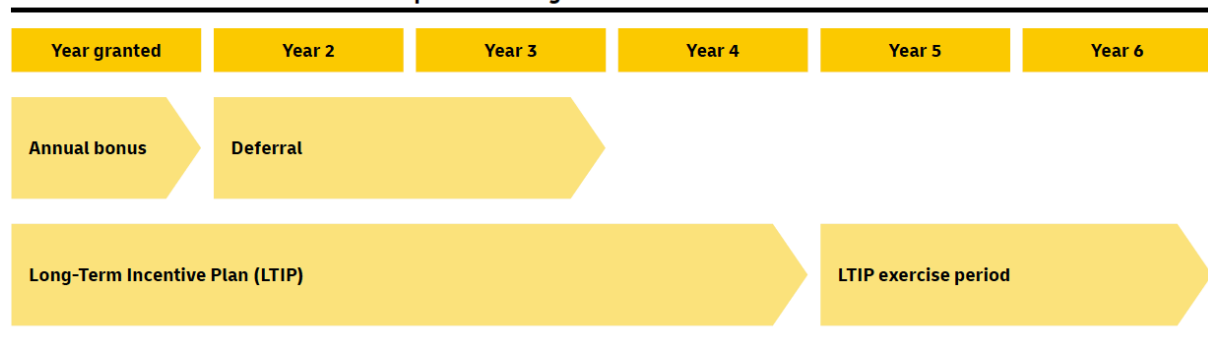
When first appointed in 2002, the Chairman of the Board of Management was granted a final-salary-based pension commitment, as was customary in the company at the time. Details on this are published in the remuneration report.

8.2. Variable remuneration

By applying selected strategic performance criteria and ambitious targets, the variable remuneration of Board of Management members provides incentives for managing the company in line with the corporate strategy and in the interests of the shareholders and other stakeholders. The annual bonus - in combination with its medium-term component, which

provides for a two-year sustainability phase with its own performance criterion - focuses on the annual targets derived from the company's strategy and simultaneously ensures that these are sustainably pursued. The long-term component, which takes the form of granting stock appreciation rights, aims for a lasting increase in enterprise value. The long-term component directly links the interests of Board of Management members with long-term shareholder interests by way of its performance targets, which are based on the company's share price, and its duration of up to six years. Neither the performance targets nor the comparison parameters are changed after the fact. There is no provision for the payment of special bonuses.

Duration of variable remuneration component of target remuneration



8.2.1. ANNUAL BONUS WITH MEDIUM-TERM COMPONENT (DEFERRAL)

The annual bonus provides incentives for members of the Board of Management to focus on successfully implementing the annual business priorities. The aim is to achieve profitable growth whilst taking into account the overall responsibility of the Board of Management and the individual performance of the Board members. The deferral, which is subject to an additional performance criterion, reinforces the focus of the Board of Management remuneration on the company's long-term performance.

Performance criteria

The performance criteria used to measure the performance of Board of Management members for the annual bonus comprise financial and non-financial targets. Each performance criterion is geared towards ensuring that the business targets of the Group and its divisions are met and align with the strategic bottom lines.

In the spirit of value-based corporate management, the financial targets are derived from the Group's main key performance indicators with the aim of increasing profitability through the efficient use of capital. As such, the EBIT After Asset Charge (including asset charge on goodwill and before goodwill impairment – hereinafter EAC) for the Group and the divisions as well as the Group's Free Cash Flow (FCF) are used as main financial key performance indicators to assess performance.

Up to and including 2021, financial targets comprise 75% and non-financial targets 25% of the total. From the 2022 financial year onward, the share of non-financial targets will increase to 30%. The target agreements for individual Board of Management members for 2021 include an employee target as a non-financial ESG metric as well as additional individual targets that reflect the individual activities and priorities of the individual Board of Management members in the respective financial year.

