



SEEING THE **BIGGER** PICTURE

Corporate Responsibility Report 2016

Deutsche Post DHL
Group

SEEING THE **BIGGER** PICTURE

At Deutsche Post DHL Group, corporate responsibility is far more than the sum of our sustainability activities. It's about action based on a big-picture approach. To be truly impactful, ideas and measures must not only be aligned with the requirements of both the business and the needs of the stakeholders. They must also play into a larger, global strategy.

Responsibility transcends geographic and organizational boundaries. That's why we – as a company and as a part of society – take the long view, developing visions that go beyond our day-to-day business needs. Given the social and economic challenges we face now and into the future, big-picture thinking and actions to match are what's needed from all of us.

To do this we need to connect the dots on a grander scale while never losing sight of the details.

- We take a local approach to global issues.
- While our engagement spans a variety of social and environmental issues, our activities are harmonized within a framework of core action areas, defined in dialogue with our stakeholders.
- We are leading the way in innovative and sustainable solutions and rely on continuous improvement to remain an innovation leader.
- While tailored to regional and divisional needs, the measures we develop also contribute to the company's overall performance.
- And we continually measure and report on our progress made toward achieving the long-term goals we set for ourselves.

We are not the only ones who believe we are on the right track – stakeholder feedback as well the positive assessment of our sustainability strategy through various independent CR rating agencies tell us so.

Communicating our big-picture approach to sustainability is important to us. Our Corporate Responsibility Report provides a detailed account of our core action areas and our current CR activities in 2016.

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Mission 2050: Zero emissions

“From now until 2050, our mission will be to drive our business toward zero emissions logistics. We are setting the standard for the future of the transport sector and doing our part to help the world community reach its goal of limiting global warming to less than two degrees Celsius.”

DR. FRANK APPEL
CEO



ORGANIZATION & STRATEGY

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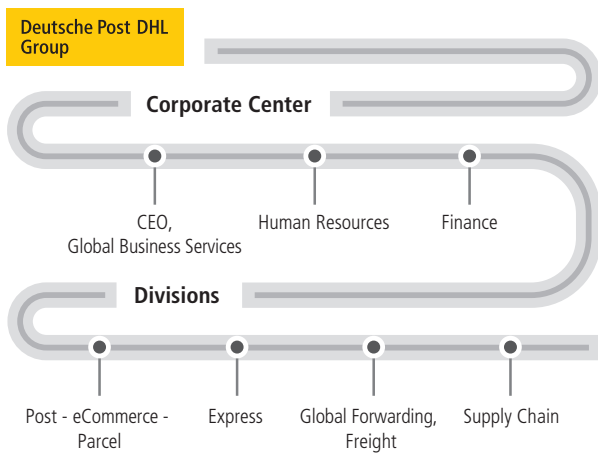
ORGANIZATION & STRATEGY

The Group ✓ PwC

Deutsche Post DHL Group is the world’s leading mail and logistics company. At locations in over 220 countries and territories worldwide, our workforce of some 510,000 employees generated revenues exceeding €57.3 billion and EBIT of approximately €3.5 billion in the reporting year.

The principal company of the Group is Deutsche Post AG, a listed corporation domiciled in Bonn, Germany. Each of the Group’s four operating divisions – Post - eCommerce - Parcel, Express, Global Forwarding, Freight, and Supply Chain – is under the control of its own divisional headquarters. We have consolidated internal services such as Finance, IT, Procurement and Legal under Global Business Services. Group management functions are centralized in the Corporate Center.

Organizational structure of Deutsche Post DHL Group ✓ PwC



GROUP BRANDS ✓ PwC

The Group brings two of the world’s 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 both domestically and internationally, and specializes in dialogue marketing, the nationwide distribution of press products, and electronic services related to mail dispatch. We provide domestic parcel services in Germany and 18 other European countries and continue to expand our portfolio of services in the area of international parcel and merchandise shipping.

DHL – The Logistics Company for the World

As an international provider of express, supply chain, as well as air, ocean and overland freight forwarding services, we offer our customers a comprehensive range of integrated logistics solutions. With a network that spans the globe, we are one of the leading providers in our business segments. We work continuously to improve our services so that we can satisfy the full range of our customers’ needs and requirements.

Please see our 2016 Annual Report for detailed information about our products and business performance.

Brand values 2016 ✓ PwC

Deutsche Post The Postal Service for Germany

- “German Top 50” 2016³ Ranked 29th¹
- Brand value is increasing³ €2.9 billion in 2016 (€2.7 billion in 2015)

DHL The Logistics Company for the World

- One of the 100 most valuable global brands¹ Ranked 73rd
- Brand value increases again² US\$ 5.7 billion in 2016 (US\$ 5.4 billion in 2015)

¹ Source: Millward Brown, 2016; ² Source: Interbrand, 2016; ³ Source: Brand Finance, 2016

A word from the CEO

Dear Readers,

We look back on a turbulent 2016, with geopolitical tensions and events posing major challenges for the global community. As the international order undergoes change, both political leaders and financial markets orient themselves increasingly on fluctuating moods and trends. A sensible and sustainable way to address these challenges is through greater cooperation. As a global logistics company we know the importance of global connectedness and global networks, and cooperation has never been more important than it is today. In this time of change, ensuring stability, continuity and opportunity requires both concerted action and a strong sense of responsibility among political leaders, society and the business community.

Corporate responsibility is a core component of this joint endeavor. With its Strategy 2020, Deutsche Post DHL Group established its goal to become a benchmark company for responsible business and, in the reporting year, we once again demonstrated our focus and commitment to achieving this. Our approach here is to focus our attention on the issues considered most relevant for us and our stakeholders. We reached important milestones in several areas and further solidified our role as a leader in sustainable logistics in 2016, especially in the area of environmental protection.

We want to support the global community in achieving the United Nations' two-degree climate target. After achieving our own climate protection target well ahead of schedule in 2016, we have now articulated a new, ambitious vision for the future. By the year 2050 we want to be the first logistics company to make emissions-neutral transport a reality. This will require us to further reduce our dependency on fossil fuels and continue to improve our carbon efficiency. Four interim goals for 2025 will help pave the way towards our 2050 vision. First, we plan to improve our carbon efficiency by 50% over the 2007 baseline. Second, we want 70% of deliveries to be made with clean, green solutions such as electric vehicles. Third, we want over 50% of our sales to incorporate Green Solutions. And fourth, we want 80% of our employees to participate in sustainability training measures and get actively involved in environmental and climate protection projects. We also plan to



help protect the world's forests by planting one million trees each year together with our partners.

The Group's commitment to the environment and to society is in line with our mission of "Connecting People, Improving Lives". This becomes real and tangible on the local level, where our employees engage in a diverse range of volunteer activities. One example is our Group-wide Global Volunteer Day (GVD). Once again in the reporting year over 100,000 employees gave more than 365,000 hours of their time to social and environmental projects as part of GVD. In addition, some 15,000 employees in Germany took part in our refugee initiative, making a significant contribution to language training and workforce integration for those who have sought refuge in our country. Our employees, of course, are crucial not only to the progress and achievements made in the area of corporate responsibility, but also to our business performance. Their dedication, expertise and customer focus are the keys to our company's success over the long term, which, in turn, provides employees with both stability and opportunity into the future. I am proud to report that we once again increased our workforce by some 10,000 employees in 2016. We also continued to move forward with our Group-wide Certified initiative, which we believe will develop our people into

the industry's best. As part of the Certified initiative, over 230,000 employees have already been successfully certified and trained as specialists in their respective divisions.

Commitment and common values are also the foundation for our strategic partnerships. I am very pleased to have established a partnership with the global vaccine alliance Gavi to collaborate on improving delivery of life-saving vaccines in developing countries. In the reporting year we also renewed our longstanding partnerships with the Teach For All global educational network and the United Nations, whose global sustainable development goals we expressly support. And as a signatory of the UN Global Compact we remain steadfast in our adherence to its ten principles.

We look to the future with optimism without closing our eyes to possible risks. Our efforts in the area of resilience management have resulted in extensive and highly effective processes to ensure the stability of the Group even in times

of change. With these in place, we can focus our attention on future opportunities. We see tremendous potential, for example, in today's digital transformation. In logistics in particular, digitization brings with it numerous opportunities to improve not only our productivity and service, but also our performance in the area of sustainability.

We will seize upon these opportunities over the short and long term so that we build on our strength as a business while solidifying our role as a leader in corporate responsibility. As mentioned earlier, this will depend a great deal on the strength of our networks and partnerships. Only by working together can we build a future that combines social and environmental responsibility with business success.

Sincerely,

Dr. Frank Appel
CEO

Customers & innovation

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 and Lean – provides us with an effective tool for increasing customer satisfaction and loyalty. Using 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

> 25,000
First Choice initiatives

25,000 improvement initiatives, trained more than 29,000 executives and employees in applying the methodology, and involved over 100,000

employees in the program through dialogue formats. The dialogue formats convey not only knowledge of the First Choice method, but also help employees become more aware of improvement potential with regard to processes and quality standards in their immediate working environments. This promotes a culture of continuous improvement and lays the foundation for effective innovation management that responds to the real 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 ✓ PwC

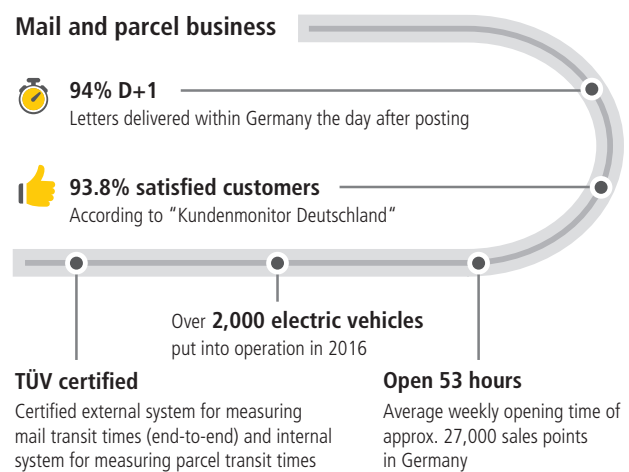
Deutsche Post DHL Group customers expect us to provide fast, reliable and high-quality products and services. To measure customer satisfaction levels, we utilize tools adapted specifically to each division’s field of activity – several examples of which are presented below.

Post - eCommerce - Parcel

External surveys confirm that 94% of the domestic letters posted in Germany are delivered to their recipients the very next day. Around 99% reach 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. Our internal system for measuring parcel transit times has been certified by TÜV Rheinland since 2008.

Facts & Figures: Mail and parcel business ✓ PwC



As in the previous year, our approximately 27,000 sales points were open for business an average of 53 hours a week. 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: 93.8% of customers were satisfied with our quality and service.

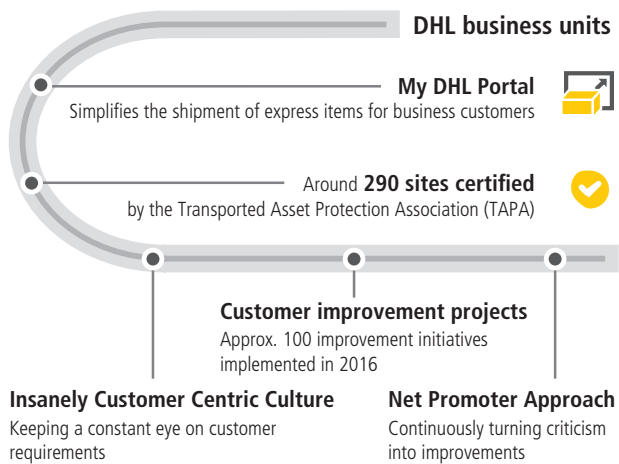
Express

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

Europe – have been certified by the Transported Asset Protection Association (TAPA), one of the world's most prestigious organizations promoting logistics safety and security. Our Express division facilities have been ISO 9001:2008 certified since 2013. In addition, in specific regions and countries we were certified or recertified in the areas of environmental protection and energy management.

Facts & Figures: DHL business units



Global Forwarding, Freight

In the Global Forwarding business unit, we apply a systematic customer feedback approach to further improve our offering. Once again the steady stream of customer feedback gained through our surveys provided us with valuable input and recommendations. In 2016, we expanded the content of our survey and implemented the approach in over 50 countries.

With the goal of providing the industry's best customer experience, we piloted our Freight website, focusing especially on its accessibility for customers and partners, especially with regard to mobile devices.

Supply Chain

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. In addition, our Operations Excellence program defined uniform operational standards

and introduced a performance indicator for service quality which regularly measures whether our sites and facilities are fulfilling our service level commitments.

Please refer to the 2016 Annual Report for more detailed information.

INNOVATIONS

Innovation is what drives our industry forward. As the world's leading mail and logistics company, we see ourselves as a key driver in the transportation sector when it comes to developing and deploying innovative technologies and processes. Taking the lead in innovation enhances not only our competitiveness and future success, but creates added value for our customers – in the area of logistics process automation, for example.

While each of our divisions follows its own innovation agenda from an operational perspective, we also have a dedicated Customer Solutions & Innovation unit in place to centrally drive innovation and thought leadership cross-divisionally. With their approach of customer-centric innovation, our logistics and innovation experts work collaboratively with divisions and their customers, and also with partners in science, technology, and research to put innovation into practice and develop tailored solutions and services.

Close collaboration with stakeholders

One way we drive innovation is by developing more energy-efficient and robust logistics solutions based on technologies already available today. At the same time, we are also committed to developing new, alternative technologies. Here we seek collaborative partnerships with relevant stakeholders, including customers, suppliers, logistics initiatives and the academic community.

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

Select examples

Advanced Regional Center (ARC) in Singapore	<ul style="list-style-type: none"> ▪ Automated warehousing solution with advanced robotics system increases warehouse capacity by 40% and significantly improves warehousing and order-picking efficiency ▪ Groundbreaking solution and example for future warehouses in cities and regions where available space is limited and costly
Risk management solution Resilience360	<ul style="list-style-type: none"> ▪ Innovative online collaboration service offering customers a customizable solution for mapping potential local risks in their supply chains in real time ▪ Expanded to include a Transparency Portal, which visualizes the entire supplier network and uncovers possible weak spots
Robotics	<ul style="list-style-type: none"> ▪ Pilot tests conducted with collaborative robots in product assembly, packing and labeling ▪ Big potential for improving the efficiency in warehousing operations
Augmented reality program with smart glasses	<ul style="list-style-type: none"> ▪ Augmented reality technology was expanded across different industry sectors following the successful testing of smart glasses for “vision picking” in the Netherlands

Promoting a culture of innovation

A vibrant and creative corporate culture is a key driver of innovation. It enables new ideas to develop and take hold and ultimately translate into innovative new products and services.

Prime examples of this are the two innovation challenges that we organized in the reporting year. The “Fair and Responsible Challenge” called upon inventors, universities and start-ups from around the world to develop innovative and sustainable business ideas. First prize, which includes a joint pilot program with Deutsche Post DHL Group, was awarded to an innovative packaging solution. The second competition, the “Robotics Challenge,” involved the development of a self-driving delivery vehicle designed to make work easier for mail carriers. Winners of this second competition were also offered the chance to further develop their prototype together with Deutsche Post DHL Group. The best ideas from both competitions were presented and officially honored on the occasion of DHL Innovation Day on November 17, 2016 in the presence of 180 supply chain experts.

At the IAA 2016 we showcased our work towards emissions-free mobility with the new long version of our internally developed StreetScooter, which features double the load capacity of the original StreetScooter, as well as greater range. We also took advantage of this opportunity to present additional StreetScooter models and applications.

Our Group initiatives First Choice and Certified also promote a working environment that encourages innovation, creativity and entrepreneurial spirit. We provide employees with opportunities to take part in training measures and workshops to motivate them to apply their creativity and expertise.

Driving innovation through trend research

Deutsche Post DHL Group published a series of white papers and trend reports in the reporting year, demonstrating our thought leadership in the industry:

- **Demystifying Asia Pacific Trade Trends**
Major trade trends in the Asia Pacific region and their impact on supply chains
- **Robotics in Logistics**
Collaborative logistics robots for supporting order-picking and packing and their significance for the supply chain
- **InsightOn. Risk & Resilience**
Resilient supply chains as the best protection against global risks
- **Logistics Trend Radar 2016**
Social, business and technology trends in logistics with potential to revolutionize manufacturing, logistics, warehousing and delivery

- 3D Printing and the Future of Supply Chains
Technology's potential for new links in the supply chain

Economic success ✓ PwC

Deutsche Post DHL Group contributes in many ways to the economic well-being of individuals and societies. With

some 510,000 employees, annual revenues of €57.3 billion and EBIT of approximately €3.5 billion, Deutsche Post DHL Group also serves

€3.5 billion
EBIT

- 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 2016 Annual Report. Our solid financial position is evidence of the trust our customers place in us as a socially responsible company. At the same time, this position allows us to expand our activity in the area of corporate responsibility.

CONSERVATIVE TAX STRATEGY ✓ PwC

By paying taxes and other duties to federal, state and local authorities in many different countries, the Group also helps finance the maintenance and expansion of infrastructure. This responsibility is the basis for our conservative tax strategy. As a global company, we also have subsidiaries in so-called "low-tax" countries; we do not regard these as tax optimization opportunities, but as companies that support our business activity.

With the help of our global team of tax experts, we ensure that taxation risks can be recognized and counteracted, that national and international tax-related compliance requirements are met and, as a result, that the commercial activities of the Group are properly taxed in the respective countries. Please refer to our 2016 Annual Report for details on our tax expenses.

REWARDING INVESTOR TRUST ✓ PwC

We reward the trust placed in us by our investors with a stable share price. In the reporting year, we paid out €1,027 million in dividends for fiscal year 2015, pumping this money back into the economy. Information on dividends for fiscal year 2016 can be found in our 2016 Annual Report.

STAFF COSTS AT PRIOR-YEAR LEVEL ✓ PwC

With approximately 510,000 employees we are one of the world's largest employers. In the reporting year staff costs amounted to €20 billion – more than one-third of Group revenues. These costs include wages, salaries and compensation as well as all other benefits paid to Group employees for their work during the fiscal year, including social contributions.

€20 billion
staff costs

We also offer defined benefit and/or defined contribution-based pension plans, which accounted for approximately €600 million of total staff costs in 2016. More detailed information on pension plans is available in the 2016 Annual Report.

Remuneration paid to the Board of Management and the Supervisory Board represents 0.08% of total staff costs. In 2016 the total remuneration paid to active Board of Management members amounted to €12.3 million; for the Supervisory Board, that total was €2.6 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.

INVESTMENTS IN TECHNOLOGICAL DEVELOPMENT ✓ PwC

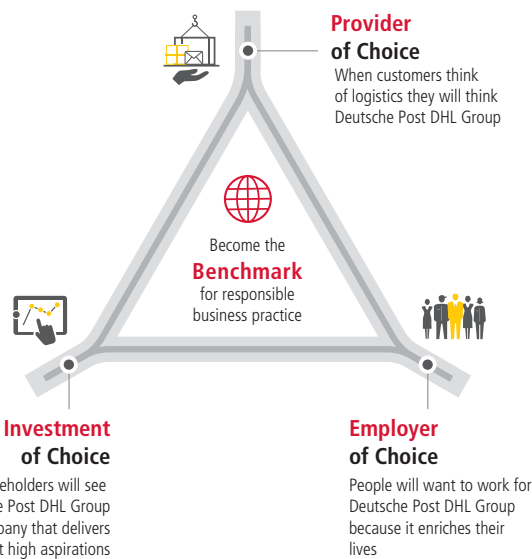
We continually invest in the renewal and modernization of our hubs, networks, and road and air fleets. One focus of our investment policy is technological advancement, which has helped to further our pioneering role in the area of electric-powered delivery vehicles, for example. Please see our chapter on "Environment & Solutions" for details. In the reporting year, our investment expenditures amounted to more than €2 billion. A detailed report on Group investments can be found in our 2016 Annual Report.

Strategy ✓ PwC

MANAGEMENT APPROACH & TARGETS ✓ PwC

With sustainability and responsibility as integral components of our corporate strategy, we are committed to meeting 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 goal is to become Provider, Employer and Investment of Choice – and to become a benchmark company for responsible business.

Corporate strategy goals ✓ PwC



As one of the world’s largest mail and logistics companies, our mission is to connect people and improve lives. The Deutsche Post DHL Group portfolio of products and services, along with the company’s presence in nearly all countries and territories worldwide, allows individuals and companies to participate in global trade and contributes to economic development and prosperity in those countries. 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.

With this commitment to responsible business practice we promote the company’s long-term growth and secure jobs worldwide.

Responsible business is an integral component of our corporate culture and a central theme in our Code of Conduct. The Code of Conduct is guided by the principles of the Universal Declaration of Human Rights and the UN Global Compact, and takes into account widely recognized legal standards including applicable anti-corruption laws and conventions.

Deutsche Post DHL Group is also committed to the United Nation’s Global Goals for Sustainable Development (Sustainable Development Goals, SDGs). In the reporting year the Group took a close look at each of the SDGs and engaged in dialogue with its stakeholders to determine how the Group can contribute most effectively to achieving the SDGs. As a result, we have decided to leverage our existing Group-wide programs in order to focus on the following SDGs: Quality Education (#4), Decent Work and Economic Growth (#8), Sustainable Cities and Communities (#11), Climate Action (#13) and Partnerships for the Goals (#17). We have also created a tool that clearly outlines how our portfolio of products and services is already addressing sustainable development issues worldwide. Please see our corporate website for details.

Combining profitability and corporate responsibility is one of the fundamental objectives of the Group and its stakeholders. In 2015, we conducted a materiality analysis together with our various stakeholders to define priority action areas (material issues) for our company; these material issues remain unchanged. We are planning to review the materiality matrix and the expectations of our stakeholders in 2017.

Key performance indicators (KPI) and target objectives were defined for each of the material issues. We also use these KPIs to track progress made in implementing our corporate strategy. We do not report on this data in full, because these figures contain sensitive information pertaining to our business.

Material issues for Deutsche Post DHL Group ✓ PwC



Targets and achievements ✓ PwC

Focus area	KPI	Target 2016	Status
Occupational safety	Accident rate (LTIFR)	Review and set suitable targets	Achieved
Employee engagement	KPI "Active Leadership" (Employee Opinion Survey)	Increase the approval rating to 74%	Achieved
Training & HR development	Participation in Certified initiative	Certify 80% of our workforce by 2020	Over 230,000 employees certified
Energy efficiency & climate change	Carbon efficiency index (CEX)	Improve CEX by at least one index point over previous year	Achieved
Local air pollutants & noise		Give this area special attention with the goal of developing relevant targets and reviewing the applicability of existing KPIs	Achieved
Target 2017			
Review material issues	Materiality analysis	Develop concept for conducting stakeholder surveys, which can then be used for performing materiality analysis	
Occupational safety	Accident rate (LTIFR)	Improve Group LTIFR to 3.8	
Employee engagement	KPI "Active Leadership" (Employee Opinion Survey)	Increase approval rating by one percentage point	
Training & HR development	Participation in Certified initiative	Certify 80% of our workforce by 2020	
Energy efficiency & climate change		We want to reduce all transport-related emissions to net zero by 2050.	
Carbon efficiency	Carbon efficiency index (CEX)	By 2025 we will increase our carbon efficiency by 50% compared to 2007 levels ■ Interim target for 2017: Improve CEX by one index point	
Local air pollution		By 2025 we will operate 70% of our own first and last mile services with clean pick-up and delivery solutions. ■ Interim target for 2017: Develop pick-up and delivery solutions, prepare sites for e-mobility	
Green Solutions		By 2025, more than 50% of our sales will incorporate Green Solutions. ■ Interim target for 2017: Develop strategies and campaigns	
Employee involvement		By 2025 we want to train 80% of our employees to become certified GoGreen specialists and actively involve them in our environmental and climate protection activities. This will include joining partners to plant one million trees each year as part of our commitment to forest conservation. ■ Interim target for 2017: Plant one million trees together with partners	

FOCUS AREAS ✓ PwC

Our Group-wide activities and objectives in the area of sustainability are focused on five main areas:

- **Organization & strategy**
As part of an ongoing CR management process, we identify relevant issues for our sustainability agenda and make sure we are on track to achieve our strategic goal of becoming a benchmark company for responsible business. Through continuous dialogue with our stakeholders and feedback from internal and external CR committees, we ensure that the company remains mindful of stakeholder expectations in the area of society and environment.
- **Employees & workplace**
Our goal is to create a corporate culture of openness, trust, non-discrimination and long-term loyalty based on mutual appreciation and respect. Recruiting the right people to fill open positions and continuously motivating and developing our existing workforce worldwide are among the most important functions of our human resources management. These are the key factors for our success.
- **Principles & guidelines**
Through responsible business practice, which is firmly embedded in our corporate strategy, we ensure that our business operates in accordance with applicable laws, ethical standards and international guidelines. In this way, we make a contribution to society and create business opportunities while minimizing business and investment risk for us, our customers and our investors. At the same time we continuously enhance our reputation as a company and employer.
- **Society & engagement**
We mobilize our core strengths and competencies as the world's leading mail and logistics company for the good of society and the environment, and encourage our employees to engage as volunteers in local communities and causes. Through corporate citizenship we contribute to improved living conditions in communities around the world.

- **Environment & solutions**

Due to their importance, our green logistics solutions are anchored in our corporate strategy; these environmentally-friendly products and services create value for society and the environment while also creating business value for our company and our customers (Shared Value). We have set our sights on an ambitious goal: By 2050 we want to achieve net zero transport-related emissions and contribute to the two-degree goal established at the 2015 UN Paris Climate Conference (COP 21).

MANAGEMENT PROCESS ✓ PwC

Deutsche Post DHL Group has set ambitious goals for combining sustainability with business success. Reaching these goals requires that we understand and honor the expectations of our stakeholders – especially employees, customers and investors – and continuously improve our performance in the area of corporate responsibility. Our CR management process provides the framework for a systematic approach to CR activities that allows for transparency and measurability. Structure and openness serve as two guiding principles:

- Any information we receive from our stakeholder dialogues, initiatives and partnerships, or CR ratings, for example, is carefully considered and assessed for its relevance to our business (openness).
- We apply a management process to systematically identify material issues and define specific actions, goals and KPIs (structure).

We report to our stakeholders on progress made and take this opportunity to gather additional input from them. In addition, we consider the recommendations of the independent experts who make up the Sustainability Advisory Council.

The insights gained from this continuous process are fed back into the management cycle on an ongoing basis. The steps taken to produce the 2015 materiality analysis are described in the Annex of this report. In 2017, we will review the material issues by way of a materiality analysis and assess stakeholder expectations as well as our impact.

Corporate responsibility management process



¹ Responsible business practice; ² Sustainability Advisory Council;

³ Corporate responsibility

Stakeholder engagement

We maintain a constructive and critical dialogue with our stakeholders and consider this an important prerequisite for responsible business. This open exchange, which takes place on a regular basis with all of our stakeholders, is of strategic importance for the Group and an integral part of our approach to CR management. We also view the ongoing dialogue with our stakeholders as an important facilitator of collaboration with stakeholders, helping us to understand and effectively address the social and business challenges considered most relevant for our company.