From 2022 onward, the non-financial targets will be sustainability targets. Sustainability is a core element of the company's Strategy 2025. Together with its stakeholders, Deutsche Post has identified key topics for the Group which can be broken down into the ESG topics of environment, social responsibility and governance. Going forward, the three ESG topics will each be weighted at 10% in the target portfolio for the annual bonus. Linking ESG criteria to the Board of Management remuneration further underscores the significance of sustainability for the Group. In the area of social responsibility, the employee target Employee engagement will be retained. In the environmental area, improvement of energy efficiency will be added. In year 2022, the focus with respect to governance will be placed on preventing corruption and bribery. For subsequent years, different ESG targets may be agreed that are based on the

Group's strategy and are essential for its implementation (for example, data protection and information security, or increasing the proportion of women in management positions). The Group pursues clear and measurable targets in the area of sustainability. Beginning in 2022, progress in the respective areas can therefore be objectively and clearly measured using key indicators. More detailed information is disclosed ex post in the remuneration report for the respective financial year.

The performance criteria and their weighting are as follows:

Overview of performance criteria

Performance criterion	Weighting	Incentive effect/Strategic connection
Group EAC	55%/65% From 2022: 50%/60%	Key performance indicator for the company Adds a cost of capital component to EBIT to encourage the efficient use of resources and to ensure that the operating business is geared towards increasing value sustainably and generating increasing cash flow
Divisional EAC	0%/10%	Measurement of individual performance in the respective Board departments Incentive for market-leading performance in every division
Free cash flow	10%	Key performance indicator for the company Measure of how much cash the company generates, taking into account payment commitments arising from the Group's operations as well as capital expenditure and lease and interest payments Indicator of how much cash is available to the company for paying dividends, for repaying debt or for other purposes (e.g., funding pension obligations)
Non-financial targets (2021): <ul style="list-style-type: none"> ▪ Employee engagement ▪ Individual targets in line with Group strategy 	25% (12.5% each)	Becoming employer of choice Quantifies the identification of employees with the company and their motivation to contribute to the company's success Compared with external benchmarks, identifies strengths and indicates action areas Option of setting operational focal points each year depending on current priorities and the implementation level of the strategy For example, implementation of digitalization initiatives necessary for ensuring long-term business success, implementation of measures for improving customer satisfaction
Non-financial targets (from 2022): <ul style="list-style-type: none"> ▪ E-Improvement of energy efficiency ▪ S-Employee engagement ▪ G-Anchoring compliance as an integral component of all business activities 	30% (10% each)	Sustainability is a core element of Strategy 2025 ESG targets are essential to achieving our corporate mission "Connecting people, improving lives" E - serves the implementation of the target of reducing all logistics-related emissions to zero S - measures progress in achieving the target of becoming a "employer of choice" G - incentivizes operating in accordance with ethical standards and, in doing so, fosters the minimization of business risks

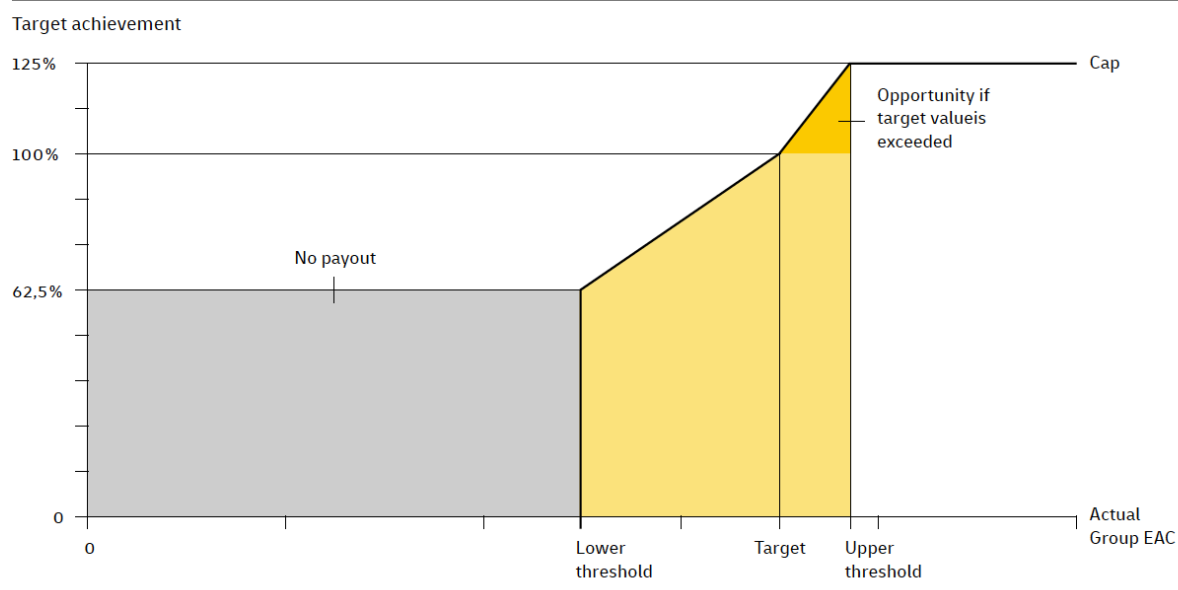
¹Group EAC is weighted at 65% for the Chairman of the Board of Management, the CFO and the Board of Management member responsible for Human Resources. From 2022 onward, it is 60%. In isolated cases, the Supervisory Board may change the weighting of the performance criteria for strategic reasons at the beginning of a performance period. Even if their weighting is changed, financial targets should comprise a share of at least 75% and, beginning in 2022, at least 70%.

Target agreement and achievement

When defining target values and the lower and upper thresholds, the Supervisory Board ensures that targets are both adequate and ambitious. If the lower threshold of a performance

criterion is not reached, the share of variable remuneration attributable to this criterion will decrease to zero. If the upper threshold of a performance criterion is exceeded, the share of variable remuneration attributable to this criterion is capped to a maximum amount. This approach provides for a balanced risk/opportunity profile in the remuneration system. The actual amount of the annual bonus is based on the degree to which the pre-defined performance criteria have been met. The target amount for an overall target achievement of 100% is set at 80% of the base salary. The target achievement of each performance criterion can range between 0% and 125% (upper threshold). In case of a target achievement of less than 62.5% (lower threshold), the performance criterion has not been met; there will be no payout. In case of maximum target achievement, the payout amount resulting from target achievement is limited to 100% of the base salary. Using Group EAC as an example, the payout curve is as follows:

Payout curve



More detailed information on the target agreements and target achievement are disclosed ex post in the remuneration report for the respective financial year.

Adjustment in case of exceptional developments

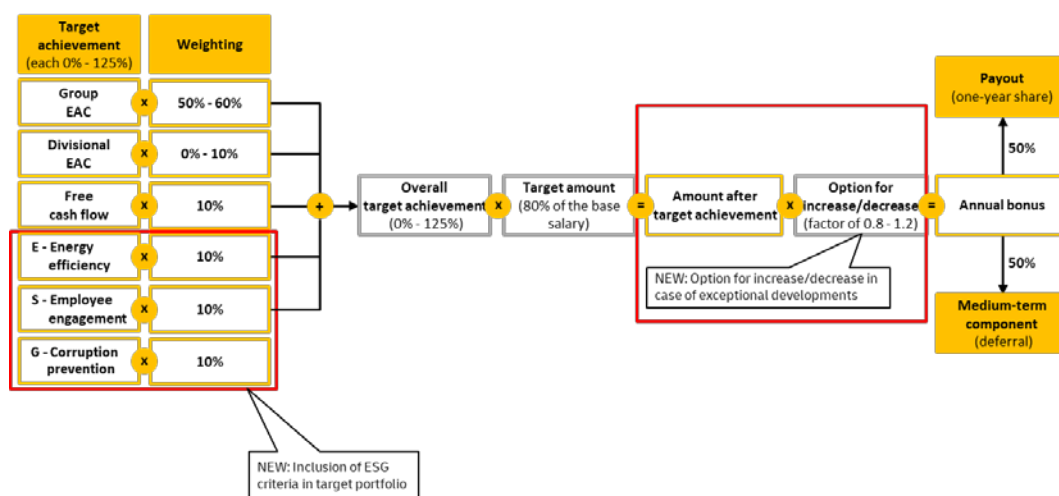
From financial year 2022 onward, the Supervisory Board may adjust the calculated annual bonus in case of exceptional developments by increasing or decreasing the amount by up to 20% (bonus/malus option). The Supervisory Board will increase or decrease the annual bonus as calculated on the basis of the target achievement if it does not adequately reflect the actual performance of a member of the Board of Management in the overall picture. In particular, potential situations in which this may occur are: exceptional successes or failures with regard to the sustainable development or reorganization of Deutsche Post DHL Group, exceptional developments and/or an exceptional change in market circumstances, exceptional innovations, or specific lapses in management conduct and integrity. After exercising the option for an increase or decrease for exceptional developments, the maximum amount of the annual bonus can therefore amount to 120% of the base salary. Should the Supervisory Board adjust the amount of the annual bonus on this basis, a detailed explanation will be published in the following year's remuneration report which is submitted to the Annual General Meeting for approval.