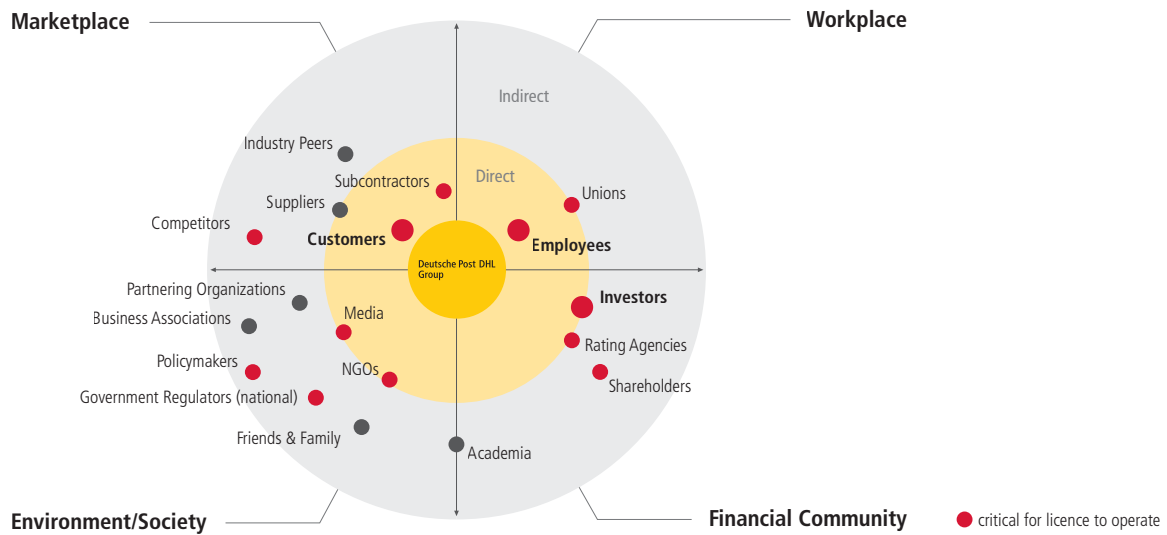
We engage in a range of different dialogue formats with our stakeholders to continuously improve our understanding of their views and expectations. Among other activities, we participate in national and international forums where we collaborate with stakeholders to develop solutions and establish our position on specific issues. Priority is given here to forums and other formats that allow us to actively participate in shaping the dialogue on overarching issues. Examples include the World Economic Forum, the UN Global Compact and Econsense, as well as more targeted initiatives, such as Green Freight Asia, which focuses on specific environmental issues.

As a longtime strategic partner of the World Economic Forum, Deutsche Post DHL Group takes part in the dialogue between global leaders in business, politics and society. In the reporting year we met with decision-makers and leading logistics industry experts at the World Economic Forum in Davos as well as at regional summits in Africa and India to share best practices and discuss strategies for addressing transport industry challenges. Discussions focused on issues such as digital transformation, sustainable business and the complexity of transnational supply chains. These sessions also generated valuable stakeholder feedback, which will help us identify and plan for both regional and global requirements and challenges facing the logistics sector in the 21st century.

The dialogue with our stakeholders is standardized across the Group in accordance with our Stakeholder Engagement Guideline (SE Guideline), which is based on the international AA1000 Stakeholder Engagement Standard (AA1000SES). We provide our employees with internal exchange platforms and various trainings to further improve their knowledge of the SE Guideline and their overall stakeholder orientation. In addition, our two DHL Innovation Centers in Troisdorf, Germany, and Singapore provide

central platforms where DHL experts can work together with customers and stakeholders on innovation-related topics.

Deutsche Post DHL Group stakeholders



STAKEHOLDER DIALOGUE FORMATS

A key component of our CR management approach is the dialogue with our major stakeholder groups; this is a continuous process that provides a steady stream of information and insight to guide our actions. As an example, we consider the recommendations issued by the UN High Level Advisory Group on Sustainable Transport, in which

Deutsche Post DHL Group also participated, as our guideline for reducing greenhouse gas emissions and fuel consumption. We also support the climate goal established at the 2015 UN Paris Climate Conference (COP 21) and have oriented our activities accordingly.

Main insights gained from stakeholder dialogues in 2016

Standards in the value chain (material issue)

Assessment of our suppliers by external provider	<ul style="list-style-type: none"> ■ External evaluation platforms to conduct yearly assessments of supplier performance in the area responsible business ■ The goal is to encourage solutions that further improve performance in this area.
Revision of the Supplier Code of Conduct	<ul style="list-style-type: none"> ■ Take into account feedback from our customers and other stakeholder groups, such as non-governmental organizations (NGOs), for the 2016 revision of the Supplier Code of Conduct
High Level Advisory Group on Sustainable Transport	<ul style="list-style-type: none"> ■ Our CEO Dr. Frank Appel participated in the High Level Advisory Group on Sustainable Transport led by UN Secretary General Ban Ki-moon. The Advisory Group focused on innovative, sustainable transport and logistics solutions. ■ The Advisory Group's recommendations, which were published in the Global Sustainable Transport Outlook Report in October 2016, are highly relevant for us
European Commission's Sustainable Transport Forum	<ul style="list-style-type: none"> ■ As part of the European Commission's Sustainable Transport Forum we work with policy-makers, industry and other organizations to further develop the framework for the use of alternative fuels in Europe.
Initiatives to support the Paris Agreement on climate protection (COP 21)	<ul style="list-style-type: none"> ■ Involvement in various initiatives, such as the Global Logistics Emissions Council, Green Freight Europe and Green Freight Asia, to achieve greater transparency and comparability in the collection and reporting of greenhouse gas emissions data ■ Participation in initiatives such as aireg e.V. to collaborate with other companies in promoting the development of alternative fuels as well as air transport approach procedures that reduce noise levels and fuel consumption.
Green Freight Asia (GFA), Business for Social Responsibility (BSR)	<ul style="list-style-type: none"> ■ Involvement in Green Freight Asia as founding member and board member with the goal of achieving lasting reductions in greenhouse gas emissions and fuel consumption in road transportation ■ Development of training modules for forwarders and transport providers to introduce and optimize sustainable transport strategies and technologies (together with GFA and BSR) ■ Modules were jointly tested with 70 participants and made available to interested companies. ■ The goal of our involvement is not only improved environmental performance, but also dialogue and exchange of expertise across companies and industries.

Air pollution and noise (material issue)

StreetScooter (electro-mobility)	<ul style="list-style-type: none"> ■ Expansion and further technological development of mobility concepts for cities and metropolitan areas in dialogue with the affected communities, with auto manufacturers (e.g. at the International Motor Show (IAA) in Hannover), but also with our delivery personnel
Citizen dialogue at Leipzig Airport	<ul style="list-style-type: none"> ■ Involvement in the citizen dialogue on the Climate Action Plan 2050 hosted in 2015 by Germany's Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety in five cities including Leipzig ■ The report, which was presented in summer 2016, includes recommended measures with regard to e-mobility acceptance levels

Corporate citizenship

Partnership with the United Nations	<ul style="list-style-type: none"> ■ Decade-long partnership with UNDP and OCHA as a positive example of public-private partnerships (PPP) generating added value for both public and private sectors ■ Regular dialogue and exchange with United Nations organizations during the course of the reporting year, for example at the global GoHelp conference, the World Humanitarian Summit and the OCHA Partnership Week ■ Wrote and distributed (to other companies) a report on joint experiences in preventing and managing humanitarian crises ■ Knowledge transfer used to advance and enhance our own humanitarian projects: reception and departure desks at airports for arriving aid workers; train-the-trainer concepts as part of our prevention program GARD (Get Airports Ready for Disaster) so that as many participants as possible can benefit from our expertise and learn the skills they need to act effectively in crisis situations
Refugee aid in Germany	<ul style="list-style-type: none"> ■ Dialogue with aid organizations, additional NGOs and policy-makers ■ Conference on July 6, 2016 at Group headquarters in Bonn where over 100 external and internal project participants gathered on the occasion of the United Nations' (UNHCR) Refugee Day ■ Confirmed our commitment to join together with our partners, actively address social challenges, and do our part to give refugees hope for a future in Germany
Annual Meeting for the Global Future Councils (World Economic Forum)	<ul style="list-style-type: none"> ■ Participation in the first Annual Meeting for the Global Future Councils network in Dubai, with more than 700 participants ■ Interdisciplinary think tank of the World Economic Forum made up of international experts from business, government, civil society and academia ■ Discussion and exploration of future challenges in key areas including the future of the humanitarian system, energy, mobility and infrastructure and the impact of emerging technologies such as artificial intelligence and biotechnology

MEMBERSHIPS & PARTNERSHIPS

Partnerships with or memberships in national and international organizations are of considerable strategic importance for us and our work. The dialogue with these organizations is a significant contributor to our successful practice of corporate responsibility.

Memberships allow us to take part in shaping the dialogue on overarching sustainability issues. These include,

for example, the World Economic Forum (WEF), the United Nations Global Compact (UNGC), the UN High Level Advisory Group on Sustainable Transport and the international Partnering Against Corruption Initiative (PACI).

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. Our engagement continued in the reporting year; collaborations included, among others:

Memberships and partnerships by focus area (excerpt)

Occupational health and safety	
World Health Organization (WHO)	<ul style="list-style-type: none"> Our understanding of health is based on the Constitution of the World Health Organization. Through our partnership with WHO we gain knowledge about health risks in specific countries.
Business Leadership Forum to Target Depression in the Workplace	<ul style="list-style-type: none"> Involvement in an initiative designed to help employees tackle the effects of workplace depression
Global Occupational Safety & Health Network of the International Organization of Employers	<ul style="list-style-type: none"> Drives dialogue with other employers around the world
European Road Safety Charter	<ul style="list-style-type: none"> This membership helps us improve our knowledge about the causes of road accidents and develop appropriate prevention measures.
Environment	
aireg – Aviation Initiative for Renewable Energy in Germany e.V.	<ul style="list-style-type: none"> We want to work with other companies to advance the development of alternative aviation fuels.
The Business for Social Responsibility Clean Cargo Working Group	<ul style="list-style-type: none"> Through this membership we are working toward greater sustainability in international ocean freight shipping.
Global Logistics Emissions Council, Green Freight Asia, Green Freight Europe	<ul style="list-style-type: none"> Our involvement in these initiatives is about promoting standardized emissions calculation methodologies and increasing awareness among road transport subcontractors for the importance of emissions data.
Corporate citizenship	
LBG Network	<ul style="list-style-type: none"> Our membership in this network enables us to support the further development of the LBG model, which we use to evaluate our corporate responsibility activities.
United Nations Development Programme (UNDP) and the UN Office for the Coordination of Humanitarian Affairs (OCHA)	<ul style="list-style-type: none"> Our longstanding partnership with the United Nations and OCHA, now more than ten years old, makes us part of a global humanitarian system.

A complete list of memberships and partnerships can be found on the Group website.

Boards & committees ✓ PwC

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 in the 2016 Annual Report provides information on the main issues discussed and decisions made by the Supervisory Board.

THE BOARD OF MANAGEMENT ✓ PwC

The Board of Management, with the consent of the Supervisory Board, has established rules of procedure that lay down, among other things, the cooperation within the Board of Management. As such, Board members manage their departments independently and regularly inform 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. They are required to disclose any conflicts of interest to the Supervisory Board without delay. The Articles of Association can be viewed on the Group website.

The Board of Management currently consists of five members. The curriculum vitae of the Board of Management members, as well as additional mandates, can be found on the Group website.

Organizational changes to the Board of Management ✓ PwC

In May 2016 Tim Scharwath was named member of the Board of Management responsible for the Global Forwarding, Freight division. He will assume his duties by June 2017.

At his own request, Lawrence Rosen resigned effective September 30, 2016 as member of the Board of Management responsible for Finance and Global Business Services and

entered retirement. Melanie Kreis was named Mr. Rosen's successor; pending further notice, she will continue to serve as Board Member for Human Resources and Labor Director for Deutsche Post AG.

BOARD OF MANAGEMENT MEMBERS



Dr. Frank Appel

Chief Executive Officer
Global Business Services
Global Forwarding, Freight¹

Born in 1961

Member since Nov. 2002, appointed until Oct. 2022

Functions – CEO

- Board Services
- Corporate Legal
- Customer Solutions & Innovation
- Corporate Office
- Corporate Development
- Corporate Executives
- Corporate Heritage & Industry Associations
- Corporate Communications & Corporate Responsibility
- Corporate Public Policy & Regulation Management
- Global Business Services (Corporate Procurement, Corporate Real Estate, IT Services, Insurance & Risk Management etc.)

Business Units – Global Forwarding, Freight

- Global Forwarding
- Freight

¹ Pending further notice, Dr. Frank Appel is also responsible for the Global Forwarding, Freight division.



Ken Allen
Express

Born in 1955
Member since Feb. 2009, appointed until June 2022

Regions

- Europe
- Americas
- Asia Pacific
- MEA (Middle East and Africa)



John Gilbert
Supply Chain

Born in 1963
Member since March 2014, appointed until March 2022

Business Units

- Supply Chain
- Williams Lea (excl. Williams Lea Deutschland)



Jürgen Gerdes
Post - eCommerce - Parcel

Born in 1964
Member since Feb. 2007, appointed until June 2020

Business Units

- Post
- eCommerce - Parcel



Melanie Kreis
Finance
HR

Born in 1971
Member since Oct. 2014, appointed until June 2022

Functions – Finance

- Corporate Accounting & Controlling
- Corporate Finance
- Investor Relations
- Taxes
- Corporate Internal Audit & Security
- Divisional Finance organizations
- Legal Services

Functions – Human Resources

- Corporate HR Germany
- Corporate HR Standards & Programs
- Corporate HR International
- Divisional HR organizations

THE SUPERVISORY BOARD ✓ PwC

The Supervisory Board advises and oversees the Board of Management; it also appoints the members of the Board of Management. It has established rules of procedure that include the fundamental principles of its internal structure, a catalog 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 has 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 Corporate Governance Codex.

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

The curriculum vitae of the shareholder representatives and the composition of Supervisory Board committees can be found on our Group website.

MANAGING CORPORATE RESPONSIBILITY ✓ PwC

The standards for responsible corporate governance are set in the Corporate Center and in Global Business Services. 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, but also cross-divisional functions such as compliance and supplier management. Standards are also set for remuneration in the Group, health management and occupational safety.

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

With clear governance structures, management systems, KPIs and targets along with regular reporting we manage the issues and create a high degree of transparency. At the working level (RBP Working Group, Diversity Council, Occupational Health & Safety Committee) issues are identified and decision papers prepared for submission to their respective parent committees (RBP Council, HR Board, Operations Board).

Committees for corporate responsibility ✓ PwC



The Sustainable Advisory Council (SAC) is charged with reviewing our sustainability agenda from an external point of view, providing us with the perspectives and expertise of external experts. The SAC consists of independent experts and progressive thinkers from different disciplines (science, economics, the humanitarian community, environment, logistics, politics, the media, and ethics). The Integrity Board was merged with the SAC in the reporting year as a way to bundle expertise and increase efficiency.

Key internal bodies and working groups

Responsible corporate governance

Responsible Business Practice (RBP) Council	<ul style="list-style-type: none"> ▪ Cross-divisional and cross-functional decision-making body ▪ Makes its decisions based on information received from the RBP Working Group ▪ The RBP Working Group fosters cross-divisional dialogue between the central functions and the divisions on the different issues of responsible corporate governance and prepares decision documents for the RBP Council.
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Human resources

HR Board	<ul style="list-style-type: none"> ▪ Manages personnel issues throughout the Group ▪ Members: heads of divisional HR departments and representatives of central HR functions; chaired by the Board Member for Human Resources
Diversity Council	<ul style="list-style-type: none"> ▪ Discusses further development of diversity management in the divisions ▪ Members: executives from the central functions and divisions; chaired by the Board Member for Human Resources

Occupational safety

Operations Board	<ul style="list-style-type: none"> ▪ Responsible for management and development of occupational safety KPIs ▪ Members: executives from the divisions under the direction of the CEO
Occupational Health & Safety Committee	<ul style="list-style-type: none"> ▪ Defines cross-divisional regulations and standards in occupational safety, identifies areas with high accident rates, develops appropriate prevention measures, and lays the groundwork for decisions of the Operations Board

Environmental protection

GoGreen Sponsors Board	<ul style="list-style-type: none"> ▪ Decides on environmental strategy implementation and the development of environmental products at the Group level ▪ Members: executives from all divisions as well as representatives from the relevant corporate functions under the direction of the CEO ▪ Environmental protection issues are also discussed regularly at Board of Management meetings. ▪ In each division, and in the larger regions on the local, country and site levels, there are GoGreen Teams that report directly to the business development units.
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External recognition

Our performance as a company 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 select rating platforms to have our performance capability as a service provider externally evaluated according to similar standards.

Key ratings from rating agencies in 2016



Rating management

More and more investment decisions are based on non-financial KPIs and the rankings of CR rating agencies. Today more than 40% of our share capital is held by signatories of the Principles for Responsible Investment initiative, whose aims include advocating for more transparency in the reporting of non-financial key performance indicators. Customers also increasingly view a company's presence on an ESG (Environment, Social, Governance) index as a factor when deciding to purchase services, award contracts, etc.

These ratings are of strategic significance to our company. We consult them when we review the direction of our CR activities and use them as a benchmark comparison. Rating agencies are among the stakeholder groups surveyed as part of our materiality analysis.

A leader in corporate responsibility

Our strong ratings were confirmed by a variety of ratings agencies and the ESG performance platforms in the reporting year. We also received awards for our performance in the areas of HR, corporate citizenship and environmental protection.

Major achievements in the reporting year included our relisting in the Dow Jones Sustainability Indices (DJSI World, DJSI Europe) and the RobecoSam Bronze Class sustainability award. Of special significance was the "AAA" rating from MSCI in the transport sector – Deutsche Post DHL Group remains the only logistics company with this top score, an honor we have received for three consecutive years now. Also noteworthy: CDP awarded the Group a grade of "A-" for its environmental performance, making Deutsche Post DHL Group a "Sector Leader" for the DACH region (Germany, Austria and Switzerland) in the category "Transportation".

Rating results 2016

CR Rating/Index	Rating 2016
CDP	<ul style="list-style-type: none"> Rating: A- Sector Leader Transportation DACH¹ Region
FTSE4Good	<ul style="list-style-type: none"> Rating: 4.1 (max. 5) FTSE4Good Index series
MSCI	<ul style="list-style-type: none"> Rating: AAA MSCI Index series
Oekom Research	<ul style="list-style-type: none"> Prime status Rating: C+
RobecoSam (DJSI Rating)	<ul style="list-style-type: none"> Percentile rank: 93 DJSI World, DJSI Europe
Sustainalytics Research	<ul style="list-style-type: none"> Rank 2 of 142 Leader

¹ Germany, Austria, Switzerland

We were also able to maintain our good ratings as a service provider. The Electronic Industry Citizenship Coalition (EICC), for example, awarded us 97 out of 100 points, which amounted to a low-risk rating. EcoVadis also confirmed our Gold Standard, ranking us among the top 2% of all participating companies.

Our engagement was also recognized in media rankings, which named us a Fortune 500 company, for example, and placed us on Interbrand's list of the top 100 Global Brands. In the reporting year we also improved our position in Newsweek's "World's Greenest Companies" ranking and were awarded the environmental seal "Green Brands Germany 2015/2016". And in the area of human resources, DHL was once again named Top Employer in several countries around the world.

AWARDS & DISTINCTIONS

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. We received prestigious awards and distinctions in our CR focus areas. The complete list can be found on the Group website.

Awards and distinctions (excerpt)

Employees	
Total E-Quality Award	Recognition for establishing long-term equal opportunity for men and women in human resources work and for exemplary activity in the area of diversity
Top Employer Global 2016	Awarded to employers who create optimal conditions worldwide for their employees to develop both professionally and personally. DHL Express was the only company to be recognized for employee development and working conditions on all continents.
World Post & Parcel Award 2016 (category People Management)	In recognition of the Post - eCommerce - Parcel division's PeP EXPERT program as part of the Certified initiative
GREAT PLACE TO WORK – Asia's Best Multinational Workplaces 2016	Awarded to organizations in the Asia region dedicated to sustaining high-trust cultures for their employees. DHL was ranked first in the reporting year.
Environment (Shared Value)	
Global Standard Management Award	DHL Korea was awarded the Global Standard Management Award for the fourth consecutive year in recognition of the excellent performance of its GoGreen program
Green Brands Germany 2015/2016	Awarded every two years to flagship brands in Austria, Germany and other European countries that take the lead in environmental sustainability
CDP Climate Scoring 2016	With its score of "A-", Deutsche Post DHL Group achieved the status of "Sector Leader" in the category "Transportation" in the DACH region, putting the Group in the top 15% of companies in the industry across Germany, Austria and Switzerland
Fairtrade Climate Standard	Our climate protection project in Lesotho was the first to be certified under the new Fairtrade Climate Standard. In the reporting year we were able to verify 4,000 cookstove users, successfully certifying 10,076 carbon credits under the standard.
Corporate citizenship	
German CSR Prize 2016	Recognition for extensive involvement and activities in the area of refugee aid in Germany
World Post & Parcel Award 2016 (Category CSR)	Recognition for extensive involvement and activities in the area of refugee aid in Germany
Coups de Cœur "Special Mention Award"	Recognition for efforts to integrate refugees
PR Week Awards Asia	Winner in the category "CSR Campaign of the Year" (DPDHL Difference – Delivering Hope to Nepal)
Asia Best CSR Practices Awards 2016	Award for best CSR practices
Stevie International Business Awards	Bronze Stevie for DHL Nigeria for the CSR Program of the Year in the Middle East and Africa



“Right now, the year 2050 seems a long way off – 33 years to be exact. Over this time we’ll see countless new generations of vehicles, but only a few new generations of aircraft. And container ships being launched today are built to operate for 20 years or more. So we have to use these three decades to convert our business to zero emissions technologies.”

MELANIE KREIS

MEMBER OF THE BOARD OF MANAGEMENT FINANCE, HR



EMPLOYEES & WORKPLACE

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EMPLOYEES & WORKPLACE

Management approach & targets ✓ PwC

Our market position as a leader in the postal and logistics industry and the innovative power of Deutsche Post DHL Group are largely founded on the commitment shown by our workforce of approximately 510,000 employees and their readiness to continually further their personal and professional development. Becoming and remaining Employer of Choice is a core objective of our corporate strategy. We are therefore committed to excellence when it comes to human resources management, leveraging the potential of our employees worldwide, giving them the opportunity to develop and grow, and recruiting the right candidates to fill open positions.

We offer a supportive, respectful work environment in which our employees can develop their creative potential and commitment to the full. We believe that open, constructively led employer-employee dialogue is just as important as fair, reasonable and competitive remuneration. Our Code of Conduct provides the foundation for a corporate culture characterized by mutual respect and sets the benchmark for our actions as individuals and as a company. We see great strength in the diversity of our workforce and the potential in each and every one of our employees. The objective of our diversity management approach is to create an understanding of the various facets of diversity, heighten awareness of all forms of discrimination and

assist both managers and employees in ensuring a culture of acceptance and respect.

Great importance is placed on open and direct communication between managers and their employees at Deutsche Post DHL Group. It not only demonstrates a culture of mutual respect. It also plays a key role in employee satisfaction. We use our annual Employee Opinion Survey to assess employee engagement and satisfaction. Survey results are used to make continuous improvements in the workplace the organization. They are also used to derive our “Active Leadership” indicator; performance in this area is a variable remuneration component for our executives. The survey has also shown us that personal development and further training and education are important factors in promoting employee engagement. In this spirit, we are using the Group-wide Certified initiative to make our employees the best in the business.

As a responsible employer, the health and safety of our employees are number-one priorities for us. We want to provide our employees with a workplace that promotes health, provides access to a healthcare system and fosters a workplace culture that places safety first.

We measure the success of our human resources management measures with the help of various KPIs, which we track and evaluate with the help of the HR Scorecard; results are reported to management on a regular basis. For the HR themes of relevance for our stakeholders, we have defined the following management parameters and targets:

Progress made in the reporting year and new targets for 2017 ✓ PwC

Issue	KPI	Target 2016	Status
Employee engagement (Material issue)	Employee Opinion Survey approval rating for “Active Leadership”	Increase the approval rating to 74% in 2016	Achieved
Training and HR development (Material issue)	Participation in Certified initiative	Certify 80% of our workforce by 2020	More than 230,000 employees certified
Occupational safety (Material issue)	Accident rate (LTIFR)	Review and set suitable targets in 2016	Group-wide target set
Employee relations	Impact Assessments (appears later as “ER due diligence”)	Conduct three impact assessments in Asia	Achieved
Target 2017			
Employee engagement (Material issue)	Employee Opinion Survey: “Active Leadership”	Increase approval rating by one percentage point	
Training and HR development (Material issue)	Participation in Certified initiative	Certify 80% of our workforce by 2020	
Occupational safety (Material issue)	Accident rate (LTIFR)	Improve Group LTIFR to 3.8	
Employee relations	ER due diligence	Continue assessments in Latin America and Asia	

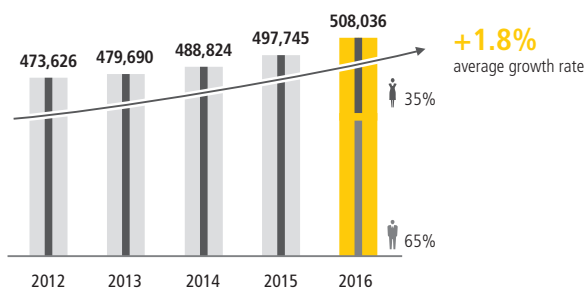
Employees

At the end of 2016, our global workforce numbered some 510,000 employees, making us one of the biggest employers in both Germany and the world. The vast majority of our workforce is made up of employees who work in the operative side of the business and are responsible for processing and distributing shipments and goods. We also employ experts in a range of specialist disciplines. These include logistics experts, IT and finance specialists, and managers.

WORKFORCE STRUCTURE ✓ PwC

Given our position as the leading postal and logistics services provider, we were able to employ some 10,000 more employees in the reporting year as compared to 2015. Our global workforce, which now totals 508,036 employees, comprises 65% men and 35% women. The average age is 41. We have some 330,000 employees in Europe, making it the Group's largest region in terms of employment numbers. Of these, around 211,000 employees are based in Germany, where our headquarters are located.

Employee numbers¹ ✓ PwC



¹ Headcount at year end

We offer men and women the same opportunities and career perspectives. In upper and middle management, the share of women in executive positions is 21.1%. We also strive to make the jobs and working models we offer more attractive to women, and to prepare suitable women employees for leadership roles.

One reason we are able to attract employees all over the world is that both our business and our workforce are international. In our Bonn headquarters alone, we employ people from approximately 50 different countries.

Developing our future workforce ✓ PwC

We consider several factors when calculating and managing our future workforce structure – these include not only our operative requirements but the projected effects of fluctuation rates. Close and particular attention is paid to unplanned turnover, which includes the short-notice departure of employees due to changes in personal circumstances, for example.

Workforce fluctuation opens up opportunities for other employees, allowing them to assume new responsibilities and further their development. Internal hiring helps us retain expertise while new hires bring fresh ideas and new insights.

In 2016, average employee turnover Group-wide was around 15%, on par with the annual average in the transport and logistics sector. Over the course of the reporting year, approximately 8% of employees left the Group unplanned. Analyses show strong regional differences in our unplanned turnover figures. It is lowest in Europe (4%), where we employ the majority of our workforce. In the Americas and in Asia Pacific, it reaches into the double digits, an effect of the dynamic market environment.

Detailed data on fluctuation can be found in the Annex to this report.

NEW HIRES – INTERNAL AND EXTERNAL RECRUITMENT

Instead of filling vacant positions or newly-created jobs primarily through the recruitment of external candidates, whenever appropriate, we make it a point to assign employees new responsibilities or give them 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. Over 70% of vacant management positions in 2016 were filled with internal candidates

Job applicants use our global online recruiting platform to learn about and apply for training and career opportunities within the Group. The platform is an effective way for finding the most suitable candidate for the job and filling open positions quickly and efficiently. We offer equal opportunities for both internal and external hires, as laid down in our Code of Conduct and the Deutsche Post DHL Group Diversity and Inclusion Statement. Applicants are judged on the basis of merit alone, and hiring decisions are based on the qualifications of each individual applicant.

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. In Europe, training is mainly 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. In 2016, we received some 28,000 applications for apprenticeship positions in Germany.

We have established numerous trainee and college recruiting programs. The 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 18-month program, GROW trainees are supported by a mentor who provides them with regular feedback and career planning support. In 2016, 38 participants were selected from a pool of over 4,000 applicants.

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. This helps strengthen our competitive position in the war for talent.

Vocational occupations and integrated degree programs in Germany

Deutsche Post DHL Group is one of the biggest vocational training companies in Germany. In 2016, we hired some 2,500 new apprentices and students. This brought the total number of apprentices to around 4,000. Of these, 76% were hired into full-time positions – or part-time work if requested – after they had completed their training. We aim to continue with our vocational training policy and plan to offer 2,472 new apprenticeship and study positions in 2017.

We offer a wide range of vocational occupations. 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

4,000
trainees

apprenticeships and twelve integrated degree programs which combine university studies with fixed periods of work practice. Given that we receive 11.3 applicants for

each apprenticeship position, we are able to fill vacant positions with highly qualified and ambitious candidates. Graduates who have completed one of the integrated study programs are in demand within our company and have the opportunity to take on management responsibility in a relatively short amount of time.

Employee satisfaction

The loyalty and positive mindset of our employees are contributing factors to our business success and for achieving our strategic goals. The following aspects play a key role in strengthening employee trust, motivation and loyalty:

- We give our employees a voice: we use our annual Group-wide Employee Opinion Survey to measure employee engagement and see where we need to improve from our employees' point of view. Results from the "Active Leadership" section of the survey, a central non-financial performance metric for the Group, are tied to bonus payments for company executives.
- We offer performance-based, market-standard remuneration that is aligned with business goals and provides long-term incentives. We also foster motivation and engagement by offering attractive non-financial benefits such as flexible working models.
- We offer our employees excellent development and training opportunities, and give them the space they need to develop their potential.
- We practice and promote an open dialogue based on honesty, respect and trust, and use a range of communications channels and formats to make sure our employees receive timely information on matters such as new developments and organizational changes within the Group.
- We leverage our employees' expertise: as specialists in their fields, they are best placed to identify areas for improvement in existing processes. We offer a broad training program to enable employees to learn and apply First Choice methodologies based on Six Sigma and Lean.
- We encourage our employees to take an active role in improving their work environment. They can submit their suggestions via the online idea management platform. We use a bonus system to honor ideas that result in a proven benefit.
- We support our employees' commitment to serving their communities and protecting the environment.

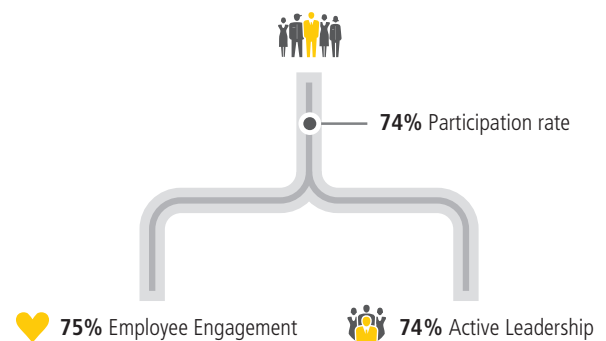
EMPLOYEE OPINION SURVEY: GIVING EMPLOYEES A VOICE ✓ PwC

Our annual Employee Opinion Survey (EOS), which we introduced in 2009, is our central tool for assessing employee engagement. The EOS aims to do the following:

- Strengthen our corporate and leadership culture
- Gauge employee awareness of and identification with our values and the Group's corporate strategy
- Identify success factors and action areas for continuously improving the workplace and to compare our results with those of other companies

At 74% in 2016, the EOS participation rate 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. Employees' data is completely anonymized and assessed by an external, independent company. 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) and the Performance Enablement Index.

Results of the 2016 Employee Opinion Survey ✓ PwC



One of the survey’s central KPIs, Employee Engagement, helps us gauge the extent to which employees feel motivated to make our company successful and go the extra mile for our customers. The Performance Enablement Index helps us to establish not only whether our employees feel motivated to give their very best to our customers. Employee Engagement achieved a result of 75% in 2016, two percentage points above the external reference value. For Performance Enablement, we achieved a rating of 81%, five percentage points higher than the external reference value.

Our managers influence employee engagement and motivation through their personal management styles. They also serve as role models in implementing our corporate values and goals. The results from the Active Leadership section of the survey are used as a central non-financial performance indicator for the Group. Performance in this area is also a variable remuneration component for our executives. In 2016, the Group-wide result for this KPI rose by one percentage point compared with 2015, thus meeting our 74% target for the reporting year.

Positive survey outcome and outlook ✓ PwC

The positive results for 2016 strengthen us in our business approach. Given the challenges we face, not least the digital transformation of our company, we take encouragement from the survey to strive for further improvement. For 2017, we have set ourselves the goal of improving the approval for the Active Leadership KPI by another percentage point.

Detailed results from the Employee Opinion Survey can be found in the Annex to this report.

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.

Over 70% of all Group employees are employed under contracts governed by collective labor agreements, works agreements or legally binding statutory increases. 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.

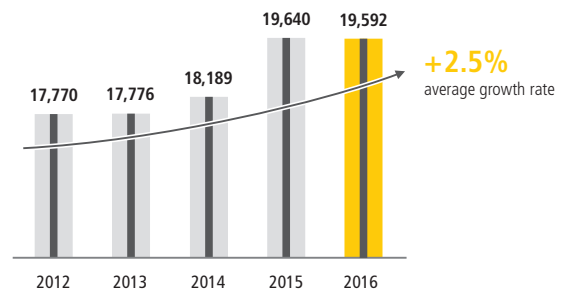
In Germany wages or salaries are generally regulated through either industry-level or company-level collective wage agreements. In many of our companies throughout Germany, our wage-scale employees also receive a performance-based bonus in addition to their wage or salary. At our principal company Deutsche 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.

Job evaluation system ensures reasonable pay

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.

Development of staff costs ✓ PwC

Staff costs (€ million)



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.

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. Comparable provisions also apply as of 2016 for civil servants employed by our parent company in Germany, Deutsche Post AG.
- **Family-friendly provisions 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 service or care for family members. These family-friendly services, which include advice, emergency care and vacation programs, are available to all employees. In some locations, we invest in the creation 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. The Recreation Service (ErholungsWerk), 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 of employees can also receive vacation grants. 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 over 2,000 scholarships to employees' children in more than 120 countries around the world, thus helping them to pursue higher levels of education. In addition, more than 400 employee children have received pre-vocational support in the form of application writing workshops, summer school courses and work placements.

DEVELOPMENT AS A DRIVER OF MOTIVATION

A key prerequisite in motivating and retaining talented employees is their professional and personal development. Discovering and promoting the potential of our approximately 510,000 employees is thus an important function of our human resources management work. Against the backdrop of demographic change and given the differing educational levels in developing and emerging markets, this brings a number of challenges.

Group-wide Certified initiative: Turning employees into experts ✓ PwC

We want to deliver first-class service and be our customers' Provider of Choice. We also want to be the Employer of Choice for our employees. But we can only achieve both these goals by making our employees the best in the business and by giving them the opportunity to exploit their potential to the full. As part of the Group-wide Certified initiative, we want to turn 80% of our employees into experts in their respective divisions by 2020. More than 230,000 have already been certified.

> 230,000
employees certified

The broad-based, modular program gives employees an insight into the business model, strategy and culture of their own division and enables them to acquire specific knowledge about the Group and the role they play within it. The Certified modules are conducted by company managers and employees whom we train as facilitators. These "home-grown" facilitators are key to the success of the program as they embody the values of our corporate culture and, since participating employees see them as being particularly credible, lend them special weight. Throughout the Group, 4,045 managers and employees have already been trained to facilitate Certified program modules.

Continuous development and systematic learning

We also offer employees and managers a comprehensive catalog of further education and training opportunities:

- **Broad further education and training portfolio:** the catalog of further education and training includes skills and talent programs, train-the-trainer courses, expert seminars and language lessons, and regional programs

developed especially for employees in local-level business units. Many of these courses are available as online seminars, while some involve presence events or video conferencing.

- Life-long learning: with our life-long learning, career development and preventive health programs, we secure the performance and motivation of employees in all age groups.
- Personal development plans: development plans with appropriate measures and training are developed in conversations that take place regularly between employees and their managers. Wherever possible and practicable, training is conducted online using our eLearning platform. To aid decision-making for key career paths within the Group, we provide so-called Learning & Development Planning Guides.

One of our most important leadership principles for our managers is commitment to their own continual personal and professional development, and to the continued development of their employees. It also involves developing an awareness for the principles of our Code of Conduct so that managers can lead by example and better communicate the requirements of the Code.

To advance the Group strategy and further develop the company's leadership culture, higher-level executives take part in a range of different programs with a view to developing their leadership skills and helping their employees to give their best every day:

- Group-wide programs: modular development programs based on training methods such as reflection, feedback and coaching. Through active participation in these programs, the members of the Board of Management play a central role by sharing their own management experience.
- Specialized and customized training: leadership seminars and development programs specially tailored to individual needs.

4.6 million hours of education and training

In 2016, 76% of our workforce spent more than 4.6 million hours in various online training courses and classroom education measures. This is equivalent to an average of 1.5 training days per year for each of our employees. Further

education and training programs are available without restriction to all employees provided that they have an indefinite employment contract, and subject to operational needs.

DIALOGUE WITH OUR EMPLOYEES

We use our Group-wide internal communications channels to promote a corporate culture of openness and shape opinion within the company. Internal communications is designed not only to inform employees, but to give them direction, encourage them to support our company's goals, and strengthen their identification with the Group. Our internal communication measures focus on communicating corporate messages and values, details of current issues and developments, and the exchange of information across our divisions and regions.

We foster dialogue through the use of new, interactive offerings and we support collaboration and networking with innovative applications in our Group-wide corporate intranet. Using a broad range of communications channels, such as the Extranet, newsletters, digital wall displays, print media, posters and flyer-based campaigns, we ensure that all employees, both those with access to a computer workstation and those without, always receive information that is of particular relevance to them.

Our employees at all levels of our organization receive timely information about key developments and organizational changes that could impact their work. In addition to event-type formats, such as staff meetings and video conferences, we place great importance on one-to-one talks. Our managers are therefore committed to seeking and maintaining trust-based dialogue with their employees.

Diversity management

All Different – Together Successful: this is the motto under which people from different cultures with diverse backgrounds, world-views and talents come together as a team at Deutsche Post DHL Group. Working as one, they find innovative solutions, develop new markets and win new customers. We consider this diversity a source of tremendous potential – a driver of continued business growth and a key to attracting and retaining talent in our company.

» **“Our success is derived from the knowledge, skills and perceptions of our approximately 510,000 employees worldwide. We thus place great importance on greeting the diversity and individuality of our workforce by showing tolerance and respect.”**

—
MELANIE KREIS
MEMBER OF THE BOARD OF MANAGEMENT FINANCE, HR

«

This international structure and multicultural teamwork increases our attractiveness as a potential employer. In Germany, we employ people from more than 150 countries – people from about 50 countries work at our headquarters in Bonn alone. Diversity is simply a part of who we are at Deutsche Post DHL Group.

As a global enterprise, we also believe it is important to align with local and cultural conditions in the diverse countries and markets in which we operate. We thus rely on local managers, whom we train and develop so they can grow our business by putting their local knowledge to use. Diversity and mutual respect are core corporate values and are embraced across the Group. In addition to everyday examples of respectful and valued collaboration in the workplace, these values are confirmed in the results of our annual Employee Opinion Survey, to which we added a diversity component in 2015. The results show how the many facets of diversity are both accepted and integrated into our everyday dealings with one another, and serve to highlight areas for improvement. We are expressly committed to equal opportunity and emphasize this both in our Code of Conduct and the Deutsche Post DHL Group Corporate Diversity & Inclusion Statement. We encourage employees to report violations of the Code of Conduct through various channels, including our Compliance Hotline.

Our commitment to diversity is also reflected in our contribution to refugee aid in Germany. Please see the Society & Engagement chapter for additional details. Deutsche Post DHL Group was recognized several times in 2016 for its exemplary social engagement.

In the reporting year, we enhanced our diversity KPI monitoring system; performance against the KPIs is regularly reported to Management and discussed. This brings greater transparency to this topic, helps identify action areas and promotes exchange between our business divisions.

Diversity management brings responsibility and opportunity
Managers and executives play a key role in putting diversity management into practice on a daily basis. We therefore offer management-level staff special diversity training.

The Diversity Council, an internal committee chaired by the Board Member for Human Resources that includes executives from the central functions and the divisions, advises on diversity management strategy. It convened three times in the reporting year and placed particular focus on the diversity within our management teams. Items on the agenda included processes for increasing the number of women in management as well as the diversity of nationalities in management positions. Diversity Council members also function as advocates for diversity within their respective divisions. In addition to the Diversity Council, the company also has diversity management experts in place at the regional and country levels as well as at headquarters.

For the fourth time in succession, we took the opportunity to extend Diversity Day, a Germany-wide event organized around the Diversity Charter on June 7, 2016, by holding an entire Diversity Week. At over 200 locations, some 40,000 employees took part in activities and events on various diversity-related topics. In cooperation with the Diversity Charter, the DHL hub in Leipzig held a series of diversity workshops and expert talks from June 7 - 9, 2016. The kick-off event, arranged as a podium discussion with managers and our Board Member for Human Resources, focused on the significance of our diverse workforce for Deutsche Post DHL Group. In a subsequent open forum, topics included dealing with diversity in society as a whole and its significance for Leipzig as a business location.

WOMEN IN EXECUTIVE POSITIONS

The share of women in upper and middle management in the reporting year was 21.1%. Measures implemented in 2016 resulted in a slight increase compared with 2015.

We report at regular intervals to the HR Board and the Board of Management on the status of women in leadership positions, and advise on ways to effect further improvement. In 2016, the HR Board decided to review and enhance the Group's HR processes.

21.1%

women in management positions

A succession action plan was prepared to ensure that all candidates with equal qualifications and suitability receive the same consideration regardless of gender.

As part of our annual succession planning process, we take an equitable, gender-neutral approach when reviewing employee profiles for suitability and readiness to take on management roles. We then prepare the employees we select for their next career step and provide them with targeted development support.

We also have a number of Group-wide programs in place which are designed to achieve a continual and lasting increase in the share of women in management roles. These include career planning and work-life balance workshops, career coaching, mentoring programs and networks for women. In Germany, we provide flexible working models as well as childcare-related services. We also use our internal media to report regularly on the topic of women in management positions, how they reconcile work and family life, and showcase mixed leadership teams that are helping to drive business success.

A key area of focus in 2016 involved the implementation of the German Act on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors. In accordance with this legislation, we committed to increasing the share of women in the first management level to 19% and to 23% in the second management level at our principal company, Deutsche Post AG in Germany, by the end of 2016. With the share of women in the first management level at 18.4% in 2016, we came close to our target of 19% for the reporting year. We significantly exceeded our 23% target for the second management level, achieving 28.4%.

More detailed information on this subject is included in our Corporate Governance Report 2016.

LIVING DIVERSITY

We create a working environment that enables people with disabilities to take an active part in working life. In 2016, we employed a total of 15,456 persons with disabilities at our principal company in Germany, Deutsche Post AG. This represents an average annual employment rate of 9.9% and was once again well above the national average in Germany's private sector (4.1% in 2014; source: German Federal Employment Agency).

We make it a point to approach people with disabilities and offer them the opportunity to learn a trade. At

> 15,000

employees with disabilities

the end of 2016, 16 youths with disabilities were enrolled in apprenticeships at our principal company

Deutsche Post AG in Germany. As part of our work with the German charity "Aktion Mensch", 20 new internships have been made available for people with disabilities since 2016.

We are also actively involved in educational campaigns and engaged in dialogue with associations, institutions and other companies on issues of inclusion in the workplace. We share our experience with disability-friendly workplace solutions with external platforms. Elected representatives are also in place to represent the interests of employees with disabilities within the Group.

The following initiatives demonstrate what is being done across the Group to promote inclusive employment of people with disabilities.

- As part of our Diversity Week activities in France, a campaign on the subject of "Inclusion of Employees with Disabilities" was launched in cooperation with French partner organization SAMETH.
- On behalf of our customer L'Oreal in Spain, we collaborated with the local Ilunion Foundation to establish an ultra-modern co-packing operation that employs an average of 150 people with disabilities, and as many as 265 during peak business periods. These employees, 50% with physical disabilities and 50% with mental disabilities, package and dispatch some 23 million shipments per year. The initiative was officially recognized for its contribution to inclusion in the workplace.
- At one of our warehouses in Örebro, Sweden, we have worked for more than ten years with Samhall, the

Swedish state-run employment agency, to promote the integration of employees with disabilities. Around one-quarter of the warehouse staff are people with physical or mental disabilities.

LGBTI diversity

We embrace and respect gender and sexual diversity, and as a globally active enterprise we believe we have special responsibility in this regard. Eight years ago, we established our Group-wide RAINBOWNET network for LGBTI employees. Founded in Germany, the network has contact with employees in several other European countries as well as in Malaysia, Singapore and the US.

At the invitation of the UN Office of the High Commissioner for Human Rights (OHCHR), in September 2016 we participated in a regional Europe Workshop in Brussels together with other representatives from business, NGOs

and the trade unions. The aim was to discuss recommendations to help transnational corporations combat discrimination against homosexuals, bisexuals and transsexuals.

Deutsche Post DHL Group is also one of the founding members of the PROUT AT WORK Foundation. Established in January 2014, the organization is committed to greater recognition and equal opportunity for LGBTI employees in the workplace. With a seat on the PROUT AT WORK advisory board, Deutsche Post DHL Group has the opportunity to shape the foundation's work and send a clear message in favor of diversity. Over the course of the reporting year, Deutsche Post DHL Group took part in the PROUT EMPLOYER program and enabled our employees to attend various PROUT events. These included a workshop for lesbians, a seminar for homosexual and bisexual employees on the topic of Coming Out at Work, and the PROUT AT WORK conference.

Employee relations ✓ PwC

Respect and fairness in the workplace are values we live by at Deutsche Post DHL Group. They are also embedded in our Code of Conduct. The Code serves as an ethical compass to guide us in how we treat one another within the Group. We expect our managers to lead by example in both behavior and values, fostering the corporate culture and the principles of Deutsche Post DHL Group in everything they do. The Code of Conduct is therefore an integral component of employment contracts with our managers.

As a signatory to the UN Global Compact, we are committed to respecting human rights in our employee relations and, as laid down in our Supplier Code of Conduct, require that our suppliers do the same when dealing with their own employees. To demonstrate our respect for human rights, we worked with our entities in the UK to prepare a Modern Slavery Statement pursuant to the UK Modern Slavery Act. The Statement outlines our approach for detecting and preventing modern slavery in our supply chain operations.

We believe that a corporate culture that is free from discrimination and in which the performance and engagement of each and every employee are honored will help us to become Employer of Choice. By putting sustainable employee relations structures in place, we have created the framework necessary for achieving this goal. We aim to:

- Strengthen the engagement and motivation of our employees
- Empower our executives and managers to interact with their teams openly, appropriately and responsibly
- Anticipate future trends and respond accordingly with new or adjusted processes

Our approach to employee relations has been well received and officially recognized by internal and external stakeholders.

EMPLOYEE RELATIONS FORUM EXPANDS ITS SCOPE ✓ PwC

The Employee Relations Forum (ER Forum) addresses employee relations issues worldwide that could have cross-divisional or Group-wide impact. The ER Forum is a governance body consisting of employee relations experts

from all divisions and from Group headquarters. Action recommendations made by the ER Forum are discussed and approved by the HR Board. Additional ER Forum action areas include:

- Sharing best-practice solutions and processes from the regions and divisions
- Developing training courses tailored to local needs
- Facilitating exchange at regional and country level among the divisions
- Deepening our understanding of stakeholder requirements and expectations with regard to employee relations and human rights issues

In the course of the reporting year, the ER Forum intensified its collaboration with internal departments such as Corporate Procurement, the Global Compliance Office and the CR experts in Corporate Communications and Responsibility, and reinforced existing processes. Members of the ER Forum work in various parts of the world, ensuring that local and regional experiences and insights are shared. In addition to these monthly meetings, a workshop was held with the Board Member for HR to discuss trends and set priorities for 2016. We also publish a bi-weekly newsletter for employees in HR and provide summaries for managers as a way to raise awareness for employee relations issues within the Group.

Training and awareness ✓ PwC

Another way we raise awareness about employee relations and human rights issues and how they impact our company is through training modules included in our Group-wide Certified initiative. The module “Building Great Employee Relations” targets managers and was introduced over the course of the reporting year. During this time, a total of 700 employees completed the course. The module is available in key languages across the Group and will be translated into additional languages in the near future.

We also developed a module for HR experts to enable them to help local managers in applying the Code of Conduct on-site and support in efforts to improve employee relations. We conducted three pilot trainings in the reporting year and plan to roll out the module Group-wide in 2017.

LOCAL EMPLOYEE RELATIONS DUE DILIGENCE

✓ PwC

We conduct regular country-level Employee Relations Assessments as part of our ER due diligence process. These help us to:

- Raise awareness for the importance of good employee relations and anticipate future trends, especially in emerging economies
- Gain insight into employee relations in the respective countries
- Identify challenges in this area and help local management address them with the right tools and processes

The experience gathered since introducing the ER due diligence process in 2013 has helped us to sharpen our focus and place greater emphasis on issues such as freedom of association, working hours and employment conditions.

ER due diligence includes round-table sessions with randomly selected employees from various operating areas. Conducted according to our core value of respect, the round-tables allow employees to voice their opinions. Feedback from these sessions is provided anonymously to management, which is accountable for developing and implementing appropriate actions.

Integral to the due diligence process is cross-divisional exchange between HR experts and business managers as well as the Certified module “Building Great Employee Relations”. These measures enable our managers throughout the Group to carry out their daily duties in a way that supports the Group’s aspiration of becoming Employer of Choice.

ER due diligence is conducted by HR experts from Group headquarters to ensure the necessary levels of competence and objectivity. Countries are selected according to a set of criteria aligned with the divisions. In dialogue with Group headquarters, members of local management develop action plans based on due diligence results. Three ER due diligences were carried out in Asia in the reporting year. Additional due diligence procedures are planned for Latin America and Asia in 2017.

We seek to bring our ER due diligence process into closer alignment with internationally recognized standards and plan to achieve external certification.

EXCHANGE WITH EMPLOYEE REPRESENTATIVES

✓ PwC

In addition to dialogues with their supervisors and other members of management, the majority of our workforce makes use of bodies such as employee committees, works councils or unions 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 with employee representatives in all divisions 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. At the global level we engage in regular dialogues with the Global Union Federations such as the UNI Global Union (UNI) and the International Transport Workers’ Federation (ITF).

As part of our collaborative dialogue, in March and June, 2016, we were able to officially conclude the matters which had led to the Joint Statement issued in 2014 by the German National Contact Point (NCP) of the OECD, Deutsche Post DHL Group, UNI and ITF. The issues concerning Latin America, including alleged violations of employee rights and improper employee opinion survey practices, were resolved by mutual agreement in August, 2016. It was agreed that dialogue with the Global Union Federations would take place on a quarterly basis. Having held two meetings in the reporting year, the talks will continue with four meetings already scheduled for 2017.

Initiatives within Europe ✓ PwC

Together with our social partners, we participate in an array of initiatives and activities at the European level.

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. Digital transformation will be a topic addressed by the Deutsche Post DHL Forum in 2017.

Following scheduled elections, the Deutsche Post DHL Forum met on November 24, 2016 for its constituent meeting for the next four years. Over the course of the meeting, the Forum members were instructed both in the duties

of the Deutsche Post DHL Forum and in their associated rights and obligations. The Forum and its subcommittees met a total of 27 times in the reporting year. The Global Union Federations UNI and the European Transport Workers' Federation are each entitled to send a representative to participate in the Deutsche Post DHL Forum plenary sessions.

Partners of the European Social Dialogue Committee for the Postal Sector conducted a joint project in Brussels on the subject of “Mobilising social partners in a new context”. The project focused on two specific issues: a seminar on E-Commerce & New Services and the study on collective bargaining agreements in the changing postal sector (CLA Study). In the course of the reporting year, and building on the previous “E-Commerce & New Services” seminar held in November 2015, an innovative Massive Open Online Course (MOOC) was developed. In May 2016, a conference was held in Bucharest to discuss the results of the CLA study. An associated Joint Statement was subsequently issued in December 2016. A final project report has since been released.

In addition, in 2016 Europe's biggest postal service provider Deutsche Post DHL Group was appointed the new Chair of the European Social Dialogue Committee for the Post Sector.

Health & occupational safety

MANAGEMENT APPROACH & TARGETS

The health, well-being and safety of our approximately 510,000 employees around the world are top priorities at Deutsche Post DHL Group and we are committed to ensuring safe and healthful workplaces for all. Health and occupational safety are therefore fundamentally important issues for us. The materiality of occupational safety for the Group has also been confirmed by our stakeholders.

Health & occupational safety at Deutsche Post DHL Group



Our management approach sets out to address the growing demands of changing work environments, demographic shifts and global trends in health, occupational safety and well-being. As laid out in the Group's Health, Safety & Well-being Strategy, our efforts are based on the World Health Organization's Healthy Workplace Model and

address the following four dimensions: the physical work environment, the psychosocial work environment, personal health resources and community involvement. Our approach also promotes the collaboration between managers and employees in creating safer workplaces and promoting health and well-being.

Prevention is a cornerstone of our approach. It is our aim to prevent chronic illnesses, mitigate their complications, and to improve sickness rates through locally tailored measures and initiatives.