Transfer to the medium-term component

50% of the annual bonus determined based on target achievement and from 2022 onward, if applicable, a possible increase or decrease, will be paid out after the consolidated financial statement for the respective financial year has been approved.

The remaining 50% is transferred to a multi-year remuneration component, the medium-term component (deferral). A payout from the medium-term component will only be made after a two-year sustainability phase has expired and if, in addition, the sustainability criterion EAC has been achieved during this period. To meet this criterion, EAC must either be greater at the end of the sustainability period than it was in the initial year, or cumulative EAC must be positive during the sustainability phase, i. e. the cost of capital (including the asset charge on goodwill) must be covered at minimum. Because this is exclusively a malus arrangement, overfulfillment does not increase the amount paid out. If the sustainability criterion is not met, the deferral will not be paid out; it shall expire with no replacement.

Calculation of annual bonus (from 2022)¹



¹2021 calculation based on target portfolio as shown above and excluding possibility for increase/decrease

Calculation example: Amount of the annual bonus (from 2022, fictitious amounts)

// Target amount (= 80% of the base salary) **EUR 744,000**

// Target achievement

Group EAC: 125%, weighted: 125% x 50% = 62.50%

Divisional EAC: 100%, weighted: 100% x 10% = 10.00%

FCF: 125%, weighted: 125% x 10% = 12.50%

E - Energy efficiency: 100%, weighted: 100% x 10% = 10.00%

S - Employee target: 80%, weighted: 80% x 10% = 8.00%

G - Anti-corruption: 110%, weighted: 110% x 10% = 11.00%

Total target achievement (sum of weighted individual target achievements) = **114%**

// Increase due to exceptional developments: **10%**

// Total amount of annual bonus: EUR 744,000 x 114% x 1.1 = **EUR 932,976**

50% payout in the following year: EUR 466,488

50% after two years (provided sustainability criterion is met): EUR 466,488

8.2.2. LONG-TERM COMPONENT (LONG-TERM INCENTIVE PLAN LTIP)

As a long-term component, the company grants members of the Board of Management a share-price-based cash remuneration by issuing stock appreciation rights (SARs) on an annual basis. With a term of up to six years per tranche, the LTIP provides an incentive for the long-term and sustainable development of the company. Prior to the grant date of the

respective tranche, the Board of Management members are required to deposit a personal investment of 10% of their base salary at the grant date, primarily in shares of the company. The personal investment must be held throughout the lock-up period. If a member of the Board of Management reclaims the personal investment before the lock-up period ends, all SARs from the respective tranche lapse.