- Our Global Health & Well-Being Program raises awareness among employees regarding health issues and motivates them to take responsibility for their own health and well-being.
- Our Group-wide Employee Benefits Program, one of the largest worldwide, provides health insurance packages to employees in numerous countries to supplement statutory health insurance or provide healthcare where it does not exist.
- In line with the Group's "Safety First" approach, our occupational safety organization has made accident prevention its top priority. We empower and engage managers as well as employees in recognizing workplace hazards and taking appropriate action.

Our Corporate Health Policy lays out our goals and action measures for promoting workplace health within the Group. Our occupational safety requirements are defined in our Occupational Health & Safety Policy Statement.

Achievements and targets

Focus area	KPI	Target 2016	Achievement
Occupational safety ✓ PwC	Accident rate (LTIFR)	Review and set suitable targets in 2016	Group-wide target set
Health management	Improve sickness rate and transparency on health risks	Capture best practices and enable exchange/knowledge transfer	Roll out Group-wide Health & Well-being platform in 2016
		Implement global health risk monitoring	Group-wide health risks are reported quarterly to the management
		Target 2017	
Health management	Measure impact of Global Health & Well-being Program	Develop a calculation methodology	
Occupational safety ✓ PwC	Accident rate (LTIFR)	Improve Group LTIFR to 3.8	

CREATING HEALTHY WORK ENVIRONMENTS

We take a holistic approach to health management at Deutsche Post DHL Group, meaning that we do more than provide healthy work environments – we also encourage and help our employees and their families to pursue healthy lifestyles, avoid risk factors and prevent chronic disease. We understand that as members of a global logistics company and, by extension, its supply chains, each and every one of our employees should be protected from epidemics and other external health risks. For this reason, we systematically monitor global health threats and their relevance to both our people and our operations.

Our Four Pillars of Health – Education & Awareness, Prevention & Screening, Disease & Condition Management (DMP), Behavioral Change – provide a framework for managing health holistically. Each pillar addresses a different phase in health promotion – from building awareness, prevention and mitigation, to driving behavioral change. This model, along with the identification of future potential trends, helps us design actionable measures that are tailored to the specific circumstances and needs of our employees in each country. We do this through our Global Health & Well-being Program.

Our approach aims to minimize occupational diseases and work-related illnesses and to reduce sickness rates

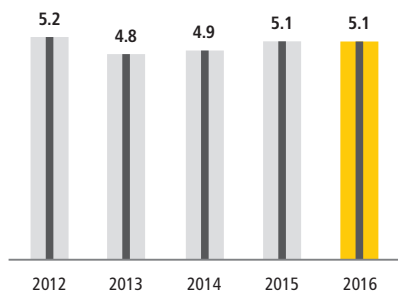
» “We regard health as a state of comprehensive physical, mental and social well-being and not merely as the absence of illness. Health encompasses the capability and the motivation to lead an economically and socially active life. In this sense, work can be a fundamental source of satisfaction and, accordingly, of health.”

EXCERPT FROM THE DPDHL GROUP CORPORATE HEALTH POLICY



within the Group. The Group-wide sickness rate can generally be attributed to our aging workforce and the increase in chronic disease. For the reporting year, the sickness rate remained unchanged at 5.1%. Workplace accidents accounted for 0.3 percentage points of the total sickness rate.

Group-wide sickness rate¹ ✓ PwC



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

Managing our health management activities

While Group divisions are responsible for the local implementation of health management within their organizations, cross-divisional health-related issues are discussed and agreed centrally by the Board of Management. The Board of Management is kept informed of and is advised on these matters by the Chief Medical Officer (CMO), who is in direct dialogue with key health institutions and organizations. The CMO also provides guidance regarding potential crisis scenarios, such as epidemics and pandemics. At the same time, the CMO also consults at the local, operational level, advising the business on new workplace trends, such as new technologies designed to prevent occupational or work-related disease or make jobs easier to perform.

The CMO also heads the Group's ISO 9001 certified occupational health services in Germany, which includes a staff of some 90 occupational health physicians nationwide. Our health promotion system in Germany is managed by the Central Health Working Group, which is chaired by the Board Member for HR.

Health as a management responsibility

Our managers play an important role in establishing a culture of health and well-being across the Group. We offer them training and other targeted measures to sharpen their

awareness of this responsibility and to strengthen their commitment to health management. Well aware of our responsibility for both the physical and mental health of our employees, our executive education program includes a web-based training module called "Leadership and Mental Health". The training, which is available to all managers across the Group, provides basic knowledge on mental health, stress, and the correlation between leadership and health, and provides managers with solutions for strengthening their own personal resources and protecting their employees from harmful stress. It has already been recognized as best practice in managing mental health risks.

Additional health insurance benefits

Approximately 300,000 of our employees – more than half of our workforce – work outside of Germany. Many of these employees live and work in countries that do not offer sufficient social health coverage. Because we believe that every one of our employees should have access to quality, affordable healthcare, we have established a Group-wide Employee Benefits Program that provides insurance coverage to numerous employees and their dependents where there is a need to supplement social healthcare or where no statutory health insurance exists. Our ability to maximize and control funding efficiencies around the provisions of our insurance program allows our employees and their families access to affordable healthcare coverage.

Global program, local solutions

Our Global Health & Well-being Program offers a global strategy with tailored local solutions, meaning that our health and well-being initiatives and campaigns are specifically designed to address country health concerns. We do this by systematically monitoring health risk indicators around the world, which are then used to develop tailored measures to mitigate the underlying drivers by country. Based on this data, for example, we have increased the focus of our health initiatives in Mexico on combatting hypertension, which is widespread in the region. By contrast, in China our measures focus more on respiratory ailments.

Special attention is given to preventing chronic illnesses that according to the World Health Organization are the cause of 60-80% of deaths worldwide. The WHO has also identified mental illness, especially depression, as a leading cause of disability and a major contributor to the overall global burden of disease. In response, we have increased our efforts in the area of health management to

combat mental illnesses and depression. In Germany, China and the US, for example, affected employees are provided support through dedicated occupational health experts and employee assistance programs.

Global IT platform rolled out

Central to our Global Health & Well-being Program is the exchange of best practice initiatives and measures across the Group. Our new dedicated Health & Well-being platform, which was rolled out in the reporting year, provides a standardized mechanism for collecting, monitoring and measuring the impact of the various activities being undertaken by our entities around the world. The system is also used to rank measures, which are categorized and awarded points based on our Four Pillars of Health. Business units can accumulate points across the pillars to qualify for discounts on Group-sponsored insurance coverage, freeing resources to be used to further benefit our people and their families locally.

The platform also serves as a go-to reference for information on current health issues and trends, providing access to the most up-to-date articles, studies and research in the areas of health and well-being. This system enables HR managers not only to track the progress of their initiatives and measures but also to see what is being done to deliver health and well-being to our employees in other areas of the Group.

HIGH STANDARDS IN OCCUPATIONAL SAFETY

✓ PwC

Workplace safety for our employees is a number-one priority at Deutsche Post DHL Group. Our occupational safety efforts focus on prevention. We systematically assess the working conditions of our employees for risks and potential dangers and provide our workforce with the equipment they need to carry out their jobs safely. We also conduct classroom-based and online safety training to heighten the awareness of employees and their managers on the subject of safety and possible workplace hazards. Additional information in the form of posters and other materials are used to reinforce a “Safety First” culture within Deutsche Post DHL Group.

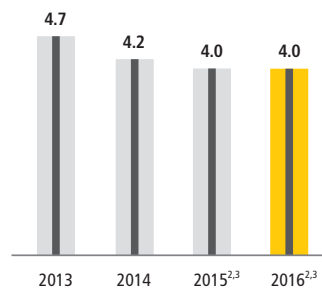
Our Supplier Code of Conduct obligates our suppliers under contract to adhere to our values and standards as well. This includes conducting risk analyses and workplace

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.

Accident rate remains stable ✓ PwC

We began publishing comprehensive accident statistics in 2015. While temporary workers are covered in these figures, subcontractors are not. Since this time, data is collected and analyzed centrally and submitted at regular intervals to the Operations Board for discussion. These discussions in the reporting year led to an agreement on a new Group-wide goal – to achieve above industry-average performance in the area of occupational safety. As part of this vision, we intend to improve our accident rate (LTIFR) to 3.8 in 2017.

Group-wide accident rate (LTIFR)¹



¹ Coverage rates: 96% (as of 2015), 92% (2014), 83% (2013); ² Includes temporary workers; ³ Verified by PriceWaterhouse Coopers ✓ PwC

Our activities and measures in the area of occupational safety are already making a positive impact on our numbers. At 4.0 workplace accidents per 200,000 hours worked, the Group-wide accident rate for 2016 remained unchanged from the previous year. The working days lost per accident decreased by 0.8 to 14.8. The diversity of the jobs performed by our people from across our divisions is reflected in these figures. Employees from the Post - eCommerce - Parcel division are at a higher risk of accident or injury from slips, trips and falls, for example, than employees who work in the logistics divisions and are not involved in delivery operations.

Our measures also helped us reduce the number of fatal workplace accidents in 2016 compared to the previous year. We extend our heartfelt condolences to the families of the four members of our staff who, despite all our efforts in the reporting year to ensure workplace safety, lost their

lives in workplace accidents or due to injuries suffered as a result of a workplace accident. Of these, two were traffic fatalities. Complete accident statistics can be found in the Annex of this report.

Managing occupational safety measures

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 Operations Board met five times in the reporting year to discuss and approve the following measures in the area of occupational safety:

- Strategic assessment of occupational health and safety (OHS) activities across Deutsche Post DHL Group
- Stocktaking on the implementation of OHSAS 18001 standard
- Improvement of coverage rates for recording key performance data and definition of suitable targets
- Analyses and benchmark comparisons
- Selection of Deutsche Post DHL Group Health & Safety Awards winners

In early 2016, a strategic workshop was conducted to identify major challenges and projects in the area of OHS for the coming years. Key topics included the transparency and reliability of OHS data, the definition and comparison of Group-wide terms, and the drafting of an occupational safety mission statement for the Group.

We also continued assessing the implementation of the OHSAS 18001 standard within the Group. 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. This also ensures alignment to internationally recognized best practice. We continued to roll out the standard in the reporting year, with compliance confirmed either through external certification or self-assessment. The external certification rate depends largely on the specific customer requirements and business models within our divisions. In 2016, we began training staff in Germany to undertake the role as on-site multipliers for the OHSAS 18001 methodology.

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

SYSTEMATIC PREVENTION IS KEY

When it comes to ensuring safe and accident-free working environments, a systematic approach to prevention is key. After all, we want to make sure our people return home to their families safe and sound, each and every day.

- **Training for managers**
Our managers bear great responsibility for the well-being of our employees. Inspecting the working conditions of staff, correctly assessing risk levels and initiating suitable measures to minimize risk are among their most important managerial tasks. For this they receive support in the form of guidelines, recommendations and consulting from our occupational safety experts. We also work to continually fine-tune and improve the safety training we offer to managers, so that we continue to increase their awareness for the importance of occupational safety and prepare them to carry out their occupational safety responsibilities.
- **Keeping an eye on workplace safety**
All of our activities in the area of occupational safety aim to heighten employee awareness on the subject of safety and possible workplace hazards – not only for their own protection, but also for the safety of others. This includes hazards outside our area of responsibility. Technical equipment and vehicles are subject to work safety and occupational health inspections before they are purchased. This safeguards the health and safety of our employees and ensures that the equipment they use is safe.
- **Deepening understanding of workplace hazards**
We systematically assess the working conditions of our employees for risks and potential dangers. These evaluations identify the working environments of delivery personnel, drivers, machine operators and warehouse personnel as potentially dangerous. Workplace inspections and audits are carried out on a regular basis. We also conduct safety training measures to raise awareness of safety issues among our employees. Compliance with statutory and operational regulations is overseen by management systems.

International occupational safety week

In our ongoing effort to embed a Safety First culture across our business, we conducted a week-long awareness-raising campaign from April 27-30, 2016 as part of the International Labour Organization's annual World Day for Safety and Health at Work. The activities, which varied from division to division, drew attention to workplace hazards and informed employees on how to eliminate risks.

The Post - eCommerce - Parcel division, for example focused on seatbelt safety and dogs, two known risk areas for its delivery staff. Alongside seatbelt inspections and presentations on seatbelt laws and legal implications of non-compliance, employees had the chance to climb into a seatbelt simulator and experience what it is like to "crash" at low speed. Other employees had the chance to take part in a training course that taught them how best to de-escalate aggressive canine behavior.

With zero accidents as its goal, the Express division held a Safe Driving Rodeo for its couriers in the US. Express drivers participated in both practical and written tests to demonstrate defensive driving skills and their knowledge of the safety rules, which are part of a five-point approach proven to effectively reduce accidents on highways and roads.

In Spain, Supply Chain tackled warehouse safety by hanging giant balloons over sites of previous accidents or injuries. Designed to keep workplace hazards top-of-mind, the balloons are marked with signs indicating the kind of incident that occurred, for example "I tripped while stepping over pallets". Since its launch in 2014, this so-called SLAM (Stop, Look, Assess, Manage) initiative has helped reduce the number of accidents from six to zero.

ONLY THE HIGHEST STANDARDS FOR DANGEROUS GOODS TRANSPORT

As a leading logistics company, we also specialize in the safe and proper transport and warehousing of dangerous goods and substances in compliance with prevailing regulations and safety standards. While requirements vary from division to division according to business model and general terms and conditions, ensuring the safety of our employees and minimizing the risks associated with the handling, carriage and storage of dangerous goods remain

top priority for all of our four operating divisions. And in all cases, only specially trained staff are permitted to handle dangerous goods.

- Post - eCommerce - Parcel

All of the division's employees involved in handling and transporting dangerous goods undergo regular training in accordance with international and national regulations, including the European Agreement concerning the International Carriage of Dangerous Goods by Road (ADR) and the Safety & Quality Assessment System (SQAS). We also offer special driver training on safe maneuvering and securing cargo, for example; this is frequently carried out by our own in-house trainers. External and internal safety and quality assessments are conducted to ensure safe and compliant transport.

- Express

Policies, processes and work instructions governing the handling of dangerous goods shipments are prepared by the Restricted Commodities Group. This task force is also responsible for training any Express staff involved in the carriage of dangerous goods, including not only loaders and couriers but anyone involved in flight operations, such as the flight crew and loading engineers. Strict requirements apply to the stowing of dangerous goods in cargo aircraft, for example, with classification determining their placement in relation to each other as well as to the flight crew and any animals being transported. All procedures for acceptance and handling are based on the Air Transport Association (IATA) Dangerous Goods Regulations, which are readily available in all relevant sites and facilities.

- Global Forwarding, Freight

The division complies with the standards and regulations on dangerous goods for air freight (IATA), ocean freight (IMDG/International Maritime Dangerous Goods Code) and road freight (ADR). All three guidelines require employees involved in the shipment and handling of dangerous goods – which in some cases also includes administrative staff – to receive specialized training. Dangerous Goods Safety Advisors are on hand at site level to enable and monitor compliance. Our occupational safety and health function provides the division with additional support regarding the proper storage and handling of dangerous goods in our Global Forwarding

warehouses. Procedures are in line with the OHSAS 18001 standard. Handling guidelines are made available in local languages, with audits conducted at the country level by local authorities.

- Supply Chain

In this division, dangerous goods management is overseen by an extensive community of certified Dangerous Goods Safety Advisors, who are regularly recertified by the Scottish Qualification Authority (SQA) as required by dangerous goods regulations. Dangerous Goods Safety Advisors also provide on-site awareness training and coaching for individuals and operators that are not required to hold fully regulated dangerous goods qualifications.

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.

GUIDELINES AND POLICIES

Our Corporate Health Policy lays out our goals and action measures for promoting workplace health within the Group. Our occupational safety requirements are defined in our Occupational Health & Safety Policy Statement. Road safety is also important for a transport and logistics company like Deutsche Post DHL Group. That is why we have laid out seven safety rules in our Road Safety Code.

Health management and occupational safety are integrated into the Group's quality management system. Group-wide, we apply OHSAS 18001, the internationally recognized standard for occupational health and safety.

AWARDS

It is important to us to recognize the efforts of teams that go the extra mile to promote workplace safety and health across the Group, and we do this once a year with our Group-wide Health & Safety Awards. Three awards are issued in the Occupational Safety category, and three in the Health & Well-being category.

Winners of the 2016 DPDHL Group Health & Safety Awards

Award	Division	Region	Initiative
Occupational Safety			
Best Behavioral Change Initiative	Supply Chain	UK and Ireland	The road to a Safety First culture: Strategy for driving common commitment to the values of Health & Safety throughout the whole division.
Best Hazard Awareness and Risk Mitigation Initiative	Express	US	100% Engagement: Every employee is a member of the Safety Team, with each of them contributing to improving safety standards every day. Measures focus on prevention, communication, collaboration and control.
Most Innovative Approach towards Resilience in Safety	Supply Chain	UK and Ireland	Raising awareness and instilling a safety mindset in people with long service histories whose jobs have become routine.
Health & Well-being			
Recognized as a Best-in-class local practitioner	Express	Taiwan	Together 4 You: Comprehensive health screening program to identify potential health risks. Reach and impact achieved through employee volunteers who act as "health ambassadors".
Best or most innovative local initiative	Global Forwarding, Freight	Mexico	Balance Total Program: Holistic approach based on analysis of local needs, with measures focused on nutrition, physical exercise and stress management.
Best local execution of Health & Well-being Strategy	Express	China	You Shine – We Shine: Systematic implementation of Health & Well-being Program, with activities for employees and their families with the aim of creating a healthy and happy workplace.



INTERVIEW

» **To offer quality products and services, a company must not only retain its employees, it must motivate them as well.** ‹‹

MELANIE KREIS
MEMBER OF THE BOARD OF MANAGEMENT FINANCE, HR

Interview with Melanie Kreis

“A holistic approach is the basis for everything I do.”

As the Board Member for Finance and HR, what would you say were the key developments in these departments in the course of 2016?

I'd say 2016 was a good year for Deutsche Post DHL Group. Not because of any specific events or results, but because of the outcome for the year as a whole. Our business divisions continue to benefit not only from our growing e-commerce business, but from the quality of our services and from new business wins. The past year was also a good year thanks to the excellent HR work done in dialogue with our social partners, both nationally and internationally. One of the key issues in 2016 involved the development of new, future-focused leadership attributes for managers across the Group. Another equally important HR task was to improve employee engagement. The outcome of our efforts can be seen in the two percentage point rise in the results for the respective Employee Opinion Survey KPI. And as we forged ahead with our Refugee Aid Initiative, we expanded our program of activities and gave hundreds of refugees a new perspective, either by offering them an internship or hiring them into a job.

Despite the financial challenges faced, Deutsche Post DHL Group plans to create up to 100,000 new jobs. Which markets would you say offer the greatest opportunities for growth?

We will continue to exploit the growth seen in our e-commerce business and grow organically as a result. I'd say the greatest growth potential lies in Asia and

Europe. We will also continue to rely on innovation, at national and international level. With digitization playing an increasingly important role, we want to chart a meaningful course for the Group.

The transport sector is in a state of constant flux. Using innovative technologies and expanding the service portfolio calls for specialist skills, a willingness to learn and the ability to adapt. This increases the need for training and gives rise to new types of jobs. How does Deutsche Post DHL Group use its training programs to respond to these growing needs?

The Group has extremely broad-based training offerings which our employees can access in a variety of ways. In addition to traditional, job-oriented training, we also offer online seminars and personal coaching. These are continually developed and enhanced by our HR experts, who also adapt them to current needs. Our Group-wide Certified initiative, which we introduced more than a year ago, is designed to promote employee engagement and improve service quality. More than 230,000 employees have completed the program so far.

An adaptable, multinational workforce plays a prominent role at Deutsche Post DHL Group. People from many different origins, cultures and professions work within a culture of common values and interests to achieve the company's strategic goals. Has diversity become a matter of routine?

Yes, it has. In a globally active company like ours, employees from many different countries and cultures work closely together on complex business processes to meet high quality demands. It is part of our policy to promote employee mobility between our functions and regions. In

our parcel and mail centers, which have long been microcosms of our globalized world, colleagues from countries like Afghanistan, Turkey and Spain testify to the diversity that runs across Deutsche Post DHL Group. This multinational approach is embedded in our Code of Conduct. We want to promote a corporate culture built on the principles of tolerance and respect.

What does “Seeing the Bigger Picture”, the title of this report, require you to focus on in 2017?

A holistic approach is the basis for everything I do. I’m often asked if my two departments, Finance and Personnel, are not a contradiction in terms. You have figures and finance on the one hand, and people and soft skills on the other. But for me, this assumed conflict of interests is simply the wrong approach. The key to sustainable business management is not to see finance and personnel in opposition, but as a collective task. To offer quality products and services, a company must not only retain its employees, it must motivate them as well. That is the only way to secure long-term financial success.



“Our mail and parcel carriers are out on the streets six days a week, delivering to every private household and business. By making deliveries by bike or using electric vehicles, we provide environmentally friendly last-mile solutions that reduce air pollutants and keep noise to an absolute minimum. This improves our customers’ lives while at the same time offering our people better working conditions. By 2025, 70% of our pick-up and delivery operations will be green.”

JÜRGEN GERDES

MEMBER OF THE BOARD OF MANAGEMENT POST - eCOMMERCE - PARCEL



VALUES & GUIDELINES

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VALUES & GUIDELINES

Responsible business practice

As an internationally operating logistics company, our business is subject to a wide range of influences and impacts, and with them to opportunity and risk. We see change as an incentive to develop sustainable solutions to strengthen our business now and in the future.

Our Code of Conduct forms the basis of and sets out the expectations for the ethically, socially and legally correct behavior of the Group and our staff. Our Supplier Code of Conduct forms the basis for supplier relations. As an integral component of our contracts with suppliers, it places our suppliers under obligation to observe the strategic goals and values of Deutsche Post DHL Group and to ensure that their own business partners and subcontractors adhere to our standards as well.

The long-term business success of Deutsche Post DHL Group is built upon responsible business practice. By making it a central component of our corporate strategy, we ensure that our business dealings are in line with prevailing law and meet ethical standards and international guidelines, and we require our suppliers to do the same. Another important aspect of responsible business practice is building and maintaining strong relationships with our stakeholders, who have grown to expect responsible, values-driven business practices when choosing Deutsche Post DHL Group as their provider, employer or investment of choice.

Responsible business practice also means adopting innovative measures and increasing the efficiency of existing structures. This helps us not only to identify business opportunities at an early stage and effectively mitigate risk, but to strengthen the reputation of the Group as well. In this way, we generate and secure business potential, contributing directly to our long-term business success.

Ensuring the stability and robustness of our business operations and supply chains around the world is of utmost importance. The Group's resilience management activities address many of our material issues and are performed by the Global Business Services function.

- **Standards in the value chain**
Corporate Procurement selects suppliers and ensures that they observe our standards and values in their own supply chains.
- **Compliance**
Our compliance management system focuses on antitrust and competition law, bribery and corruption, as well as fraud and embezzlement for purposes of self-enrichment.
- **Data protection & security**
This involves safeguarding information against unauthorized access, ensuring both the integrity and availability of data by maintaining stable IT systems as well as ensuring adherence to our data protection standards as laid down in the Deutsche Post DHL Group Data Privacy Policy.
- **Corporate Security**
A Group-wide security management system ensures the security of our employees, sites and supply chains worldwide. Using in-depth risk and trend analyses, we assess potential business security risks and develop appropriate measures to protect our logistics systems and networks.
- **Occupational health and safety**
Our risk management organization creates insurance benefits programs for our employees in regions where social healthcare coverage is either insufficient or does not exist. In the section on Employees & Workplace we report on our occupational health and safety activities and measures.

Group-wide exchange of knowledge and information

We use a Group-wide Responsible Business Practice (RBP) network to coordinate the main aspects of responsible management practice across divisions and functions. Network discussions focus on potential new challenges in the various business areas. As part of this process, we maintain an ongoing dialogue with our stakeholders to ensure their expectations are taken into account.

Our Code of Conduct ✔ PwC

Our Code of Conduct guides us in our actions as individuals and as a company; it is the foundation for all business practices within the Group and establishes the expectations for the responsible and ethically, legally and socially correct behavior of our staff. The Code was developed together with the business divisions to ensure that regional requirements are considered and lays down the jointly approved principles of our corporate culture and business practices. Our managers serve as role models. We expect them to lead by example in both behavior and values, foster the corporate culture and the principles of Deutsche Post DHL Group in everything they do, and communicate these values to our employees. The Code of Conduct is an integral component of our employment contracts with our managers.

The Supplier Code of Conduct is an integral part of our supplier management system and of the contracts we enter into with suppliers. It ensures that our values and principles are embedded in our supply chains, and obligates our suppliers to ensure that their own business partners and subcontractors adhere to our standards as well.

recognized legal standards including prevailing anti-corruption laws and conventions.

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. Some of these policies are intended exclusively for internal use. Compliance with the Code of Conduct is monitored by the Compliance organization. Violations of the Code can be reported via various channels, including the Compliance Hotline.

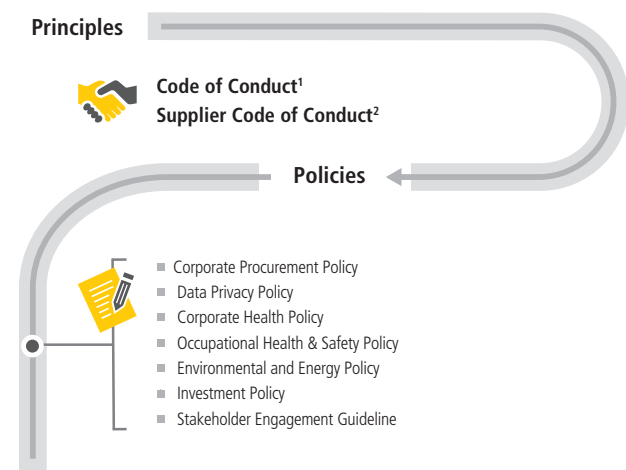
Leveraging external expertise ✔ PwC

Against the backdrop of changing political and social demands, we seek the advice of the Sustainability Advisory Council (SAC) in the implementation and development of our Code of Conduct. The SAC is an external group of international experts that includes stakeholders from a range of professions and standpoints. In 2016, the former Integrity Board was merged with the SAC to consolidate the expertise of both bodies into a single advisory council.

Employee training ✔ PwC

As a multinational enterprise, we have made our Code of Conduct available in many different language versions. Via online seminars, which we also use in the induction processes for new employees, we familiarize our workforce with the contents of the Code and their application in the workplace. Training is mandatory for managers – in communicating our principles and values, they serve as role models and facilitators. Suppliers and employees who have contact with suppliers are given special Supplier Code of Conduct training. We also provide training on other specialized topics, such as anti-corruption and competition law.

Deutsche Post DHL Group policies ✔ PwC



¹ Guided by the principles of the Universal Declaration of Human Rights, the UN Global Compact, 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

Our Supplier Code of Conduct is guided by the principles of the Universal Declaration of Human Rights and those of the UN Global Compact, and takes into account widely

Opportunity & risk management ✓ PwC

Customers expect their logistics services 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.

Opportunity and risk management process ✓ PwC



Strategic issue management ✓ PwC

We gain valuable insights through a strategic issues management process that involves intelligent, real-time monitoring to track relevant topics in more than 20,000 online media and social media sources. The insights gained flow into our business and communications strategies and are also used in planning and managing our corporate responsibility activities.

Solutions for mitigating health risks ✓ PwC

Our Insurance & Risk Management (IRM) organization develops and deploys high-quality insurance programs and advises on contract risks, claims management and operational risks. These offerings include tailored health insurance packages for countries where social healthcare coverage is either insufficient or does not exist. We systematically analyze the main drivers of insurance claims and use this data to develop customized, local health and well-being programs. To identify areas of focus, our global health benefits program works closely with local insurance

providers or makes use of the country health risk profiles published by the World Health Organization (WHO).

Accounting for financial opportunities and risks ✓ PwC

The anticipated impacts of potential incidents, developments and trends are considered in our business planning. Opportunities and risks are defined as potential deviations from projected earnings. Our Group-wide opportunity and risk management system helps us achieve these goals. The first step of the process also 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 for their divisions and departments, 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 follow uniform Group-wide reporting standards. We continuously improve the IT application used for this purpose. The opportunity and risk report for the reporting year is part of the Group's 2016 Annual Report.

Supplier management

MANAGEMENT APPROACH & TARGETS ✓ PwC

The Supplier Code of Conduct forms the basis for supplier relations and is an integral component of our contracts with suppliers. The Code places our suppliers under obligation to observe the strategic goals and values of Deutsche Post DHL Group and to ensure that their own business partners and subcontractors adhere to our standards as well.

We select our suppliers and transport service providers by way of a multi-step evaluation system. To improve both the quality and the objectivity of this process, we also look at external supplier evaluations and define appropriate thresholds.

We focus on strengthening existing contractual relationships with our suppliers. Our aim is to heighten their awareness of our standards, enabling us to maintain a lasting partnership with them. The most important informational material is provided to the suppliers in their own languages.

We also instruct and inform our employees, taking every opportunity to sensitize them to the risks that can arise in the procurement process. We regularly revise our training offerings and review our procurement policy as part of an ongoing process to ensure that our employees have access to the latest information. To ensure that they are familiar with our expectations for policy-compliant dealings regarding corruption and anti-competitive behavior, compliance training is mandatory for all our procurement staff.

KPIs & targets ✓ PwC

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

Areas and focus ✓ PwC

Area	Requirement	Focus 2016
Supplier Code of Conduct	Check for completeness and currentness	The revised version was rolled out and provided in the most important languages used by our suppliers
Supplier management	By 2020, develop supplier evaluation criteria and define minimum thresholds	Procurement platforms harmonized and improved
Corporate Procurement Policy	Include environmental and social standards in the supplier selection process as a binding selection criterion and roll out revised version	In addition to the existing screening process, independent, third-party supplier assessments are also included in the selection process as of 2016
Focus 2017		
Supplier Code of Conduct	Employee training	All procurement staff to be trained in the newest version
Supplier management	By 2020, develop supplier evaluation criteria and define minimum thresholds	Intensify contact with strategic suppliers and recognize their performance through our Supplier Award
HR development	Sensitize and train employees, enabling them to act as role models for ethically correct behavior	Certify 50% of procurement employees under the Certified initiative
Corporate Procurement Policy	Include environmental and social standards in the supplier selection process as a binding selection criterion and roll out revised version	Review policy and draw up measures

CENTRALIZED PROCUREMENT AND SUPPLIER MANAGEMENT ENSURE HIGHEST STANDARDS ✓ PwC

At the operational level, the Corporate Procurement organization supports the divisions in purchasing high quality goods and services, reducing spending and making cost-effective investments in a way that is both in line with our Group policies and regardful of environmental and social aspects. Annual procurement expenses in 2016 amounted to €10 billion. This includes the costs involved in upgrading our fleets and sites.

Corporate Procurement is also responsible for centralized supplier management, which starts right at the beginning of the value creation chain. This ensures that our standards are applied and adhered to along the entire supply chain, increases supply security and creates value through trust-based collaboration and long-term business relationships with our suppliers. And because we see our suppliers as more than just transport service providers or external agents who deliver the goods we need, we also enable them to bring innovative ideas to Deutsche Post DHL Group.

We support our suppliers with our knowledge and expertise, and we offer them an interactive training module on our Supplier Code of Conduct and environmental and social standards. We also give our road freight subcontractors access to our procurement contacts to assist them, for example, in the procurement of new, more efficient vehicles.

Procurement platform for greater transparency ✓ PwC

We strive to make our procurement processes more efficient and more transparent. In the reporting year, we integrated additional procurement processes into the existing purchasing platform and simplified their use. The platform, to which our supplier management system is linked, enables Group-wide strategic management of procurement processes and supports the company's standardized supplier monitoring and evaluation process.

Supplier evaluations include a third-party due diligence screening for suppliers who meet certain risk criteria contained in our Anti-corruption Policy. By taking this approach, we ensure that they meet the Group's supplier selection requirements and support us in reaching our environmental goals and maintaining our social standards.

In the "Environment & Solutions" chapter, we report in detail on the environmental aspects of various procurement activities, including the global procurement of electricity from renewable energy sources.

Raising employee awareness ✓ PwC

Following the successful rollout of our Security and Compliance Awareness Workshop (SCAW) in the reporting year, we will integrate the workshop into our training offerings for our procurement employees in the coming year. The workshop will also become part of our Group-wide Certified initiative training for this target group.

The workshop, which was jointly developed by Corporate Procurement, Corporate Security and Corporate Compliance, is designed to sensitize procurement staff to certain risks, such as corruption and anti-competitive practices, so they can identify and resolve conflicts quickly and in a policy-compliant way. The workshop and subsequent refresher courses are mandatory for all procurement staff.

Ensuring ethical supply chain standards ✓ PwC

The Supplier Code of Conduct is an integral part of our supplier management system and of the contracts we enter into with suppliers. It applies to suppliers as well as to transportation subcontractors and other services providers. The Code explicitly calls on suppliers to ensure that their own business partners and subcontractors adhere to our standards as well.

We are developing and enhancing our Supplier Code of Conduct as part of an ongoing process. In the reporting year, we revised the Supplier Code of Conduct, honing its treatment of human rights protection and fair working conditions. New compliance-related topics were added to the Code, including trade regulations and the handling of conflicts of interest. These changes have been integrated into the interactive training module which our suppliers can use to familiarize themselves with our standards before entering into contract negotiations. Suppliers can access both the training module and our Code of Conduct in the most frequently used languages.

Tendering process standardized Group-wide ✓ PwC

We select our suppliers and transport service providers by way of a multi-step tendering process. In addition to

our own evaluation process, we also look at independent, external supplier reviews. As a result, we work solely 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. We want to use our findings to further enhance the supplier evaluation process by, for example, taking account of factors specific to the countries in which our suppliers operate.

Entering into dialogue with our suppliers ✓ PwC

Some of our suppliers possess competencies that are of strategic importance for our current or future business. These include innovators from the fields of green technologies and IT. We confer regularly with these partners, exchanging ideas and information about current developments, and collaborate on projects focused on driving innovation and developing new business models.

Responding to non-compliance ✓ PwC

We trust our suppliers and business partners to comply with the terms of our contractual agreements, and conduct compliance tests on a random basis. Suppliers are selected on the basis of their economic 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 and if confirmed, the supplier in question must bindingly commit to address and remedy noncompliant behavior as quickly as possible. Follow-up evaluations are conducted. If the supplier fails to meet our requirements, either in part or in full, further action is taken; in some cases, this can mean the termination of a business relationship.

SUBCONTRACTOR MANAGEMENT

For the most part, transport services are procured centrally by our divisions. The Supplier Code of Conduct is also used as a binding component of contracts awarded in decentralized procurement.

We include our subcontractors in our decisions and activities right from the outset, such as when calculating carbon emissions. Harmonizing emissions calculation methodologies worldwide is a key component of our environmental program GoGreen. We thus participate in a number of related global initiatives, among them Green Freight Asia, Green Freight Europe and the Global Logistics Emissions Council.

Air and ocean freight

Unlike our express business, in our air freight operations we have no Group-owned aircraft. We operate solely as an agent between customer and freight forwarder. When selecting subcontractors, we consider environmental criteria and take three key factors into account:

- The company's efficiency, which we monitor on a monthly basis
- Transparency in fleet composition
- The company's participation in industry-led initiatives such as the Airfreight Carbon Initiative and projects to reduce fuel consumption and noise pollution when approaching Leipzig/Halle airport, with which we are pushing the topic of sustainable aviation

To ensure that we can track and verify a subcontractor's environmental performance, the outcomes of the above checks are entered into the Carrier Scorecard, which is then used in the overall evaluation.

Our entire ocean freight operations are also carried out by transportation subcontractors. We have no Group-owned container ships. One of our most important tools in selecting a shipping company is the Green Carrier Scorecard.

Companies are evaluated based on the following criteria:

- Cooperation: The provision of carbon efficiency and environmental performance data via the Clean Cargo Working Group (CCWG)

- Carbon efficiency: The company's efficiency by trade lane against the industry average
- Transparency: Verification of data by an independent third-party
- Engagement: The company's participation in industry-led initiatives and notable involvement in environmental projects and initiatives

Each year shipping companies are issued a GoGreen Carrier Certificate that summarizes the results of the evaluation.

Road freight

In our road freight operations, subcontractor management poses a far greater challenge than with air and ocean freight. This is largely due to the fact that the supplier market is much more fragmented. In the reporting year, the road freight market in Europe amassed sales of some €193 billion. With a market share of 2.2%, Deutsche Post DHL Group is the second largest provider in the road freight sector.

To improve subcontractors' greenhouse gas emission efficiency, we have joined a number of industry-led initiatives whose work focuses on determining the environmental performance of road freight companies and developing a standardized method for calculating the emissions of road freight operations. We are also able to influence the efficiency of our road transport subcontractors by supporting them in their efforts to improve their efficiency and, among other things, by giving them access to our procurement contacts to assist them in the purchase of new, more efficient vehicles.

Compliance ✓ PwC

MANAGEMENT APPROACH & TARGETS ✓ PwC

Ethically and legally correct conduct – which we believe includes preventing corruption and anti-competitive practice – is the principle which guides how we treat one another within the Group. It also governs how we deal with our business partners, investors and the public sector. Compliant behavior plays a key role in ensuring lasting success at Deutsche Post DHL Group.

As a globally active logistics provider, we operate in countries with very different political systems, laws, and cultural values. We thus observe prevailing national laws and regulations. These include:

- Internationally accepted anti-corruption standards and principles, such as those laid down in the UN Global Compact
- Applicable anti-corruption and bribery laws, such as the US Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act

We also adhere to the principles laid down in the World Economic Forum's Partnering Against Corruption Initiative (PACI).

In addition to our corporate Code of Conduct, our Anti-Corruption and Business Ethics Policy helps us to avoid situations which could call the integrity of our conduct toward our customers, suppliers, authorities and other important third-parties into question. With our Supplier Code of Conduct, we expect our business partners to adhere to these same high standards and values. The Supplier Code of Conduct is an integral part of all contracts we enter into with suppliers. In order to detect compliance-related risks at an early stage and identify their causes, we conduct regular risk assessments in all our business divisions and regions.

Our managers serve as role models. We expect them to lead by example in both behavior and values, foster both the corporate culture and the principles of Deutsche Post DHL Group in everything they do, and communicate these values to our business partners. Through targeted communication and regular training, we help our employees and business partners to both understand and adhere to our compliance policy and rules. 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.

KPIs & targets ✓ PwC

We see compliance as a prerequisite for business success worldwide. This perception is shared by our various stakeholder groups. Thus, as a material issue, compliance is managed according to predefined indicators. As this information involves sensitive data, we do not disclose this data externally.

GOVERNANCE & RISK ASSESSMENT ✓ PwC

A comprehensive compliance management system with clear lines of responsibility and reporting structures as well as effective monitoring mechanisms provides us with the necessary framework to ensure adherence to both our Group-wide Code of Conduct and the rules laid down in our various other policies.

Responsibility and reporting ✓ PwC

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 (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 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 and 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 as well as the annual report to the Finance and Audit Committee of the Supervisory Board.

In addition to the measures conducted by the compliance organization, Corporate Audit includes compliance-related issues in its independent, objective audits commissioned by the Management Board.

The focus of these audits lies in analysis and evaluation of 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.

Compliance Management System ✓ PwC

Our Compliance Management System (CMS) uses a seven-component approach to ensure adherence to our compliance policy, rules and principles.

One of the most important functions of our compliance management system is the prevention and early detection of potential compliance risks. Analysis of the company’s current risk profile is thus of fundamental importance in adjusting and improving the system. The findings of these analyses are used within the compliance program to establish suitable measures to prevent violations of compliance policy and rules.

Key components of the compliance program include:

- Developing appropriate guidelines for use in identifying compliance risk areas
- Evaluating business partners with regard to compliance
- Developing, implementing and continuously updating compliance training and internal communication measures
- Coordinating the system for reporting potential violations of law or policy, including the respective sanctions as deemed necessary

Elements of the Compliance Management System ✓ PwC



Instilling a compliance culture ✓ PwC

To improve the compliance culture and increase awareness for potential compliance violations, we have made regular compliance training for managers and employees a key component of our compliance management system. Compliance training is mandatory for managers and for certain employee groups. Training content is regularly revised to ensure that it serves current needs.

Compliance violations: Reporting and confidentiality ✓ PwC

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. Compliance violations can be reported anonymously (where legally permitted) or by providing contact information. Reported compliance violations are handled professionally and confidentially. Internal media are used to ensure that employees know about the reporting systems available to them as well as whom to contact within the local compliance organization. Information regarding relevant violations form part of the reports to the Board of Management and the Supervisory Board’s Finance and Audit Committee.

Independent monitoring through Corporate Audit ✓ PwC

The subject of compliance is a fundamental part of the audits which Corporate Audit performs in all business divisions and departments. Corporate Audit also inspects the management processes within the compliance organization on a routine basis. The results of these inspections are documented and reported regularly to the Board of Management together with recommendations for improvement. In 2016, recommendations included revising the Group’s competition policy and reviewing the compliance training program.

In the reporting year, some 246 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 also result in a review of existing monitoring and control criteria for their currentness and completeness. Thus, in this reporting year, we have updated and added further compliance aspects to

246
regular audits

the catalog of criteria used in inspections conducted by Corporate Audit.

TRANSPARENCY IN PURSUING COMPANY INTERESTS ✓ PwC

We build trust through openness and transparency in our dealings with the public sector. 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 lays down the rules on how we deal with

donations and gifts to political parties and governmental institutions. This policy thus applies for all regions and countries in which Deutsche Post DHL Group operates.

We are aware that the idea of transparency can be interpreted differently in countries around the world. Wherever a transparency register exists, such as in the EU, we 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 so-called political actions committees (PACs), and pay contributions on a personal, voluntary basis.

“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.”

TAKEN FROM SECTION 9 OF DEUTSCHE POST DHL GROUP'S ANTI-CORRUPTION AND BUSINESS ETHICS POLICY

Data protection & security ✓ PwC

MANAGEMENT APPROACH & TARGETS ✓ PwC

At Deutsche Post DHL Group, data are some of our most sensitive and valuable assets. How we use technology both to protect our data and ensure the integrity and availability of our IT systems is outlined in the “Data security” section. Group-wide implementation of our standards to safeguard personal data is covered in the “Data protection” section.

For a multinational company, the international flow of data poses a particular challenge, especially when it comes to protecting personal data. Given the many countries in which we operate, we must observe what can often be very different data protection rules and regulations. In our growth market e-commerce as well as in international logistics, customers place great value on data protection compliance.

We have thus adopted our own standards which are laid down in our Data Privacy Policy and apply throughout the Group. In countries where there are no prevailing data protection rules or regulations, our policy serves as the basis for setting the binding minimum standard for protecting data. With the support of legal counsel, we ensure that we comply with our own Data Privacy Policy as well as with prevailing national data protection rules or regulations.

With high security standards and a comprehensive IT security management approach, we protect business and personal data against unauthorized access, transmission or manipulation. We also ensure that our systems can operate in the event of failure or disruption.

KPIs & targets ✓ PwC

High data protection standards are integral to the Deutsche Post DHL Group brand, and IT security is of critical importance to our business operations. Our stakeholder groups see both of these issues as major factors of our business success. Given the sensitive nature of our data protection indicators, we do not disclose this data externally.

DATA SECURITY ✓ PwC

Our work and business processes are largely based on IT solutions. The security of our information systems is thus a top priority, because we know that inadequately protected data harbors the risk of growing vulnerability and economic harm. We aim to provide reliable systems for the Group and for our partners at all times in order to ensure that we can all continue to operate undisturbed.

When securing our IT systems, we focus on the three underlying principles of information security:

- Confidentiality: business and personal data are protected against unauthorized access.
- Integrity: when data are processed electronically, business and personal data can neither be changed (either by unauthorized persons or unintentionally) nor falsified.
- Availability: IT systems are available in accordance with agreed specifications.

To ensure that our IT systems are secure, the Information Security Committee, a sub-committee of the IT Board, has defined guidelines and procedures based on ISO 27002. In addition, Group Risk Management, IT Audit, Data protection and Corporate Security monitor and assess IT risk on an ongoing basis.

Examples of security measures:

- Employees are granted access to our systems and data only to the extent to which 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.
- To ensure that our IT systems are constantly available, we design them to protect against complete system failures and operate data centers at different geographical locations around the world. All of our software is updated regularly to address bugs and close potential gaps in security.

DATA PROTECTION ✓ PwC

Many people use digital products and services, and trust that their data will be secure. As a globally active company whose business model is based on connecting people and exchanging sensitive data, we believe we have a special responsibility in this regard. In our Data Privacy Policy, we have laid down standards which we apply Group wide. We also use those standards as a guideline in countries where no data protection rules or regulations exist. Through the further development of our standards and with training for employees and managers, we ensure that we comply with prevailing data protection law. Combined with an effective data protection management system, high data protection standards are effective in securing customer, employee and investor loyalty.

Our data protection management system includes web-based training on a variety of data protection issues to sensitize our managers and employees to the importance of data protection and to ensure compliance with our Data Privacy Policy. With online seminars on a range of data protection issues, such as secure handling of personal and customer data, existing knowledge is deepened. In addition, employees received training on the new requirements under the EU's General Data Protection Regulation

issued in 2016. Data Privacy Policy training is mandatory for our managers, and we also intend to include a training module on data protection in the Group-wide Certified initiative.

Privacy Impact Assessment (PIA) was also a central focus of our data protection management system in the reporting year. More than 300 of these assessments were carried out in accordance with national laws and regulations for global IT applications in 2016.

Data Privacy Policy implementation confirmed ✓ PwC

Our corporate Data Privacy Policy lays out uniform, appropriate and globally applicable data privacy and protection standards for safeguarding personal data. We also have other data protection rules in place which, based on our corporate Data Privacy Policy, focus on specific areas such as the processing of personal data, direct marketing and e-commerce activities.

The implementation of our Data Privacy Policy is subject to regular external third-party review. Evaluations performed by Corporate Audit in the reporting year yielded recommendations concerning data management practices outside Germany, such as the expansion of auditing activities. We will therefore develop an international audit plan for 2017 based on our existing auditing process.

Security management ✓ PwC

For a globally operating logistics company like Deutsche Post DHL Group, success hinges on a stable and secure business environment as well as on security within its various modes of transport, be it by air, road or sea. Globally integrated supply chains are exposed to any number of risks and are often the target of criminal activity, including organized crime, terrorism, piracy and internet crime.

In our efforts to protect our employees and sites, and to secure business continuity, including supply chain operations, Deutsche Post DHL Group operates a comprehensive risk-based security management system. Continuous monitoring and improvement of our security measures make for efficient and effective processes, enabling us to make our global supply chains more resilient to a wide range of criminal activities and increase the level of trust that customers and employees place in our products and services. In this way, we improve our performance as provider of choice, thus contributing significantly to the corporate strategy and the business success of Deutsche Post DHL Group.

We identify potential security risks for the Group worldwide, analyze them with regard to their potential impact and, after careful evaluation, take appropriate steps to mitigate them. We also inform our suppliers of security-related issues to safeguard their supply chains against potential risk. Our security management system is embedded in the Group’s comprehensive management approach and is compliant with legal and regulatory provisions as well as international standards. Our team of security analysts at the Global Security Situation Center (GSSC) identifies and assesses strategically relevant risks and trends worldwide, and uses specially defined security indicators to analyze potential threats. The GSSC Trend Reports are regularly submitted to Group management for further discussion.

Global Security Situation Center (GSSC) ✓ PwC



Sensitizing employees to security-related risk ✓ PwC

With special training programs, we ensure that our employees are aware of the security risks involved in their area of work and are able to respond in an appropriate way. For example, we instruct them on the applicable standards for their place of work and on the Group’s compliance policy with regard to corruption and anti-competitive practice. We intend to integrate relevant training modules into our Group-wide Certified program. Our security policies expressly include the protection of personal rights and adherence to legal requirements. This promotes a security culture which is both accepted throughout the Group and complies with prevailing law.

GLOBAL IT PLATFORM ✓ PwC

Our global IT security platform – Resilience360 – has proven to be an efficient security management tool which we also make available to our customers. The particular strength of our Resilience360 platform lies in the fact that it provides visibility regarding our global supply chain routes and links up the sites involved, allowing information on security-related incidents from both internal and external sources to be processed in near real time. Where security-related disruptions occur, the tool serves as a communication platform, allowing us to contact and share information with the respective parties along the

entire supply chain. This gives customers a competitive advantage in that they can also use Resilience360 to monitor their own supply chains and make them more secure.

Customers can integrate Resilience360 into their own supply chains because we can adapt the platform to meet their specifications.

Broad-based exchange ✓ PwC

Deutsche Post DHL Group also 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. We use our vast experience to help develop security policy solutions. 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.



INTERVIEW

» **Making sure your people are on board is just as important as investing in research and development. I think we all agree it is crucial to develop new solutions that improve working conditions, and it's a thrill to see these technologies in action.** «

—
JOHN GILBERT

MEMBER OF THE BOARD OF MANAGEMENT SUPPLY CHAIN

Interview with John Gilbert

“People love working for an innovative company.”

Mr. Gilbert, change is a constant in the logistics business. The Supply Chain division has tested many innovations, such as augmented reality, robots and IoT solutions. What's going to make its mark in the coming years?

I think all of them are going to have an impact. Advances are being made every day. Augmented reality, for example, seems to only make headlines when it's about gaming, but the technology harbors a lot of potential for logistics. Right now we're using it for order picking in some of our warehouses and our staff is really impressed – it significantly reduces errors, increases productivity and makes onboarding new employees much faster and easier. They wear smart glasses equipped with software customized for the picking process. All the information they need is displayed on the tiny screen inside the glasses – they see the next shelf, the amount of product needed and where it should go. It's hands-free and reduces the time and energy needed to fulfill an order. The technology is very promising – for other applications as well.

The same applies to robotics. Robots are becoming more and more autonomous and intelligent, which means they are now better able to handle specific tasks within our logistics operations. Although the initial capital investment is still relatively high, we've been testing a variety of collaborative robots in our warehouses and we think it's worth it. Two of them – “Baxter” and “Sawyer” – can do things like wrap or assemble products. “Effi-BOT” is another collaborative robot we are testing – an automated cart specifically designed for multi-order picking. It follows the picker

around the warehouse, who loads it up and sends it to a drop-off location. After the cart is unloaded, it automatically rolls to the next picker who needs one. Warehouse work is demanding – this system reduces the physical burden on our employees since they no longer have to carry heavy loads, push heavy carts and put unnecessary mileage on their feet. So the added efficiency of automation also means improved working conditions, something we are always striving for.

3D printing is another promising technology that will see its importance grow in the near future. DHL has been testing a variety of 3D printers and techniques for several years and we certainly see potential for it to redefine manufacturing and supply chain strategies. But it won't replace mass production. Instead, it will complement it by simplifying the production of highly complex and customizable products and spare parts. This will bring manufacturing and logistics closer together than ever before. A “spare parts on demand” model cuts inventory costs and “product postponement services” increase customization while reducing lead times to the customer. This divides manufacturing and assembly into different stages and final production could be completed by 3D printers locally or in the region. Whatever road manufacturers choose to go down, they'll need to completely rethink their supply chain strategies.

Data will also play a key role in the future of warehousing and logistics. We'll be able to plan better through intelligent prediction and route optimization based on advanced algorithms, artificial intelligence and software robots. And I expect these tools will open doors to new and disruptive logistics innovations in the future.

Overall, I think businesses will need technologies like these to be sustainable – ones that increase efficiency and

employee satisfaction so that we can cope with issues such as labor shortages and shifting attitudes toward work-life balance.

How are your people responding to these changes in their working environment? In what ways are you letting them participate in the innovation process?

Making sure your people are on board is just as important as investing in research and development. I think we all agree it is crucial to develop new solutions that improve working conditions, and it's a thrill to see these technologies in action. But involving our staff at an early stage is also crucial for acceptance and ultimately success. That's why we keep them and our social partners up to date, asking them to participate in the development and to test the outcome. Our vision picking and collaborative robot pilots are two examples. Both were well accepted and we received very positive and detailed feedback. People love working for an innovative company, but you'll only be able to put theory into practice if you involve everyone in the process.

The traditional portfolio of contract logistics services such as planning, sourcing and supplier management now includes packaging, repairs, returns and recycling. How have increasingly eco-minded customers impacted the development of these services? How do you plan to expand them?

Customers are certainly more environmentally conscious, which has sped up the development of related services in the industry. The Group's GoGreen program put sustainability at the center of our customer solutions a long time ago, and we've never stopped evolving, adapting and expanding them, not to mention adding new and innovative solutions to our portfolio.

We offer a full range of eco-friendly logistics solutions to reduce our customers' impact on the environment. Our portfolio of EnviroSolutions covers waste management, extended producer responsibility as well as consulting services and support as a lead environmental partner. Our tailored, end-to-end waste management solutions help reduce, recycle and re-use waste to help companies reach zero landfill objectives. Our solution to convert waste into energy at Gatwick Airport is the first of its kind in the world. Producer responsibility is all about helping local governments, charities and businesses with the issue of compliance, regardless of the geography or product. We put our extensive business, product and legal knowledge

to work to ensure accurate reporting and reduce administrative complexity and costs. The goal is to empower them to improve their environmental performance through integrated logistics and environmental solutions around the world and across all industries.

Deutsche Post DHL Group aspires to be the benchmark for responsible business by 2020. One of the most important aspects of this is building the resilience of global supply chains as risks continue to grow. What is your division doing to ensure supply and value chain security?