Each year, members of the Board of Management are granted a number of SARs with a four-year lock-up period and a value of 100% of the base salary on the grant date; the number of SARs resulting from the grant value is calculated by the company actuary using financial mathematics and rounded to the nearest figure divisible by six. The Board of Management members receive remuneration from the granted SARs no earlier than upon expiry of the lock-up period. After the lock-up period has expired, the first step is determining whether the pre-defined performance targets have been met. Six share price based performance targets have been defined, two of which including a comparison with an index, in accordance with the Group's strategic bottom line of being the Investment of Choice. The performance targets are not linked to the payment of a dividend. Upon achievement of each performance target, one-sixth of the SARs granted at the beginning of the lock-up period becomes exercisable. Four performance targets can be achieved through an absolute increase in the price of Deutsche Post shares, if the final closing price of Deutsche Post shares at the end of the lock-up period exceeds the issue price by at least 10%, 15%, 20%, or 25% (absolute share price targets). The issue price is determined at the start of the lock-up period based on the 20-day average price of Deutsche Post shares prior to the grant date. The final closing price is determined at the end of the four-year lock-up period based on the 60-day average price before the lock-up period expires. The four absolute share price targets emphasize the importance of the company's long-term development and value growth, while gearing the Board of Management remuneration firmly toward the interests of shareholders. The two further performance targets are linked to the performance of Deutsche Post shares in relation to the performance of the STOXX Europe 600 Index. Those targets are achieved if the share price equals the index performance or if it outperforms the index by more than 10% (relative share price targets). Here too, the performance of the index is determined on the basis of the 20-day or 60-day average. This also places focus on the performance of the company compared to that of the market. In the medium term, the Supervisory Board is considering including ESG criteria derived from the Group Strategy into the long-term component.

Mechanism of stock appreciation rights

SAR performance targets	Thresholds	Number of exercisable SARs
Performance versus STOXX Europe 600	+10%	1/6
	+0%	1/6
Absolute increase in share price	+25%	1/6
	+20%	1/6
	+15%	1/6
	+10%	1/6

SARs may be exercised on one or more occasions within an exercise period of two years after expiration of the lock-up period in compliance with insider trading regulations; any SARs not exercised during this period will lapse.

Each SAR exercised entitles the Board of Management member to receive a cash settlement equal to the difference between the average closing price of Deutsche Post shares for the five trading days preceding the exercise date and the issue price determined at the start of the four-year lock-up period. The Board of Management member therefore only receives a payout if the share price exceeds the issue price of the SARs. In this way, the LTIP creates an incentive to increase the price of Deutsche Post shares for a period of up to six years. For each tranche of the LTIP, the Chairman of the Board of Management is entitled to receive a maximum amount of two-and-a-half times his base salary, whilst regular Board of Management members are entitled to receive a maximum amount of four times their base salary.

Calculation example of SAR exercise proceeds (fictitious amounts)

// Number of SARs granted: **250,000 units**

// Issue price: **EUR 35**// Target achievement

Absolute price targets: 2 of 4 targets achieved

Relative performance targets: 1 of 2 targets achieved

Sum of performance targets achieved: **3 of 6** targets achieved

// Number of exercisable SARs at the end of the lock-up period: $3/6 \times 250,000$ units = **125,000 units**

// Share price (5-day average) upon exercise: **EUR 41**

// Value of a SAR at the time of exercising: $\text{EUR } 41 - \text{EUR } 35 = \text{EUR } 6$

// Exercise proceeds when exercising all exercisable SARs: $\text{EUR } 6 \times 125,000$ units = **EUR750,000**

Non-exercisable SARs lapse without replacement if a member of the Board of Management leaves the company, unless one of the following exceptions applies: Provided that the performance targets have been met at the end of the lock-up period, SARs that have already been allocated may be exercised until the end of the respective exercise period if a Board of Management member resigns at the instigation of the company before the end of the agreed contractual term or if the employment relationship ends after the end of the agreed contractual term without the company offering to renew the member's contract. The same applies if a member retires or takes early retirement. In the event of termination upon change of control, a Board of Management member may exercise the already granted SARs after the four-year lock-up period expires should the exercise requirements governed in the respective plan conditions be met by the end of the respective exercise period.

If none of these exceptions apply, any exercisable SARs at the time of departure must be exercised within six months of termination of employment, otherwise they too will lapse without replacement. In the event of death, the company shall exercise the SARs without delay.