Supply chains today are more global and complex than ever before, which makes risk assessment and management more and more important. This complexity and current threats such as terrorism, piracy or political instability make transparency crucial. That's why we use our global risk management platform Resilience360 to monitor incidents, generate a risk assessment and support preparation for and prevention of any adverse effects. It allows us to intervene quickly and minimize any impact on our customer's value chain. We also launched the Resilience360 Transparency Portal this year. In certain industries – such as food or textile – some companies still struggle to identify and visualize their entire supply chain, especially when it involves multiple layers of suppliers and sub-suppliers. The online tool allows customers to easily assess those levels and ensure compliance is fully met along every link in the value chain.

"Seeing the bigger picture" is the tagline of this year's Corporate Responsibility Report. How does that apply to your own responsibilities and goals for Supply Chain in 2017?

Seeing the bigger picture is definitely a part of Supply Chain's strategy in 2017 and beyond. Our business strategy is based on the Group's Strategy 2020, which was introduced in 2014 and rests on the three pillars of Focus, Connect and Grow. Basically, we want to focus on driving global standardization in order to improve our operations, better connect our organization across the globe to make it more effective, and grow in sectors and markets we consider promising to tap into opportunities and achieve sustainable growth. The Life Sciences and Healthcare sector and building up our capabilities in the Asia Pacific region are some examples of where we'd like to grow. You certainly have to see the big picture to do all that. Our course is set and we're already reaping the rewards.



“Our customers expect us to deliver solutions that are socially and environmentally responsible. Our green logistics solutions help our customers reach their environmental protection goals. We are taking innovative approaches and using state-of-the-art technologies that are also improving the working conditions of our employees.”

JOHN GILBERT

MEMBER OF THE BOARD OF MANAGEMENT SUPPLY CHAIN



SOCIETY & ENGAGEMENT

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SOCIETY & ENGAGEMENT

Management approach & targets

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 employees in a way that makes a positive contribution to society and the environment. We collaborate closely with established partner organizations to ensure the maximum positive impact of our programs and activities. In the area of corporate citizenship such activities focus primarily on:

- Disaster management at airports and local support for people in need (GoHelp),
- Promoting educational opportunity and employability for young people, especially those from disadvantaged socio-economic backgrounds (GoTeach),
- Supporting local environmental and community service projects initiated by our employees, and

- Promoting workplace integration and language acquisition for refugees in Germany.

Our corporate citizenship activities are systematically captured and measured according to the globally recognized LBG model. The percentage of long-term strategic involvement, i.e. investments in local communities, increased to 62%. The percentage of charitable contributions reached 12% and the percentage of commercial initiatives was roughly 26%. These developments reflect our strategy of investing primarily in long-term local community projects.

Corporate citizenship is one of the key drivers of employee engagement across the Group. All of our corporate citizenship programs, along with our refugee aid activities, are highly regarded by both employees and external stakeholders. We were recognized for our corporate citizenship activities several times over the course of 2016.

In the reporting year we laid out our approach to corporate citizenship in a new Group-wide guideline, which was also published on our corporate website.

We have defined the following requirements and focus areas for our main corporate citizenship pillars:

Areas and focus

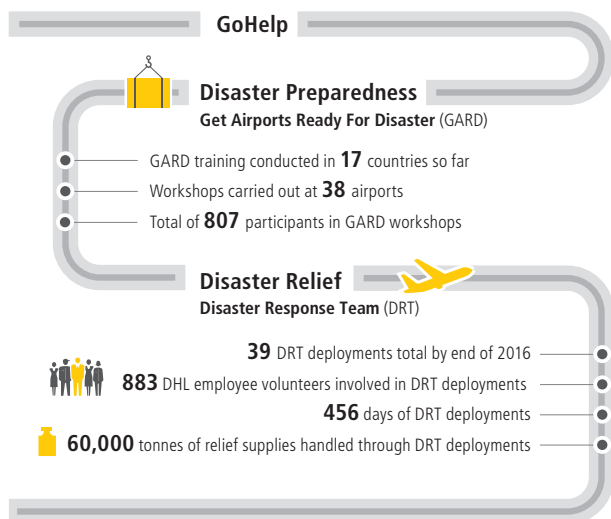
Area	Focus 2016	Status
Employee community involvement	We want to motivate as many employees as possible around the world to get involved as volunteers.	Achieved
	We plan to continuously expand and improve our refugee relief activities in Germany.	Achieved
Disaster management (GoHelp)	We want to conduct at least one DRT training session and at least one GARD workshop in each of the three main regions.	Achieved
Improving educational opportunity and employability (GoTeach)	As part of the cooperation with SOS Children's Villages and Teach For All, we want to expand activity in the partner countries and deepen our impact.	Partnership with Teach For All was extended for another three years.
Focus 2017		
Improving educational opportunity and employability (GoTeach)	Extend partnership with SOS Children's Villages by another three years.	

Disaster management – GoHelp

The Group’s global GoHelp program includes all emergency relief measures in the wake of natural disasters as well as disaster preparedness measures in disaster-prone regions.

Our GoHelp program leverages Deutsche Post DHL Group’s logistics expertise and global logistics network to support the United Nations, making us part of a global humanitarian system. The strategic partnership between Deutsche Post DHL Group and the UN, which has existed for over ten years now, was extended in 2016 for an additional three years. Any contributions and services provided by the Group through GoHelp are free of charge.

Disaster management at Deutsche Post DHL Group ✓PwC



GoHelp provides disaster management support to airports, enhancing logistics know-how and professionalism in two ways:

- As a preventative measure, our GARD workshops (Get Airports Ready for Disaster) prepare airports in disaster-prone regions for the possibility of a disaster-related emergency response (disaster preparedness).
- Disaster Response Teams (DRTs) provide emergency aid and ensure that the arriving relief supplies are managed efficiently and received by the authorized aid organizations (disaster response).

Both GoHelp programs (GARD and DRT) are very well received and respected both inside and outside the company.

DISASTER PREPAREDNESS: GET AIRPORTS READY FOR DISASTER

We developed the Get Airports Ready for Disaster (GARD) program based on our longstanding experience in disaster management. In cooperation with the United Nations Development Programme (UNDP), GARD helps prepare personnel at airports and relevant organizations such as airlines, aid organizations, disaster management authorities and other local authorities for the logistical challenges associated with disaster relief efforts. In this way, GARD helps improve and professionalize the processing of large volumes of relief supplies and passengers.

The GARD program consists of multi-day workshops in which participants evaluate airport capacity, conduct risk assessments and develop individualized emergency response plans under the guidance of our air freight experts. The follow-up module “GARD plus” includes a test run of recommended measures six to twelve months after the initial GARD training. This ensures that emergency response plans remain up-to-date and can be deployed immediately.

GARD trainers and GARD materials are provided by Deutsche Post DHL Group free of charge. UNDP is responsible for project implementation as well as coordination with the government agencies. It also handles organization of the GARD workshops and covers logistics costs. Funding from Germany’s Federal Ministry for Economic Cooperation and Development (BMZ) helps support the work of the UNDP.

So far GARD workshops have been conducted at 38 airports in disaster-prone regions in Armenia, Bangladesh, the Dominican Republic, El Salvador, India, Indonesia, Jordan, Lebanon, Mauritius, Macedonia, Nepal, Panama, Peru, the Philippines, the Seychelles, Sri Lanka and Turkey. Five of these workshops took place in 2016: in India, Indonesia, Jordan, Mauritius and the Seychelles. In all, more than 800 participants received training in disaster management.

DISASTER RESPONSE TEAMS PROVIDE EMERGENCY RELIEF

In cooperation with the United Nations Office for the Coordination of Humanitarian Affairs (OCHA), we have established a network of over 400 trained DHL employees who serve in our Disaster Response Teams (DRT) on a volunteer basis. We have three regional DRTs located in Dubai (for deployment in the Middle East and Africa), Panama (Americas) and Singapore (Asia Pacific). When called upon by the UN, DRTs can be deployed to disaster areas within a maximum of 72 hours and provide free and immediate logistics support at main relief airports. DRT volunteers lend their logistics expertise to coordinating incoming relief supplies, preparing goods for further transport and ensuring delivery to the responsible relief organizations.

Since the launch of the partnership with UNOCHA, DRTs have been deployed over 39 times around the world – most recently to Haiti in the wake of Hurricane Matthew in October, after the severe earthquake in Ecuador in April and after Cyclone Winston struck Fiji in February 2016.

We provide regular follow-up training to make sure our DRT volunteers are prepared for the extraordinary demands of such deployments. In 2016 over 100 employees took part in these training events, and in 2017, we plan to conduct at least one training in each of the three DRT deployment regions.

Coordinated arrival of relief workers

In 2016 the United Nations requested that we take on an additional role in the area of disaster relief. DHL volunteers who are not members of a DRT will provide support to the UN's Reception and Departure Desk which manages incoming relief workers at airports. The job of our volunteers will be to supply incoming relief workers with the information they need most so that they can exit the terminal and reach their deployment sites as quickly as possible. We have developed a training concept for this new role and have already used it to train the first group of DHL employees in Asia.

Improving educational opportunity and employability – GoTeach

With our Group-wide GoTeach program we improve educational opportunity and employability for young people, especially those from disadvantaged socio-economic backgrounds. We have good reasons for doing this. As one of the world's largest employers, we rely on access to highly qualified employees around the world. Education is fundamental to Deutsche Post DHL Group's innovative capacity and productivity. It is the basis for greater stability and prosperity – for individuals, for markets and for societies as a whole. GoTeach supports one of our primary goals as a company: to become Employer of Choice. At the same time, it helps build and maintain a stable market environment.

For all of our GoTeach activities, our employees share not only their time but their own individual skills and experiences. Our strategic, global partners are SOS Children's Villages and the educational network Teach For All.

PARTNERSHIP WITH SOS CHILDREN'S VILLAGES

Deutsche Post DHL Group's global collaboration with SOS Children's Villages dates back to 2010 and today includes partnerships in 26 countries. The main focus of the Group's involvement is to provide support to young people between the ages of 15 and 25 as they make the transition to working life. Along with financial support for educational programs and youth facilities, our activities focus on career guidance, teaching basic professional skills, providing young people with their first exposure to the work environment, and supporting them in their own start-up ventures. The goal is to enhance their employability and increase their chances of becoming independent, self-supporting young adults. In 2016, more than 1,000 employees devoted over 22,000 hours of their time to our partnership with SOS Children's Villages. Some 2,000 young people received assistance, over 44 completed internships within the Group, and at least 28 were offered employment contracts.

In the reporting year, we worked together with SOS Children's Villages on a system that allows us to share experiences gained from the partnership with all country-level SOS Children's Villages organizations around the world.

The goal here is to enable SOS Children's Villages to work with other companies around the world, i.e. independently from Deutsche Post DHL Group, on additional programs that support young people in their transition from school to working life.

the further expansion of the Teach For All network globally, and to support the selected partner organizations in their work on the local level. Since 2009, Deutsche Post DHL Group has been the main sponsor of the Teach First Deutschland initiative, with which we also collaborate on refugee aid.

PARTNERSHIP WITH TEACH FOR ALL

Teach For All is a global network whose mission is to improve educational opportunity around the world. Deutsche Post DHL Group has partnered with Teach For All in pursuit of a common goal: to give all children and youths access to an excellent education, regardless of their socio-economic backgrounds. In the reporting year the partnership was extended an additional three years.

The worldwide Teach For All network consists of 40 independent, locally managed and financed partner organizations working to improve educational opportunity in their respective countries. The partner organizations' core focus is to recruit and train exceptional university graduates to take on two-year assignments as teachers in high-need schools. In doing so, they not only support children and young people in their academic development, but often inspire teachers participating in the program to remain active advocates of educational opportunity in their local communities. Since the founding of Teach For All in 2007, the network has already deployed over 75,000 teachers in schools around the world and reached over nine million school-aged children. After completing their teaching assignment, some 60% of the nearly 50,000 alumni continue their work on behalf of educational opportunity – both inside and outside the classroom.

As part of the partnership, Deutsche Post DHL Group supports the global organization Teach For All as well as ten national-level partner organizations within the Teach For All network. In November 2016 the first Teach For All regional conference was held in Latin America, providing partner organizations and DHL employees in Argentina, Chile, Ecuador and Peru with an excellent platform for dialogue and exchange.

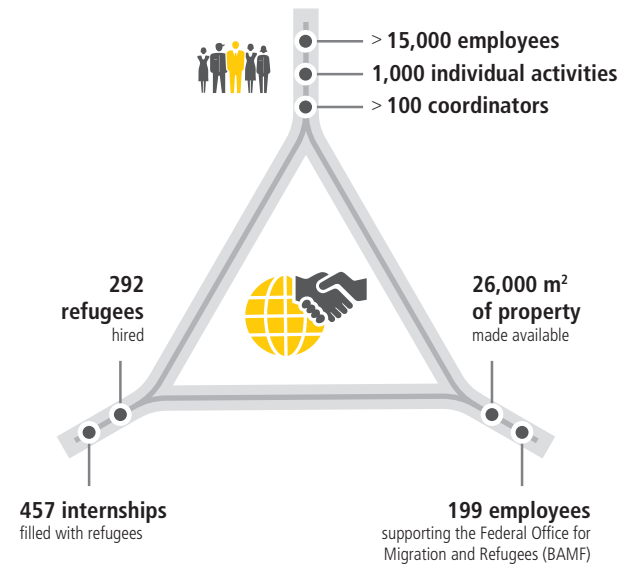
The Group supports the Teach For All network financially and through the involvement of our employees. In 2016 more than 2,300 employees contributed their experience and professional know-how to over 169 partnership activities. The funding provided by Deutsche Post DHL Group to Teach For All is designed to support

Refugee aid in Germany

Deutsche Post DHL Group is actively involved in refugee aid. In 2016 the Group made an important contribution to the integration of refugees in Germany, relying on the tremendous support and involvement from our employees as well as close collaborative partnerships with leading aid organizations. We focus our support on longer-term refugee integration programs, with an emphasis on language acquisition and vocational preparation and training. In the reporting year the Group was recognized multiple times for its involvement in refugee aid.

Deutsche Post DHL Group’s refugee aid efforts rely on partnership with leading aid organizations. The Group also partners with additional NGOs nationwide.

Refugee aid initiative at Deutsche Post DHL Group



Cooperation with partner organizations

Organization	Activities
Teach First Deutschland	<ul style="list-style-type: none"> Job application and interview training, office/site tours, bicycle repair shop, classroom renovations, integration guides, student internships
Aktion Deutschland Hilft	<ul style="list-style-type: none"> Various local activities with member organizations within the Aktion Deutschland Hilft coalition, including Malteser International and the Workers’ Samaritan Federation (ASB), Berlin
Wir zusammen	<ul style="list-style-type: none"> A coalition of over 160 organizations that bundle their refugee aid efforts through a common platform
InCharge	<ul style="list-style-type: none"> Mentoring program with language modules and support
Association of German Chambers of Commerce and Industry (DIHK) network “Unternehmen integrieren Flüchtlinge” (Companies integrate refugees)	<ul style="list-style-type: none"> Nationwide platform for companies involved in refugee aid

Integrating refugees into the jobs market

In the reporting year Deutsche Post DHL Group offered internships to 457 refugees. A total of 292 refugees – including individuals from Eritrea, Rwanda, Syria and Togo – received employment contracts from us over the course of the reporting year; 134 of these were offered after successfully completing an internship with us. Eighteen refugees began apprenticeships with us after completing an internship or other entry-level qualification.

The Group remains committed to its work in the area of refugee aid. With targeted measures to promote language learning it helps refugees build a foundation for the transition to working life and successful integration into society. The Group will also continue providing financial support for refugee aid.

Infrastructure for employee engagement

In the reporting year we established infrastructure to further facilitate employee engagement on behalf of refugees. As part of this, a nationwide network of 100 volunteer coordinators was mobilized to facilitate the efforts between employees, aid organizations, government authorities/agencies, and local communities. We also used our internal communications channels to establish platforms for dialogue and exchange among active employee volunteers.

Employees have responded positively to our refugee aid initiative. Around 15,000 employees participated in more than 1,000 different activities, including donation drives, language learning, recreational activities or supporting refugees in dealings with the authorities. We provided additional support to our employee volunteers by conducting informational events for integration guides and reading/language “buddies”, who also received special reading materials.

Manpower support for government authorities

In the reporting year 199 of our employees volunteered to support the Federal Office for Migration and Refugees (BAMF) in their efforts to organize volunteer activities and establish a pool of potential volunteers.

Space for refugee housing

In the reporting year there was a significant decrease in the demand for space for refugee housing. Of the roughly 100,000 square meters of property made available by the Group for refugee aid/housing, some 26,000 square meters – including properties in Euskirchen, Stuttgart, Hamburg, Bonn, Oschatz and Elmshorn – were used for this purpose.

Employee community involvement

Deutsche Post DHL Group expressly supports community involvement on the part of employees, which is regarded as a fundamental principle of our corporate culture. Through their volunteer work, employees come into contact with worlds beyond their own, broaden their horizons and improve social competencies – all of which translates into greater engagement and motivation in the workplace.

GLOBAL VOLUNTEER DAY

Since its inception in 2011, Global Volunteer Day (GVD) has become a major component and driver of employee volunteer work across the Group. GVD provides a platform for employees to realize community projects in close collaboration with independent local organizations and charities. Volunteer work in the context of GVD is not limited to a single day or single project, but is designed to promote lasting ties between our employees and the many local non-profits and charities in which they are involved. As part of our Group-wide “Certified” initiative, executives and managers are also made aware of the important part they play in supporting GVD activities.

In the reporting year once again more than 100,000 employees got involved in charitable projects in their communities as part of GVD, with some 76,000 of these employees actively participating in projects. In all, employee volunteers gave approximately 365,000 hours of their time to over 2,490 projects around the world, which means a

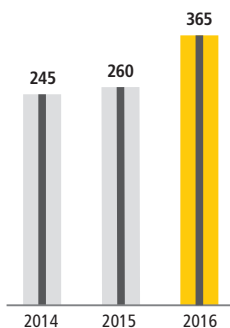
steady increase in both employee participation and the diversity of projects supported. As in 2015, we once again used the LBG model for measuring GVD participation levels in 2016.

FINANCIAL SUPPORT FOR EMPLOYEE PROJECTS

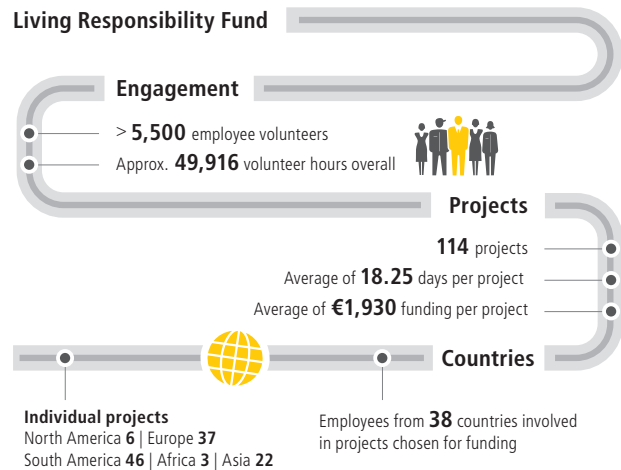
We also use our Living Responsibility Fund to provide financial support to outstanding volunteer projects involving our employees. Drawing from Group funds, we provide grants to a diverse range of partner organizations and their local projects around the world each year. In order to qualify for financial support, at least two Group employees must volunteer a total of more than 50 hours of their time to the given partner organization over the course of one year. Projects in which employees invest more than 400 hours are eligible to receive a maximum of €4,000. The exact amount of funding awarded is based on the total number of volunteer hours over the course of the application year. Our goal is to support employees who demonstrate lasting commitment to social or environmental causes and serve as models for their fellow colleagues.

The LR Fund jury, which selects projects to receive funding, includes representation from all Group board departments. In 2016 funding was awarded to 114 employee projects in 38 different countries. More than 5,500 employees volunteered approx. 50,000 hours of their time to these projects – the equivalent of over 6,200 eight-hour work days. In the reporting year the LR Fund provided a total of €220,000 in financial support.

Global Volunteer Day: Volunteer hours (thousands)



Financial support for employee volunteer projects in 2016



EMPLOYEES SUPPORTING EMPLOYEES

Our internal relief fund “We Help Each Other” (WHEO) is testament to the team spirit and solidarity among Deutsche Post DHL Group employees. WHEO is funded by individual employee donations or larger employee donation drives and provides financial support to fellow Group employees who are victims of a natural disaster. In the reporting year 128 employees across nine countries received financial support from the fund.



INTERVIEW

» Here at Deutsche Post, people from many different backgrounds and cultures have long worked together in an exemplary way – they help one another and see each other as equals, as colleagues. It is with that matter-of-fact attitude that many employees are now coming forward to help refugees.

«

JÜRGEN GERDES

MEMBER OF THE BOARD OF MANAGEMENT
POST - eCOMMERCE - PARCEL

Interview with Jürgen Gerdes

“Innovation is part of our DNA.”

In the past year Deutsche Post has been actively involved in refugee aid activities in Germany and received, among other accolades, the German CSR Award. The Group intends to continue efforts to promote integration and offer vocational support for refugees. What will you be focusing on in the coming year?

All of our social engagement projects are of a long-term nature. We want to achieve lasting results and that naturally applies to refugee aid. That is why we will continue to focus on language acquisition and vocational preparation – the two areas we felt were of particular importance from the start. The fact that at our company alone, more than 450 refugees have been given internships to help them integrate into the German employment market and nearly 300 have been given jobs testifies to our success. We intend to continue along these lines. That includes extending our close cooperation with organizations like the German Reading Foundation (Stiftung Lesen) and working even more intensively with the Federal Employment Agency and other DAX companies like ourselves. We need to provide more and better support for refugees who received no formal training in their home countries and now face the tremendous challenge of starting a new life.

In order to be effective, the integration offerings largely rely on employee engagement. How do you motivate employees to become volunteers and are there any refugee aid activities of which you are particularly proud?

To be honest, we really don't need to motivate our employees. Right from the outset, staff at every single branch and at almost every one of our sites in Germany – a total of over 15,000 employees – took the initiative to become actively involved. Here at Deutsche Post, people from many different backgrounds and cultures have long worked together in an exemplary way – they help one another and see each other as equals, as colleagues. It is with that matter-of-fact attitude that many employees are now coming forward to help refugees. So one of the things I am particularly proud of is our team of over 100 coordinators. In addition to performing their everyday work, they do a fantastic job of promoting more than 1,000 refugee aid projects and activities. Their work makes an important difference!

Apart from social engagement, your division also focuses on environmental protection – a topic of both social and business relevance. In 2016, Deutsche Post achieved a success story with the introduction of the StreetScooter and carbon-neutral deliveries. Can we expect to see more smart innovations made by Post - eCommerce - Parcel and will employees be involved in their making?

Yes, of course. Innovation is part of our DNA and we have found it fruitful to involve employees, many of whom played an active role in the StreetScooter's development and design. Putting the environmental aspect aside, the StreetScooter is essentially a tool that is designed to optimize the support we provide to our employees as they perform their work each day. And it works so well, not least in terms of its ergonomic design, because during the development process a large number of couriers provided input on their needs and ideas. This is also the case with our other innovations and enhancements in the area of environmentally-friendly delivery. Thousands of our employees make their deliveries either on foot or by bicycle and a growing number now do so using electric delivery carts, e-bikes and e-trikes designed and built by us. Before these and other newly-developed items like rainwear are approved for mass production, they are tried and tested by the people who will actually use them. What this all comes down to is our ambition to provide innovative customer services, develop innovative working tools and lead the logistics sector in both of these fields.

Deutsche Post benefits especially from the growth in online trade. Does this have a proven, positive impact on the environment? In other words, how environmentally friendly is shopping online?

Linking this to the StreetScooter, I repeatedly stress the environmental aspects in many of my talks. I say, yes, we're seeing growth in online shopping and that means growth in parcel volumes and in the logistics network needed to cope with it all. If you approach this properly and keep coming up with new ideas the way we do at Post - eCommerce - Parcel, more parcel deliveries need not mean more pressure on the environment – and especially

not when final-mile delivery involves battery-operated vehicles. Our parcel logistics approach has long been both innovative and forward-looking. Take our Packstations. We have around 3,000 located throughout Germany and customers find them both practical and convenient. But looking at them from a different angle, they are also extremely environment friendly. If a recipient asks us to place a parcel in a Packstation, that's a parcel that no longer needs to be delivered to their front door. Nor does it have to be taken back to a retail outlet for the recipient to collect at a later date because they were not at home when the courier called. Other offerings such as the Paketkasten parcel box, preferred location and preferred time delivery are all part of that same innovative approach. They make customers' lives much easier and ensure that parcels arrive at their destination in the most environmentally friendly way.

The title of the 2016 Corporate Responsibility Report is "Seeing the bigger picture". What aspects of responsible business management will you be concentrating on in 2017?

Looking at the big picture, I naturally have our corporate strategy in mind and particularly the GROW component. Our e-commerce and parcel business is seeing strong and sustainable growth. That was particularly evident in the record figures seen around Christmas. So I'll be concentrating on continuing to create the conditions needed to foster that growth in a responsible way. For instance, by equipping more and more sites in Germany with StreetScooters and other modern electric vehicles – and by further optimizing our sorting logistics. This is something we have done at our new parcel center in Obertshausen – it's truly a benchmark site in environmental terms.



“As a global company, we have a special responsibility to the environment and need to set an example. In the Express division, that means using environmentally friendly solutions to meet customer expectations for fast and reliable services. For example, we are constantly improving how we utilize capacity, optimizing our flight routes and upgrading our aircraft to reduce fuel consumption as well as applying sustainable business practices to all aspects of our ground operations.”

KEN ALLEN

MEMBER OF THE BOARD OF MANAGEMENT EXPRESS



ENVIRONMENT & SOLUTIONS

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ENVIRONMENT & SOLUTIONS

Management approach & targets ✓ PwC

As a leading logistics company we connect people around the world and are a significant driver of global trade. This generates opportunity and prosperity, but also impacts the environment through greenhouse gas emissions, local air pollutants and noise. We play a leading role in environmentally sustainable logistics and have gained worldwide recognition for our efforts in this area. Our CEO Frank Appel represents Deutsche Post DHL Group as a member of the UN High-Level Advisory Group on Sustainable Transport, which has issued recommendations for sustainable logistics. Our involvement has helped contribute to today's debate on sustainability and drive innovation in the area of sustainable transport.

In 2008 we became the first global player in the logistics industry to establish a climate protection target. This goal – to improve our carbon efficiency by 30% over the 2007 baseline by the year 2020 – was achieved in 2016, four years earlier than planned. Looking to the future, we

30%

carbon efficiency achieved

have now set our sights on another ambitious goal: By 2050 we want to reduce all transport-related emissions to net zero and

contribute to the two-degree goal established at the 2015 UN Paris Climate Conference (COP 21). Our plan to turn this vision into reality includes four interim targets for 2025:

- We want to increase our carbon efficiency by 50% compared to 2007 levels. This new target is based on the approach taken by the Science Based Targets initiative.
- We want to reduce local air pollution emissions by operating 70% of our own first and last mile services with clean pick-up and delivery solutions, including the use of bicycles and electric vehicles.
- We want more than 50% of our sales to incorporate Green Solutions, making our customers' supply chains greener.
- We want 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 as part of our commitment to forest conservation.

In line with these objectives we continue to develop measures to reduce our own emissions, and we support our customers and subcontractors in reducing the impact of their business on the environment. We develop innovative efficiency measures tailored to specific regions and areas of activity; these measures are then implemented to improve fuel efficiency, optimize our networks and routes, and improve the energy efficiency of our buildings.

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.

Our efforts in the area of environmental protection are guided by the concept of "Shared Value" – the idea that we can create business value by contributing to society and the environment. One component of the Shared Value approach is the development of new environmentally-friendly logistics solutions, our GoGreen Solutions, with which we not only fulfill our customers' expectations and needs, but also contribute to the success of our own business. Due to their importance, our environmental protection activities are anchored in our corporate strategy.

KPIs and targets ✓ PwC

Focus area	KPI	Target 2016	Status
Carbon efficiency	Carbon efficiency index (CEX)	Improve CEX by at least one index point over previous year	Achieved
Energy management system		Continue the implementation of an energy management system based on the ISO 50001 standard at sites within the EU	Achieved
		Expand our own 6-Step Approach to environmental management to include the aspect of energy management	Will be met in 2017
Local air pollution and noise		Give this area special attention with the goal of developing relevant targets and reviewing the applicability of existing KPIs	Achieved
Energy consumption and monitoring systems		Roll out smart metering technology at relevant sites throughout Germany	Achieved
Lighting systems		Upgrade all of our mail sorting centers in Germany to LED lighting by 2019	One-third of mail sorting centers fitted with LED lighting
Heating systems		Upgrade the heating systems in all of our parcel centers in Germany, replacing them with energy-efficient combined heat and power plants	20 out of 27 parcel centers upgraded
Target 2017			
Energy efficiency and climate change		We want to reduce all transport-related emissions to net zero by 2050.	
Carbon efficiency	Carbon efficiency index (CEX)	By 2025 we will increase our carbon efficiency by 50% compared to 2007 levels. <ul style="list-style-type: none"> ▪ Interim target for 2017: Improve CEX by one index point 	
Local air pollution		By 2025 we will operate 70% of our own first and last mile services with clean pick-up and delivery solutions. <ul style="list-style-type: none"> ▪ Interim target for 2017: Develop pick-up and delivery solutions, prepare sites for e-mobility 	
Green Solutions		By 2025, more than 50% of our sales will incorporate Green Solutions. <ul style="list-style-type: none"> ▪ Interim target for 2017: Develop strategies and campaigns 	
Employee involvement		By 2025, 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 as part of our commitment to forest conservation. <ul style="list-style-type: none"> ▪ Interim target for 2017: Plant one million trees together with partners 	

Environment & climate protection ✓ PwC

GoGreen, our Group-wide environmental protection program, showcases our innovative strength in the area of sustainability. The GoGreen program includes a diverse range of innovative measures that make lasting contributions to improving our carbon efficiency and reducing air pollution and noise. In 2016 we achieved our efficiency goal set back in 2008. We have now begun working towards a new long-term aspiration: to reduce all transport-related emissions to net zero by 2050. Based on our 2050 aspiration, we have defined four strategic interim goals to be achieved by the year 2025. These interim goals cover four main aspects: global emissions, local emissions, green solutions and employee engagement.

When considering greenhouse gas emissions, we include not only the direct emissions generated by our own fleet and buildings, but also the indirect emissions from our transportation subcontractors, which account for the largest share of the Group's overall emissions. The focus areas of our GoGreen program are identified together with our stakeholders and defined in our Group-wide Environmental and Energy Policy; our environmental management system, in turn, ensures implementation of this policy. These focus areas include fuel and energy efficiency, the Group's environmentally-friendly products as well as raising awareness and training employees in the area of energy and environment.

We consider natural resource consumption and biodiversity to be lower-priority focus areas. Our business activity does not involve intensive use of water or wood, nor does it generate significant waste. Furthermore, our sites and activities do not have a significant impact on biodiversity. Independent of our environmental protection priorities and main action areas, we of course always act in accordance with existing environmental laws and regulations.

Our activities in the area of environmental protection have received top ratings from leading supplier evaluation platforms as well as from the largest and most influential CR rating agencies.

Environmental issues anchored in Group policies ✓ PwC

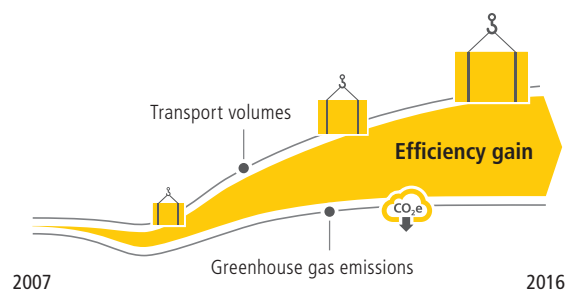
In addition to our Environmental and Energy Policy, we have also included environmental issues in other key Group policies. This puts us in position to achieve the ambitious goals set by our environmental protection program.

- **Investment Policy:** One of the functions of this policy is to ensure that any new acquisitions are more carbon efficient or environmentally-friendly than existing assets.
- **Biofuel Policy:** This policy prohibits the use of biofuels that negatively impact local food production in the countries where they are produced.
- **Paper Policy:** The Paper Policy requires us to purchase recycled paper whenever certified recycled paper is available on the local market. The full policy is available for download.

Improving fuel and energy efficiency ✓ PwC

Our aspiration is to achieve net zero emissions in our transport operations by the year 2050. This means improving efficiency in the area of transportation and decoupling the link between emissions and transport volumes. Optimizing our routes and modernizing our air and road vehicle fleets are just two of the ways we do this.

Efficiency principle



A comparison of the various modes of transport – including air, road, rail and ocean – reveals that air transport produces the greatest share of both greenhouse gas emissions and the local air pollutant sulfur dioxide (SO₂). In the case of road transport, greenhouse gas emissions and particulate matter (PM₁₀) emerge as the most relevant factors. As part of our efforts to reduce local air pollutant emissions, one of our interim goals is to operate 70% of our own first and last mile services with clean pick-up and delivery solutions, including bicycles and e-mobility.

Green products optimize our customers' environmental performance ✓ PwC

Through our GoGreen Solutions customers benefit from our environmental protection expertise and – in

the spirit of Shared Value – receive valuable support in optimizing the environmental efficiency of their own business processes. More and more customers today request environmentally-friendly transportation services or award their business to providers who have environmental management systems and measures in place.

In line with our vision for net zero transport-related emissions by 2050, we want more than 50% of our sales to incorporate Green Solutions by 2025, making our customers' supply chains greener.

Turning employees into multipliers ✓ PwC

Our employees play a critical role in realizing our environmental goals, which is why one of our new interim goals focuses on training 80% of our workforce to become certified GoGreen specialists 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.

Standardized energy and environmental management processes

✓ PwC

We maintain over 12,000 sites worldwide – including office buildings, mail and parcel centers and logistics warehouses, as well as Packstations and drop-off points. Awareness with regard to the environment and climate is integral to all operational processes at our sites. As part of the Group's own internal environmental management process – the 6-Step Approach – we are engaged in a continuous improvement process, constantly developing and implementing improvement measures to help us achieve our environmental targets. The process steps are based on the ISO 14001 standard.

Of the 10,307 sites suitable for external certification, some 4,990 were certified according to ISO 14001 in the reporting year. This represents approximately 48% of our sites, eight percentage points fewer than in the previous year. This decrease is attributable to an 11% increase in the number of our sites, which were included in the year's calculations. An additional effect was our increased focus on the ISO 50001 energy management standard in Europe – in the reporting year we were able to certify 4,975 of our sites according to ISO 50001.

Efficiency management

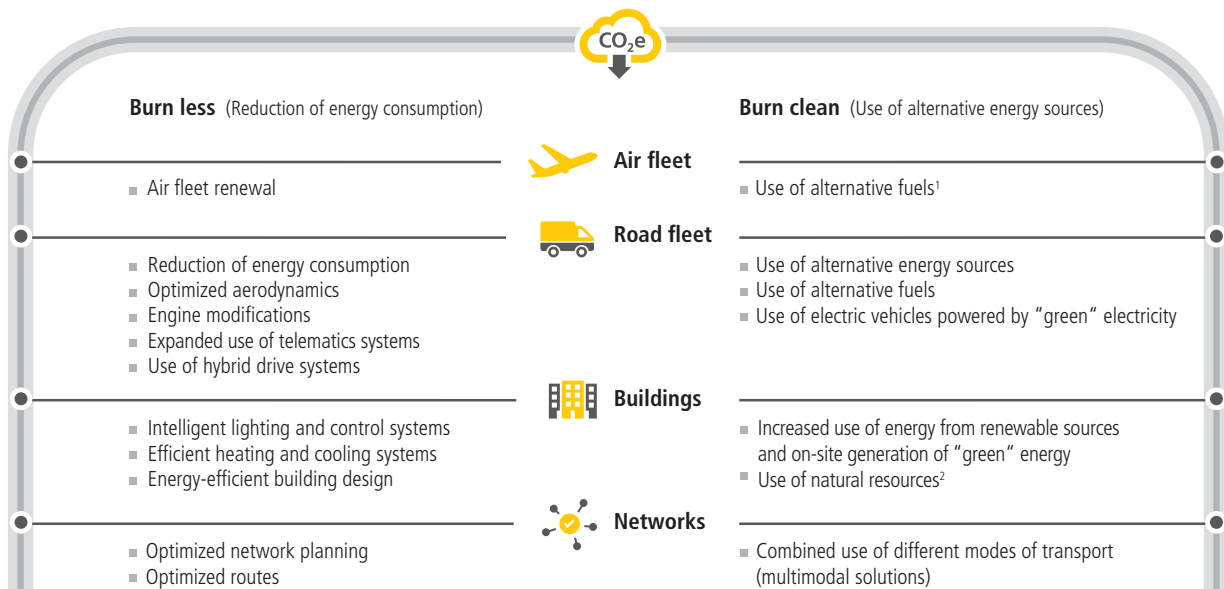
As a global logistics provider we maintain our own fleets and buildings and rely on additional capacity provided by subcontractors. In the area of ocean and rail freight, we work together with subcontracted shipping and rail companies.

We continuously improve the efficiency of our own fleets and buildings with the help of a comprehensive efficiency management system which includes the use of innovative technologies. The Group’s Investment Policy requires verification that any new acquisitions offer

greater carbon efficiency or be more environmentally friendly than existing assets, which is why advanced efficiency technologies are already standard equipment in many of our fleets and buildings.

All of our efficiency measures are guided by two basic principles: “burn less” and “burn clean”. “Burn less” measures help us reduce the energy and fuel consumption of our operations while “burn clean” measures allow us to tap additional potential for emissions reductions. This approach also has a positive impact on local air pollution and noise.

Efficiency improvement approach



¹ Currently not possible. Participation in relevant Initiatives (aireg e.V.) ² Daylight and rainwater harvesting

OPTIMIZING AIR TRANSPORT EFFICIENCY

Deutsche Post DHL Group is one of the world’s leading providers of international express services. With our fleet of over 250 dedicated aircraft comprised of 190 cargo planes and a number of smaller feeder aircraft, we serve approximately 500 airports worldwide via 19 main regional hubs and three global hubs in Leipzig, Cincinnati and Hong Kong.

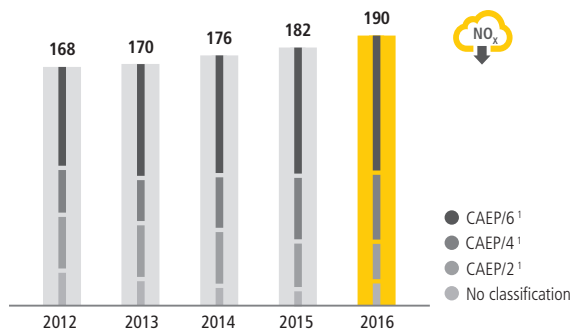
In the reporting year we again recorded growth in transport volumes; this resulted in increased kerosene consumption within our own fleet despite continued progress in route and network optimization. At 1,333

million kilograms, kerosene consumption in 2016 was slightly higher than the previous year. The greenhouse gas emissions from our air transport operations amounted to 4.23 tonnes of CO₂e in 2016, accounting for approximately 70% of our direct greenhouse gas emissions (GHG Protocol, scopes 1 and 2). Air transport is also a significant source of the local air pollutant sulfur dioxide (SO₂).

Modernizing aircraft

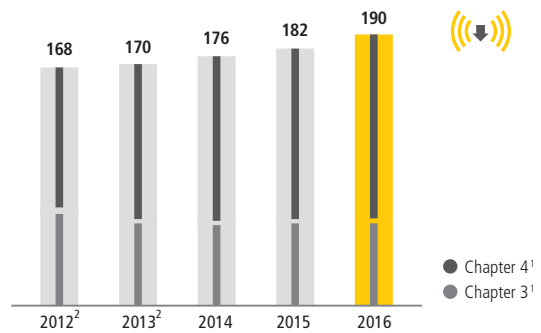
Air transport poses special challenges due to comparably high fuel consumption and emissions. We respond to these challenges with our “burn less” approach, which means continually investing in quieter and more efficient aircraft.

Aircraft by emissions class



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

Aircraft by noise standards



¹ International Civil Aviation Organization noise standard classification; ² Chapter 3 includes one aircraft without classification.

In the reporting year we added additional Boeing 757 aircraft to our fleet after deploying the first tranche in 2015. These offer increased loading capacity, improved technology and are significantly more efficient than previous models. These aircraft are not only more environmentally-friendly, but also require fewer repairs and provide improved working conditions for flight personnel.

In the reporting year we also signed an agreement to convert four Airbus A330-300 from passenger to cargo aircraft. The converted aircraft will feature cargo capacity in the mid to high range, offering extra flexibility and increased fuel efficiency per kilo of air cargo.

In keeping with our “burn clean” approach, we also support the use of alternative aviation fuels. However, at present not enough is known about how these fuels impact air operations and the environment, ruling out their large-scale deployment. We are currently working together with other companies as part of the Aviation Initiative for Renewable Energy in Germany e.V. (aireg) to improve the viability of such alternative aviation fuels. In the reporting year, as part of the research partnership project airegEM, we measured alternative fuel emissions through a series of ground-based engine tests and then simulated emissions for our fleet using representative flight profiles. This allowed us to gain additional insight into biofuels and how they would impact the environmental performance of our air fleet.

Reducing noise pollution is another goal of our air fleet modernization efforts. Today, more than two-thirds of our fleet already meets the highest noise standards prescribed by the International Civil Aviation Organization (ICAO).

We are also involved in local noise abatement initiatives such as a pilot project carried out by the Leipzig/Halle airport to explore alternative landing procedures. It involves combining the Point Merge procedure and the Continuous Descent Approach as a possible measure for reducing local noise pollution.

MORE EFFICIENT ROAD TRANSPORT

With a fleet of more than 92,000 vehicles worldwide, we offer the full spectrum of transportation services – from short-range and medium-range delivery, to regional and long haul transport with heavy trucks. For more efficient and environmentally friendly transport we need to apply operationally suitable solutions that are tailored to the varying demands and requirements of our vehicles. We therefore depend on a diverse range of measures based on factors such as vehicle type, utilization and route to maximize potential efficiency gains.

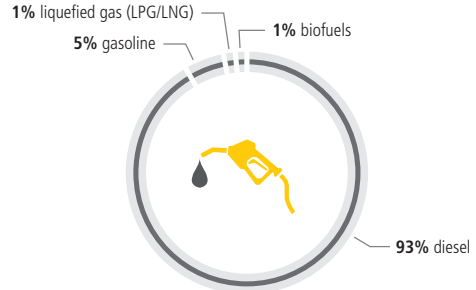
Deutsche Post DHL Group vehicle fleet in 2016

Total 92,328 vehicles



Fuel use for road transportation¹ ✓ PwC

Total 449.8 million liters



¹ Covers consumption data for our own vehicles only

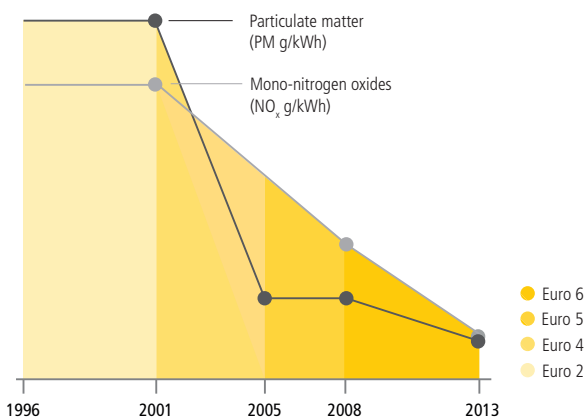
Despite a continued increase in transport volumes, at 1.15 million tonnes, the greenhouse gas emissions generated by our vehicle fleets in 2016 remained stable at the previous year's level. This positive development can be attributed to our efficiency measures. The consumption of liquid fuels totaled 449.8 million liters, remaining at the previous year's level; the consumption of gaseous fuels totaled 1.9 million kilograms.

For this reason we continuously upgrade and renew our fleet in accordance with the latest emission standards. Today, more than 48,000 of our road vehicles in Europe already meet Euro 5 or Euro 6 standards. Our use of electric

vehicles, natural-gas powered vehicles and fuel efficiency technologies also has a positive impact on the emission of local air pollutants.

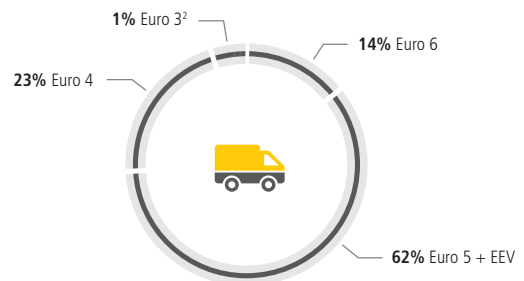
As a way to help improve local air quality, one of our goals for 2025 is to operate 70% of our own first and last mile services with clean pick-up and delivery solutions. This also includes fully or partially zero emission solutions, such as delivery on foot, by bicycle or by electric vehicle, with e-mobility solutions ranging from all-electric drives for short distances to plug-in hybrids and fuel cells for longer range operations. These measures also contribute to minimizing noise pollution in urban areas.

Threshold limits for air pollutants



Vehicles by emission class in 2016

Total 63,861¹



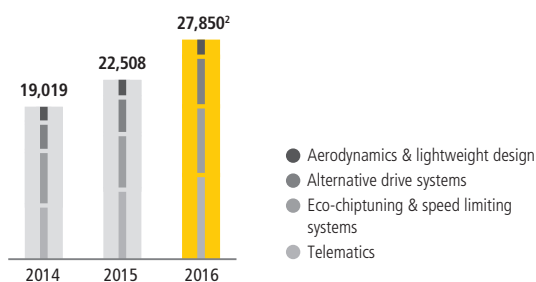
¹ Covers our largest vehicle fleets within scope of Euro emission classification;
² Includes Euro 1 and 2 vehicles

Efficiency projects for the road vehicle fleet

We implement a wide range of measures to improve the carbon efficiency of our road fleet – measures which also help reduce fuel consumption. Solutions here focus mainly on aerodynamics, eco-chiptuning technologies and light-weight vehicle design, but also include measures such as low-rolling resistance tires and telematics. All measures are first tested for their effectiveness before being rolled out on a larger scale.

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.

Efficiency-enhancing technologies in the road fleet¹



¹ One single vehicle can be modified with more than one optimization measure.

² Data includes 2,240 measures implemented on subcontractor vehicles.

This includes mainly electric and natural gas powered vehicles for short distances, as well as sustainably produced, advanced generation biofuels for long-haul transport. Out of about 92,000 of our own road vehicles deployed worldwide, we have already enhanced approximately 20,500 vehicles with over 25,600 technical modifications – with several different modifications often made to a single vehicle.

A detailed overview of individual efficiency measures as well as a multi-year overview can be found in the Annex of this report.

In the reporting year we tested and evaluated new technologies for future deployment. As in the previous year, one of our main focus areas was on deployment of low-emission drive technologies (“burn clean”) for our urban mail and parcel delivery services. We reached a number of milestones with our own electric delivery vehicle, the StreetScooter:

- Our subsidiary StreetScooter GmbH expanded its production capacity and, in August 2016, produced its one-thousandth StreetScooter vehicle. In all, we have already deployed more than 2,000 StreetScooters in our mail and parcel delivery operations in Germany. We will reach a production capacity of up to 10,000 units a year in 2017.
- In 2016 we also launched production of the “Work L” model – the long version of our tried-and-tested StreetScooter. The “Work L” features significantly greater load capacity with eight cubic meters of loading space (standard model: 4.3 cubic meters) and a maximum vehicle load capacity of 1,000 kilograms (standard model: 710 kilograms).
- StreetScooters are part of our operations in other European countries as well; additional StreetScooters were deployed in the Netherlands in the reporting year.

We also implemented a number of innovative measures in 2016 in line with our commitment to “burn less”:

- In Europe we established minimum technology standards for newly acquired trucks. These include maximum speed limiters, automatic motor switch-off when idling, tires with low roll resistance, as well as aerodynamically formed swap bodies.
- In the Express division we introduced a commitment to using electric vehicles for short hauls (up to 100 kilometers) and natural gas powered vehicles for long hauls in Europe whenever economically and operationally feasible. In addition to this, all newly acquired vehicles were fitted with speed limiting and engine shut-off systems, low-rolling resistance tires and telematics.
- The Supply Chain division in Asia Pacific fitted numerous vehicles with telematics systems, including 400 vehicles in Thailand, 75 in Japan, 40 in New Zealand and ten in China. The pilot phase was successfully completed in Australia (130 vehicles) and India (15 vehicles), with regular operations planned for 2017.

CONTINUOUSLY IMPROVING NETWORKS AND ROUTE PLANNING

We achieve additional efficiency gains by optimizing our route and network planning, switching to other modes of transport and optimizing capacity usage. Here's a look at some of the projects implemented in the reporting year:

- **Alternative modes of transportation:** We expanded the use of bicycle couriers for express deliveries in the reporting year, with bike couriers now on the streets in 58 cities in twelve different European countries. The second generation DHL Cubicycle, a special cargo bicycle, was also rolled out in the Netherlands. The new model features electronic locks, a lighter cargo box, and a faster loading system.
- **Network optimization:** In Japan our Supply Chain division introduced a new transport solution which integrates all modes of transport and can be adjusted to suit the individual needs of customers. The centerpiece of this solution is a control tower housing more than 20 employees who centrally administer and optimize incoming orders. DHL's proprietary solution "ConnectedTransport" ensures not only maximum transparency for customers regarding their order status, but also helps optimize fuel consumption with improved capacity utilization and combined use of different modes of transport.

INCREASING THE EMISSIONS AND ENERGY EFFICIENCY AT OUR SITES

To improve the efficiency of our buildings, we inspect and assess each and every site and, as part of our environmental and energy management system, develop appropriate efficiency strategies:

- Use of modern lighting technologies and heating and cooling systems with intelligent controls ("burn less")
- Use of electricity from renewable energy sources such as wind, hydropower, solar and biomass ("burn clean")

All solutions are designed to be commercially viable for the occupation period of each building, depending on whether the property is leased or owned by us. Technical measures

are just one element in our efforts to improve the efficiency of our buildings. The employees working at our sites also play a key role.

Energy consumption in our buildings and facilities in 2016 was 3,489 kWh – a 12% increase over the previous year. The share of electricity from renewable sources remains at over 60%. In Belgium, Germany, France, Ireland, Italy, the Netherlands, Norway, Sweden, the UK, and the US, we refrain almost entirely from using electricity from conventional energy sources and obtain over 90% of our energy needs from renewable sources. Through our use of renewable energy we were able to save 0.44 million tonnes of greenhouse gas emissions in 2016.

Power consumption at Deutsche Post DHL Group in 2016¹ ✓ PwC



¹ Includes electric vehicles

The multi-year overview of the complete energy consumption data can be found in the Annex of this report.

In addition to reducing our greenhouse gas emissions and improving energy efficiency, we are also intent on reducing noise pollution. At sites located in or near residential areas, our local management works closely together with residents and other stakeholders to ensure that noise pollution caused by our business activity is reduced to an acceptable minimum.

Major building management projects

Our building management focuses mainly on measures that reduce energy demand and thus greenhouse gas emissions ("burn less"). Major projects at our sites in 2016 included the following:

- **Energy consumption and monitoring systems**
As planned we began introducing smart meter technology to sites in Germany in 2016; currently this

technology is already being used at over 300 sites. A total of some 320 sites are scheduled for the upgrade and we plan to complete this process by the end of 2017.

- Lighting systems

We conducted lighting analyses at 158 of our sites in Europe and Asia in the reporting year. As a result, more efficient solutions were rolled out or initiated at 55 of these sites. We continued to refit our mail sorting centers in Germany with more efficient and cost-effective LED technology as planned. Seventeen mail sorting centers were refitted with LED technology in 2016, which means that to date 28 out of a total of 86 mail sorting centers have already been equipped with LED lighting. We plan to upgrade an additional 22 mail sorting centers in 2017. The project will be completed in 2019.

- Energy-efficient heating systems

Twenty parcel centers in Germany were fitted with combined heating and power units – 25% of the electricity requirement at these sites is now generated by the combined heat and power systems. In addition, the thermal discharge (waste heat) generates up to 50% of the hot water needed at the respective sites. In 2017 we plan to convert the remaining seven parcel centers to combined heat and power.

Examples of construction projects

- Our new Express facility at London's Heathrow Airport was awarded a rating of "excellent" from BREEAM, a sustainability certification program in the UK, for its use of sustainable materials, optimization of energy and water efficiency, and resource saving measures. The certification also recognized other aspects, including noise abatement, air quality and the integration of charging stations for electric vehicles.
- In Obertshausen we launched operations at what is now Germany's largest parcel center. Fitted with a photovoltaic installation and combined heat and power unit coupled to a condensing boiler, the Obertshausen parcel center is capable of generating all of the electricity needed for its operation. Outdoor facilities, operational buildings, corridors and washrooms are all fitted with energy efficient LED lighting. In addition, free cooling technologies enable highly efficient air conditioning in server rooms.
- We also installed 3,000 solar panels at our new 24-hour South Asia Express hub at the Singapore Changi Airport. With an output of 950 megawatt hours per year, this on-site solar installation generates approximately 20% of the hub's total power requirements.
- In the reporting year we also conducted feasibility tests on new technologies for use in our sites. The first phase of our pilot project in Australia, which involved testing heat reflective paint at a logistics facility, was brought to a successful close in the reporting year. Applied to the roof, the special paint reflects a significant portion of incoming sunlight, reducing air conditioning costs as a result. The three-month pilot test cut cooling requirements by more than 20% and kept indoor temperatures from rising above 25°C. The second stage of the pilot will measure the paint's impact over the course of an entire year.

Emissions ✓ PwC

In the reporting year we met our climate target of improving our carbon efficiency by 30% over 2007 levels – this target was originally set for 2020. We have now set our sights on another ambitious goal: We want to reduce all transport-related emissions to net zero by 2050 and make

30%
carbon efficiency achieved

an important contribution to the two-degree goal established at the 2015 UN Paris Climate Conference (COP 21). We have estab-

lished four strategic interim goals to help turn this vision into reality – two of these goals have a direct impact on our emissions. By 2025 we want to have increased our carbon efficiency over 2007 levels by 50%. We also want to reduce local air pollutant emissions by operating 70% of our own first and last mile services with clean pick-up and delivery solutions.