9. CAP ON VARIABLE REMUNERATION AND MAXIMUM TOTAL REMUNERATION

The Supervisory Board has defined upper limits for all variable remuneration components granted to Board of Management members. As previously explained, the maximum amount that can be received from the annual bonus, including the deferred portion (deferral), is limited to 100% of the base salary until year 2021. From 2022 onward, the maximum amount can be 120% of the base salary if the option for an increase is applied due to exceptional circumstances; usually, the maximum amount is limited to 100% of the base salary. For each tranche of the LTIP, the Chairman of the Board of Management is entitled to receive a maximum amount of two-and-a-half times his base salary, whilst regular Board of Management members are entitled to receive a maximum amount of four times their base

salary. In addition, the Supervisory Board may limit the payout amount in the event of exceptional developments.

The remuneration system also provides for an overall cap on the amount paid out. First of all, this limits the remuneration granted in a specific financial year. For regular Board of Management members, the cap on remuneration granted is EUR 5 million excluding fringe benefits until 2020 and EUR 5.15 million including fringe benefits from 2021 onwards. For the Chairman of the Board of Management, remuneration granted is capped at EUR 8 million excluding fringe benefits until 2020 and EUR 8.15 million including fringe benefits from 2021 onwards. Starting in financial year 2022, the payments attributable to a financial year are also capped at EUR 5.15 million and EUR 8.15 million, respectively. In the event a compensation payment is made in accordance with number 8.1.1., the overall cap for the Board of Management member receiving the payment increases by the compensation amount.

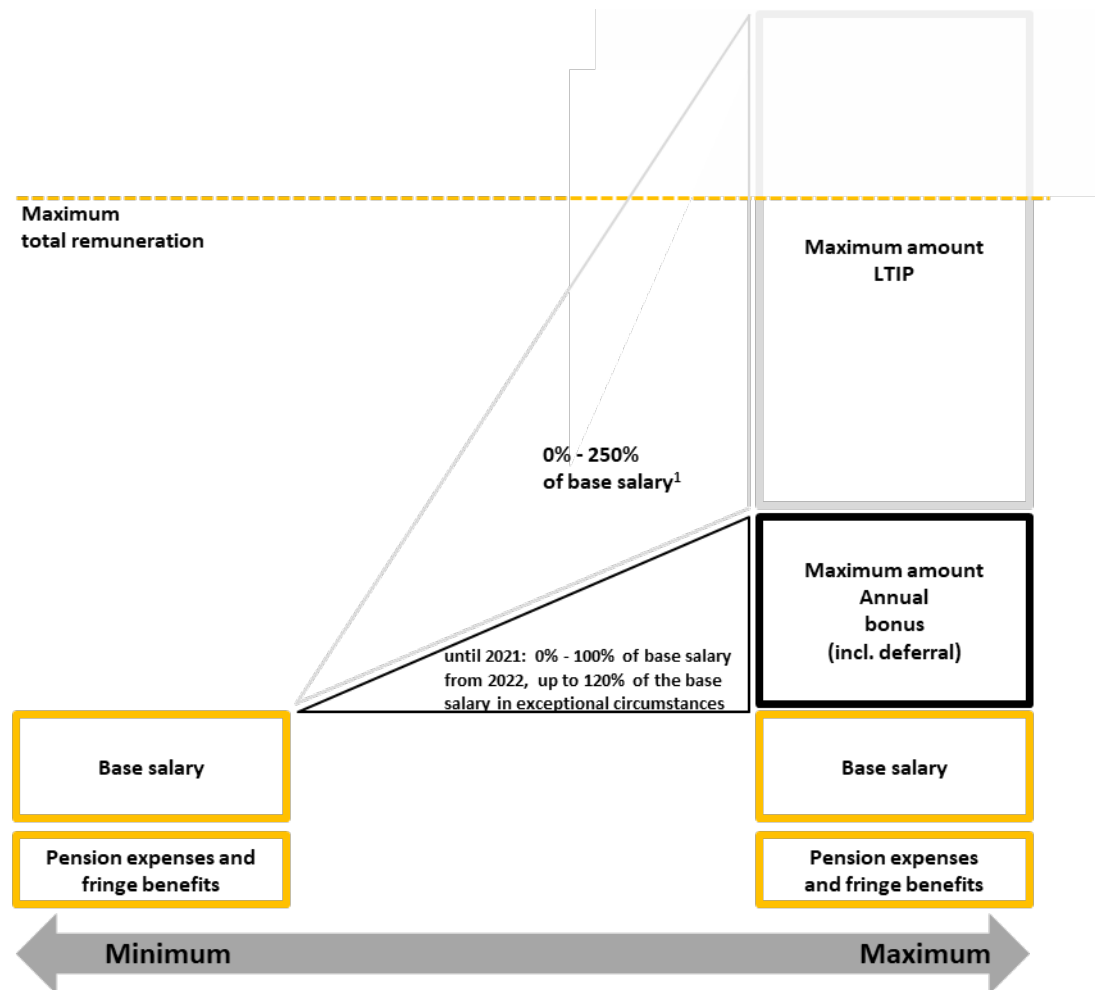
Example of remuneration components included

Overall cap on remuneration granted: Example 2020	Overall cap on remuneration granted: Example 2021	Overall cap on remuneration received: Example 2022
<p style="text-align: center;">Remuneration components included</p> <hr/> <ul style="list-style-type: none"> • Long-Term-Incentive-Plan 2020 tranche • Deferral from 2020 annual bonus • Proportion of 2020 annual bonus for immediate payout • Base salary 2020 • Pension expense (service cost¹) 2020 	<p style="text-align: center;">Remuneration components included</p> <hr/> <ul style="list-style-type: none"> • Long-Term Incentive Plan 2021 tranche • Deferral from 2021 annual bonus • Proportion of 2021 annual bonus for immediate payout • Fringe benefits 2021 • Base salary 2021 • Pension expense (service cost¹) 2021 	<p style="text-align: center;">Remuneration components included</p> <hr/> <ul style="list-style-type: none"> • Long-Term Incentive Plan 2016/2017/2018² tranches • Deferral from 2020 annual bonus • Proportion of 2022 annual bonus for immediate payout • Fringe benefits 2022 • Base salary 2022 • Pension expense (service cost¹) 2022

¹ In case of payout of a pension substitute: Amount of pension substitute

² The time the tranches are paid depends on when they are exercised within the two-year exercise period.

Total remuneration range for the Chairman of the Board of Management



¹The maximum amount from the LTIP is 400% of the base salary for the regular Members of the Board of Management.

10. MALUS AND CLAWBACK PROVISIONS RELATING TO VARIABLE REMUNERATION

Recommendation G.11 of the German Corporate Governance Code as amended on 20 March 2020 states that the Supervisory Board should have the possibility to account for exceptional developments to an appropriate extent. In justified cases, the Supervisory Board should be permitted to retain or reclaim variable remuneration. The first recommendation has been complied with in that SARs are granted on the condition that the Supervisory Board may limit the payout amount in the event of exceptional developments. From 2022 onward, the Supervisory Board may also increase or decrease the annual bonus in the event of exceptional developments by of up to 20% in each instance. The second recommendation has been met in the form of a retention in that the variable remuneration components may be omitted in part or in full. Moreover, 50% of the annual bonus resulting from the target achievement is transferred into the medium-term component and is subject to a two-year sustainability phase (deferral). This medium-term component will be completely withheld if the sustainability target EAC is not met during the sustainability phase. The SARs granted are clawed back and lapse without replacement if and to the extent that the absolute or relative performance targets are not met during the four-year lock-up period. The statutory clawback rules are applied additionally within the statutory limitation periods.

11. SHARE OWNERSHIP

The targets for the LTIP are based on share price, ensuring that Board of Management remuneration is strongly and directly linked to, and aligned with, the interests of our shareholders. For each SAR tranche, a Board of Management member is entitled to receive at most two-and-a-half times (Chairman of the Board of Management) or four times (regular Board of Management members) their base salary, provided the cap on total remuneration is not met first. Even considering a one-year horizon, this provides an incentive for focusing upon share price that far exceeds one annual base salary. This effect is multiplied over several years. Furthermore, participation in the LTIP requires Board of Management members to make a personal investment of 10% of their base salary by the grant date per tranche, primarily in company shares.

12. CONTRACTUAL TERM AND COMMITMENTS ASSOCIATED WITH CESSATION OF SERVICE ON THE BOARD OF MANAGEMENT

Initial appointments to the Board of Management are generally made for a contract term of three years. Re-appointments are usually made for a term of five years.

Termination upon change of control

In the event of a change of control, Board of Management members are entitled to resign from office for good cause within a period of six months following the change in control, after giving three months' no-notice to the end of the month and to terminate their Board of Management contract (right to early termination). Board members are not entitled to receive a severance payment when exercising their right to early termination.

Disability or death

If a Board of Management member is temporarily unable to work due to illness, accident, or another reason for which the Board of Management member is not responsible, remuneration will continue to be paid for a period of twelve months, but no longer than the end of the Board of Management contract. In the case of permanent disability of a Board of Management member during the term of the Board of Management contract, the contract shall expire at the end of the quarter in which the permanent disability was determined.

If the Board of Management contract ends on account of death or permanent disability, the annual fixed salary and maximum annual bonus, prorated in each case, will continue to be paid for a period of six months following the end of the month in which the Board of Management contract ends, but no longer than the scheduled expiration date of the contract. If the contract ends due to the death of the Board of Management member, the payment is made to the deceased's beneficiaries as joint and several creditors.

Termination by mutual consent

In the event of mutually agreed termination prior to the end of an appointment term at the instigation of the company, all commitments under the employment contracts shall be fulfilled by the time of departure. Variable remuneration components are paid out pursuant to the originally agreed conditions and at the originally agreed times. Variable remuneration components are not paid out early. In accordance with the Code recommendation, Board of Management contracts contain a provision stipulating that, in the event of early termination of a Board of Management member's contract, the severance payment may compensation no more than the remaining term of the contract. The severance payment is limited to a maximum amount of two years' remuneration including fringe benefits (severance payment cap). The severance payment cap is calculated exclusive of the value of any rights allocated from LTIPs. No severance will be paid if the mutually agreed, early termination is instigated by the Board of Management member; the annual bonus will be paid out pro rata in accordance with the level of target achievement of the Board of Management member at the end of the assessment period. Any claims arising from the LTIP are subject to the provisions of the LTIP as shown under number 8.2.2.

Post-contractual non-compete clause

After leaving the Board of Management, Board of Management members are subject to a one-year non-compete period. During this period, the company pays compensation to the Board of Management member in an amount equivalent to the member's base salary. Any other income is subtracted from this compensation. In accordance with the Code recommendation, a severance payment is subtracted from the compensation paid. Any pension payments are also subtracted from the compensation. Prior to or concurrent with the end of the Board of Management contract, the company may declare its waiver of adherence to the non-compete clause. In such a case, the company will be released from the obligation to pay compensation due to a restraint on competition six months after receipt of such declaration.

13. INCOME FROM MANDATES

Members of the Board of Management shall assume mandates on supervisory boards, boards of administration and advisory boards as well as similar functions or activities in companies in which the company holds a direct or indirect interest, as well as functions or activities in associations or organizations of which the company is a member ("Group mandates"). Any resulting remuneration must be fully transferred to the company. Prior approval from the Supervisory Board's Executive Committee is required before any offices can be held or work performed at external entities. Remuneration received from such activities is not transferred to the company.

14. TEMPORARY DEVIATIONS FROM THE REMUNERATION SYSTEM

The Supervisory Board can deviate temporarily from the remuneration system approved by the Annual General Meeting if this is necessary for the long-term good of the company. The deviation requires a Supervisory Board resolution expressly indicating the deviation from the Board of Management remuneration system approved by the Annual General Meeting. The resolution shall state the deviation from the remuneration system for the Board of Management, the beneficiary members of the Board of Management, and the duration and reasons for the deviation. The deviation from the remuneration system shall be reported in the remuneration report. Deviations can be made from the variable remuneration and the caps applicable to the individual remuneration components, but not from the overall cap.