Our environmental reporting covers greenhouse gas emissions as well as local air pollutants. The reporting of both our emissions and efficiency improvements adhere to or are based on recognized and proven calculation methods.

- Our own 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 (EU-ETS).
- Carbon efficiency, the central metric used to manage our global climate protection activities, is measured in our Carbon Efficiency Index (CEX).
- The emissions produced by our own fleet are also calculated using the methodologies of the European Environment Agency (EEA) and the United States Environmental Protection Agency (EPA), and are based on national and international fleet averages.

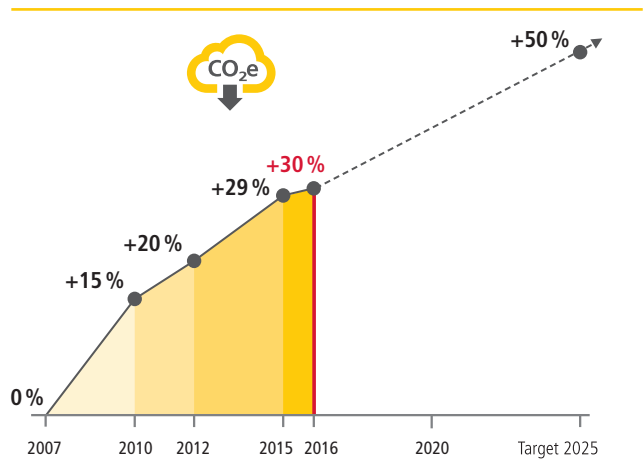
In contrast to greenhouse gas emissions, there are already extensive legal standards and requirements in place for air pollutants and noise, such as the European Union’s exhaust emissions standards or noise pollution regulations – standards which we always meet and often surpass.

In 2016 we were once again recognized for our strategic approach to sustainability and transparency regarding greenhouse gas emissions.

CARBON EFFICIENCY TARGET MET AHEAD OF SCHEDULE ✓ PwC

In 2016 we met our goal to improve our carbon efficiency index (CEX) by an additional index point. Each of the Group’s division contributed differently to our increased carbon efficiency. Improvements were driven primarily by continuous efficiency gains in the Global Forwarding, Freight division’s ocean freight operations, achieved through slow steaming and the use of ships with greater load capacity. Gains were also seen in our Express division, which used less fuel to transport more shipments in its pick-up and delivery operations.

Development of carbon efficiency¹ ✓ PwC



¹ Previous years adjusted; new weighting based on absolute carbon emissions adjusted for efficiency gains

In the reporting year, we adjusted the weighting of the respective divisional carbon efficiencies that are included in the CEX calculation. As before, the weighting is calculated using absolute carbon emissions, but emissions figures are now adjusted to reflect efficiency gains. In the past, because of these weightings, positive developments in the divisions were not appropriately reflected in the carbon efficiency performance indicator. As an example, over the past years the Global Forwarding, Freight division has been able to significantly reduce the carbon footprint of its ocean freight business. This development, however, reduced the division’s weighting in the carbon efficiency calculation. The figures from the base year 2007 until 2015 have been uniformly adjusted accordingly. For this period, the cumulative effect was four index points.

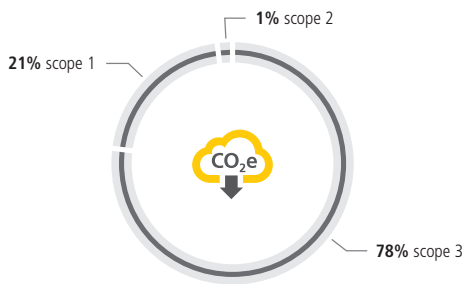
In 2016 our overall CEX value reached 30%. We have thus achieved our original climate protection goal ahead of schedule. Because our networks already operate at a high level of efficiency and our fleets and buildings already use state-of-the-art technologies, achieving significant efficiency gains year on year will be increasingly difficult. We nevertheless expect to improve carbon efficiency by one index point in 2017. As part of our vision for 2050, our goal is to increase our carbon efficiency by 50% compared to 2007 levels by 2025.

Developments in greenhouse gas emissions ✓ PwC

Our greenhouse gas emissions for 2016 totaled 26.92 million tonnes of CO₂e, a slight decrease from the previous year. At 6.05 million tonnes of CO₂e, our overall scope 1 and 2 emissions remained at the previous year’s level. The decrease in emissions occurred in our subcontracted transportation (scope 3), which accounted for 20.87 million tonnes of CO₂e. This figure includes 0.08 million tonnes of CO₂e from business travel. The decrease in scope 3 emissions is due in large part to efficiency gains in both our road transport and ocean freight operations.

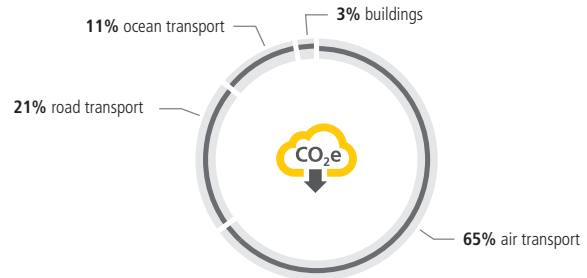
Group CO₂e emissions (Scopes 1, 2 and 3) ✓ PwC

Total 26.92 million tonnes of CO₂e



CO₂e emissions (total) by source ✓ PwC

Total 26.92 million tonnes CO₂e



A multi-year overview as well as a detailed presentation of the data can be found in the Annex of this report.

In order to offer one consistent set of financial and greenhouse gas related figures for Deutsche Post DHL Group, we are using the control approach as outlined in Note 2 to the consolidated financial statement.

LOCAL AIR POLLUTANTS AND NOISE ✓ PwC

Our transport-related activities in particular involve fuel combustion that generates not only greenhouse gas emissions but other local air pollutants as well, including mono-nitrogen oxides (NO_x), sulfur dioxide (SO₂) and particulate matter (PM₁₀). We reduce these emissions by modernizing our fleet of aircraft and road vehicles and updating the heating systems in our buildings. In cities, the growing percentage of electric-powered vehicles used in our operations – as well as increased delivery by foot or bicycle – also contributes to lower levels of local air pollutants and noise.

Our vision of reducing transport-related emissions to net zero by the year 2050 also includes a strategic interim goal of operating 70% of our own first and last mile services with clean pick-up and delivery solutions, such as bicycles and e-mobility.

The local air pollutants from our own fleet are calculated using methodologies from the European Environment Agency (EEA) and the United States Environmental Protection Agency (EPA) and are based on national and international fleet averages.

Emissions of all local air pollutants ✓ PwC

Our total local air pollutant emissions in 2016 were nearly the same as in the previous year. While emissions increased slightly in the area of air transport, due primarily to the increased use of our own aircraft, road transport emissions continued to decrease slightly in 2016. This trend is reflected in the reduction of greenhouse gas emissions across the road transport business, which is largely a result of our ongoing efforts to modernize and upgrade our vehicle fleet based on the most current emissions standards.

In the reporting year already more than 48,000 of our road vehicles in Europe met Euro 5 or Euro 6 standards. Moreover, many of the efficiency measures for reducing greenhouse gas emissions – including the use of electric vehicles, natural-gas powered vehicles and fuel efficiency technologies – also have a positive impact on the emission of local air pollutants.

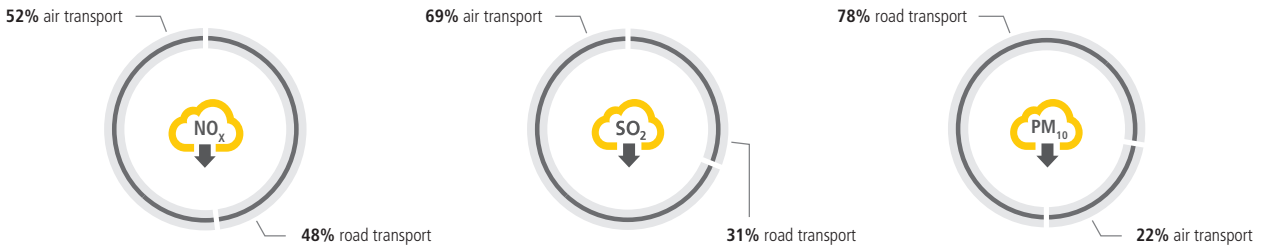
A multi-year overview as well as a detailed presentation of the data can be found in the Annex of this report.

Emissions of local air pollutants in 2016^{1,2} ✓ PwC

Mono-nitrogen oxides (NO_x): 32,255 tonnes

Sulfur dioxide (SO₂): 1,922 tonnes

Particulate matter (PM₁₀): 1,135 tonnes



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

Natural resources

Issues such as resource consumption, waste management and biodiversity are not among the focus areas of our environmental protection program. We do not consume a significant amount of resources, generate significant amounts of waste or significantly impact biodiversity, which is why these factors are not a high priority for our business and stakeholders. We nevertheless consider these issues to be socially relevant and choose to include them in this report.

Wood and water

In accordance with our Group Paper Policy, we make sure that only recycled paper products are procured and used within the Group. Exceptions are permitted only if recycled paper does not meet certain technical requirements or cannot be procured on the local market.

We are also working to reduce the amount of paper we use, which helps lower demand for wood. This, in turn, helps reduce the consumption of energy and water associated with paper production and helps prevent the deforestation of tropical rainforests, primeval forests and ancient forests under protection. We also strive to reduce the amount of packaging materials used in our operations and are working closely with experts and our own customers to achieve this.

Due to the nature of our core business, we do not consume significant quantities of water. Water is mostly used for drinking and sanitation at our facilities; it is obtained primarily from municipal suppliers and discharged into public sewage systems. Water consumption and waste water disposal are therefore not considered significant environmental factors for the Group, which is why we do not record and report global water use data. However, we have included data on water consumption at our facilities in Germany, as provided to the Carbon Disclosure Project (CDP), in the Annex of this report. Nevertheless, sites with environmental management systems do work to implement measures to minimize water consumption. When constructing new buildings, we also look to install water recovery systems and water-efficient sanitary installations where possible.

Packaging, waste and recycling

As a logistics provider, we use packaging such as pallets and other packing materials. Our offices also produce paper waste which can often be reduced or avoided all

together. Increasingly digitized processes are helping us do this. We are also committed to recycling used materials wherever possible, thereby making our own contribution to the circular economy.

Our aircraft, road vehicles and IT equipment must be maintained and ultimately disposed of. Since we lease most of our vehicles and aircraft, most of the time their maintenance and decommissioning or scrapping is handled by the manufacturer or other third-party providers. A similar approach is also applied to the maintenance and disposal of our IT equipment. Our maintenance and disposal contracts include explicit instructions for our partners to ensure compliance with responsible environmental practices and processes.

Waste is not a priority issue for the Group and is therefore not managed centrally. Waste separation, is standard procedure at many of our sites, however. Data on waste is collated and audited locally by the environmental management systems on site, allowing for a more effective tracking of measures and their savings effects.

BIODIVERSITY

Because our sites are located mostly in urban areas or designated industrial/commercial zones, it is unlikely that our business operations would negatively impact protected areas or endanger protected plant or animal species. Nevertheless, our operations do have an impact on ecosystems – through our greenhouse gas emissions and local air pollutants, the use of natural resources or other operations-related factors. For this reason, our environmental management system accounts for biodiversity impacts when designing measures and initiatives. One such example is our Policy on the Usage of Liquid Biofuels, which considers biodiversity in the countries where biofuels are produced.

Another example is our terms and conditions, which expressly prohibits the use of our network to transport protected, threatened or endangered plant and animal species – a major issue around the world. We are a member of the United for Wildlife task force backed by Prince William, and in 2016 we joined with other logistics companies to sign a Buckingham Palace initiative against the trade in protected species of wildlife. Our joint objective is to shut down transportation channels used for illegal trade of protected animals. In the reporting year we

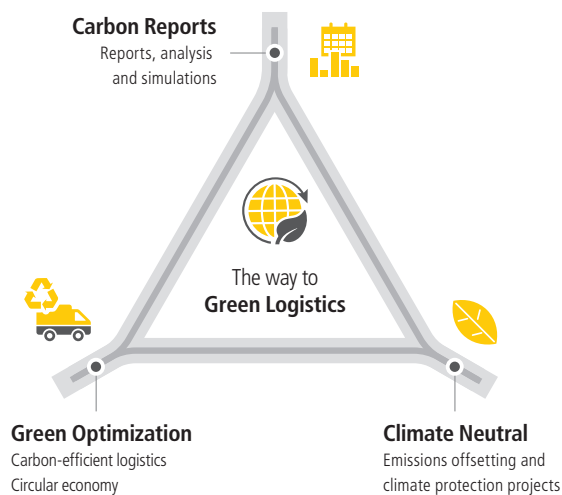
conducted an extensive range of activities in pursuit of this goal. We conducted a communications campaign to raise awareness among our employees and conducted trainings on the topic so that employees are able to recognize suspicious cargo and know which steps to take if they suspect illegal wildlife trafficking. Our employees also take part in workshops on the topic and volunteer their time to international animal-protection initiatives.

In the reporting year we handled the transport of a black rhinoceros from its place of birth in the Czech Republic to its natural habitat in Tanzania. The reintroduction of animals into a nature preserve is part of an ongoing project of the George Adamson Wildlife Preservation Trust, which champions the preservation and propagation of endangered species in their natural habitats.

Green products

Our expertise in environmentally sustainable logistics also benefits our customers. We offer environmentally-friendly products and develop individualized logistics solutions for green optimization under the name GoGreen Solutions. As a logistics provider our green solutions not only contribute to the environment and society, but – in keeping with our Shared Value approach – also create value for our company and our customers. Driving growth through our portfolio of green products and solutions is one of the strategic goals along the way to realizing our vision of reducing our transport-related emissions to net zero by the year 2050. By 2025, we want more than 50% of our sales to incorporate Green Solutions, which make our customers' supply chains greener.

Green products offered by Deutsche Post DHL Group



We differentiate between standardized and customized solutions. Customers can use our standardized products to calculate or offset their emissions:

- **Carbon Reports:** We help customers gain a deeper understanding of the environmental impact of their transport and logistics-related activities. Customer emissions are measured using the same carbon accounting standards applied to our own emissions calculations. The calculation methods regularly undergo a third-party verification process.
- **Climate neutral products:** Customers can offset their transport and logistics-related greenhouse gas emissions with our climate neutral products. Customer

emissions are measured using the same carbon accounting standards applied to our own emissions calculations. Methods used for calculating and offsetting emissions in relation to our climate neutral products are also subject to a regular third-party verification process.

Our portfolio of Green Optimization products complements our standardized products by providing individualized logistics solutions that help our customers reduce greenhouse gas emissions as well as other environmental impacts.

STANDARDIZED PRODUCTS

Carbon Reports for transparency on carbon footprint

Our Carbon Report products provide customers with detailed information about their transport and logistics-related greenhouse gas emissions. These calculations are based on the GHG Product Standard and verified annually by the external auditor SGS. In addition to standardized report formats, customers from our Express and Global Forwarding, Freight divisions also have the option of using the Carbon Dashboard, an interactive reporting tool that also allows customers to simulate efficiency scenarios.

In 2016 our Carbon Report products recorded a total of 4.4 million tonnes of greenhouse gas emissions. The greatest demand for these products is among customers in our Global Forwarding, Freight division, which showed a slight decrease in reported emissions in the reporting year. The amount of emissions reported in the Express division, on the other hand, increased.

In the reporting year we developed and verified a new product in line with our calculation standards and requirements. The DHL Carbon Calculator is a free online application that allows customers in the Global Forwarding, Freight and Supply Chain divisions to calculate transport-related emissions for almost all shipment sizes and modes of transport using real data.

Climate neutral products offset emissions

With our climate neutral GoGreen products, customers can offset their transport and logistics-related greenhouse gas emissions. The methods used for calculating and offsetting emissions are also based on the GHG Product Standard and verified annually by the external auditor SGS.

We offset the emissions through external climate protection projects in the area of energy efficiency, renewable energy and reforestation – the majority of which are Gold Standard certified. This also includes our own climate protection project in Lesotho, which involves the distribution and use of efficient stoves that use up to 80% less firewood. In the reporting year our project was the first to be certified under the new Fairtrade Climate Standard. This additional certification also recognizes the social value of the project and includes an additional Fairtrade Premium of €1 per carbon credit, which is paid directly to the village communities to be invested in local climate adaptation initiatives. In the reporting year we were able to verify 4,000 cookstove users, successfully certifying 10,076 carbon credits under the Fairtrade Climate Standard.

We transported close to two billion climate-neutral shipments in the reporting year. The amount of emissions offset through climate neutral shipments and logistics services remained at the prior-year level of more than 253,000 tonnes of CO₂e. The greatest demand for climate neutral products is among customers in our Post - eCommerce - Parcel and Express divisions.

A multi-year overview can be found in the Annex of this report.

TAILOR-MADE SOLUTIONS

Green Optimization for customized solutions

With Green Optimization we offer customized logistics solutions by analyzing every link of the customer's supply chain. We uncover opportunities for optimization that help reduce greenhouse gas emissions or minimize the environmental impacts of their logistics processes, enabling a circular economy.

Reducing greenhouse gas emissions

We review the customer's entire logistics supply chain to identify potential environmental and economic efficiency levers – from network design and road freight to warehousing and subcontractor management. This results in tailored strategies for more efficient and environmentally sustainable logistics, which consider both green efficiency gains as well as savings potentials.

Examples (selection only):

- Our Green Danmar service, which is offered through our ocean freight business unit in the Global Forwarding, Freight division, has made us the first forwarder in the industry to offer an environmentally-friendly service that can be tailored to the exact requirements of the customer's supply chain. A rigorous selection process identifies ocean carriers who best meet the customer's operational requirements, offer the best value for money, and whose carbon efficiency is at least 5% above industry average.
- With Teardrop Trailers on the road in several countries already, we were pleased to introduce the first of these aerodynamically shaped trailers to Germany in the reporting year. One trailer is being operated by our Supply Chain division for a retail clothing company. The other is being deployed by our Global Forwarding, Freight division for transports between Cologne and southern Germany. The trailer can reduce fuel requirements by up to 10%.
- For the Olympic Games in Brazil, the Supply Chain division worked together with one of its major customers to develop a green supply chain solution. As part of this project, two electric vehicles were added to our fleet in Rio de Janeiro to handle delivery to the customer's premium stores. Delivery was also scheduled around rush hour to avoid congestion, which resulted in savings of some 1,200 tonnes of carbon emissions. Energy efficient lighting systems were used at the logistics warehouse operated on behalf of the customer, reducing energy consumption by 55%.
- An increasing number of customers in Germany are using our environmentally-friendly shipping service GoGreen Regional, helping to advance e-mobility. The more items customers send with this service, the more the Group invests in the use of electric vehicles for regional delivery. The GoGreen Regional service is already available to customers in Berlin, Bochum, Cologne, Essen, Duisburg and Hamburg.

Enabling the circular economy

The circular economy can play a decisive role in breaking the link between economic growth and resource use. We are developing our own solutions to help support the transition from a linear economy to a circular economy. In the reporting year we joined forces with the Ellen MacArthur

Foundation's CE100 initiative and Cranfield University to publish a study on the significance of reverse logistics.

We develop solutions for reverse logistics, waste management and extended producer responsibility. These are available through our DHL Envirosolutions product portfolio, for example.

Examples (selection only):

- We operate an innovative biomass energy recovery facility in the vicinity of London Heathrow, where we recover reusable and recyclable materials from the catering waste of our customer British Airways. Waste that cannot be recycled and is subject to stringent requirements is processed into green energy. For our customer it means not only energy and cost savings, but also a projected reduction of carbon emissions of approx. 4,000 tonnes over the course of ten years. Another waste-processing facility at London's Gatwick Airport is scheduled to begin operations in 2017.
- For a customer in the USA, we implemented a packaging system that produces individually sized packaging for each individual product. The solution has helped us reduce the amount of empty space inside the packages as well as the number of shipments required and the amount of packaging materials used.
- Electroreturn, the logistics solution for the return of electronic waste for recycling, was expanded in Germany, allowing Deutsche Post customers to send their old electronic devices such as mobile phones to ALBA Group, our recycling service partner. As of 2016, customers can now send Electroreturn items weighing up to 31.5 kilograms through the DHL Retoure service.
- We piloted a reverse logistics solution in the US and UK for Cisco, one of our major customers. Cisco studies how to increase the percentage of returned equipment from its customers and partners to support re-manufacture and reuse. Cisco's US and UK customers are testing a new "Send IT Back" process and mobile app. This application can be used to easily generate pick-ups by DHL. The returned products are either reused or recycled via Cisco's repair partners.



INTERVIEW

» **People are still one of our core assets, as they directly deliver the customer experience.** ‹‹

KEN ALLEN
MEMBER OF THE BOARD OF MANAGEMENT EXPRESS

Interview with Ken Allen

“Our success depends on everyone in our organization having a ‘network mentality’.”

Mr. Allen, in the express business it all comes down to speed of delivery and reliability of service. On top you’ve got rising demand from the vast majority of players along the value chain for eco-efficient products and services. The goal, of course, is to provide time-definite delivery using efficient route planning and a fleet of energy-efficient, low-noise delivery vehicles – operated by a staff practiced in “green driving” techniques. What does the reality check say – are you close?

We are well on our way. We have sophisticated capacity and route planning systems in place that ensure we take the shortest and quickest aggregate route to our customers. We provide guidance to couriers on employing driving techniques that are safer and more environmentally-friendly, in a number of markets with the help of telematics systems. And we have accelerated our program to deploy greener delivery vehicles – including electric vans and cargo bicycles – as well as walking couriers, particularly in urban areas. These measures have contributed positively to the overall carbon efficiency improvements every year in our global network, despite the fact that the rapid growth of online retail is changing the pattern of last-mile deliveries – with more individual deliveries (and therefore more driver stops) over greater distances to private addresses. We recognize that there is of course still plenty that we can do to improve our efficiency in our ground operations, and we will therefore continue to renew our fleet, refresh our driver training approaches

and continuously review our routings to ensure that we are meeting customers’ expectations for eco-friendly delivery processes.

To reach the Group’s long-term environmental targets there is a need to continue reducing emissions in the air cargo business. The Express division operates one of the largest air fleets in the world – what is your division doing to tackle the environmental dimension in the transport and aviation sectors? Which of these measures are most important for your business?

We need aviation in order to deliver the speed and global connectivity that is at the heart of our service offering. At the same time, it is the single biggest contributor to our emissions, so it is an area of intense focus for our network operations team as we work to minimize our environmental footprint. Until someone develops an emissions-free aircraft – which would require a dramatic leap forward in technology from where we are today – the greatest impact we can achieve in reducing emissions will be through greater efficiency. For Express, this means a combination of using more modern aircraft with lower fuel burn per kilo carried, achieving better capacity utilization of our aircraft fleet and planning routes efficiently. Where we can achieve the same connectivity and service levels by using slower, cleaner modes of transport, we also take advantage of this.

Employee engagement is a critical success factor in a business that has millions of customer contacts a day. The Certified initiative, the Group’s new employee development and engagement program, was rolled out not too long ago. Are you starting to see positive results at DHL Express? What does the cultural change look like?

The Express division actually pioneered the Certified approach. The initiative has been built on the back of our hugely successful Certified International Specialist program, which we launched globally in 2010. We have seen positive impact on our business every year since its roll-out – from increased engagement and active leadership scores in our Employee Opinion Survey results and higher customer satisfaction scores to the productivity improvements that have contributed to our earnings performance over the last seven years. Despite the multi-billion Euro transportation and technology infrastructure that we operate, people are still one of our core assets, as they directly deliver the customer experience. I'm incredibly proud about how the Certified approach has shaped the 'can do' culture of DHL Express and to see the program expand into a Group-wide initiative within Strategy 2020. I'm also absolutely convinced that it will drive the Connect pillar of Strategy 2020 and allow our employees to harness the incredible power they have to further deliver great service and value as a team.

Express employees often talk about the importance of team spirit in their daily work. How do you foster this sense of belonging and how does your management team keep in touch with its people on the ground?

Our success depends on everyone in our organization having a 'network mentality'. One of my personal mantras is that a senior manager should be "in the field and on the ground" as much as possible. I encourage our managers around the world to spend the majority of their time in front of customers and walking the floor engaging with employees. This is the only effective way of ensuring that we can stay on top of the things that motivate our employees and build customer loyalty. The same applies to my senior executive team. We each spend more than 70% of our time visiting our country organizations, meeting customers and employees, conducting facility visits to identify improvement opportunities and reviewing performance from the ground up. Formally, we have embedded these leadership values within our culture through the Certified International Manager program. Our global management board personally facilitates CIM and CIS sessions, which underlines our commitment to the values. It also helps us to have a regular open exchange with people at all levels within the business about how we can strengthen our teamwork and improve performance.

This year's Corporate Responsibility Report focuses on "Seeing the bigger picture". In your opinion, which innovations and trends will make the biggest waves in the express business in the years to come – and what will you be focusing on in 2017?

The international express sector is well-established and highly competitive. The main players all have expansive infrastructure and the base level of service quality is relatively high across the overall industry. However, there are still plenty of inefficiencies to be found within global supply chains and international trade regulations, which means that we can deliver dramatic service improvements with the help of what I would call incremental innovation – relatively small changes within our networks and processes that have a big impact on our global service offering. For example, in 2016, we introduced a new automated sorting technology for heavier shipments at our European Hub in Leipzig, Germany. This significantly reduced processing times (as well as costs and the risk of handling errors) for these shipments, which translates into more value for customers. Over the longer-term, I am excited by the potential that automation has, for example, to make our network even more efficient and support growth. I also anticipate that we will take advantages of developments in electric vehicle and aircraft fuel technologies to make our global transport fleet even greener.





ANNEX

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ANNEX

About this report

The 2016 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 2015 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

The CR Report is published annually and appears concurrently with the Group's Annual Report. The 2016 CR Report was published March 8, 2017 online as well as in PDF format in both German and English. The 2015 report was published March 9, 2016. The Group has been reporting on the environment, HR matters and corporate responsibility since 2003. All of these reports can be found in the download area of the Deutsche Post DHL Group website.

Independent third-party review

Report content on material topics as well as content in the chapter "Organization & Strategy" was reviewed by the audit firm Pricewaterhouse-Coopers (PwC), Frankfurt/Main. Information regarding the scope and outcome of the audit can be found in the Assurance Report. Carbon offset data for our climate neutral products are verified annually by the audit firm Société Générale de Surveillance (SGS). The results of this audit are not available until after the publication of this report. We therefore refer you to the Deutsche Post DHL Group website for further information.

Reporting scope

The 2016 CR Report covers the period from January 1 until December 31, 2016 and applies to the consolidated group as described in the 2016 consolidated financial statements. The consolidated group includes all companies controlled by Deutsche Post AG. Departures from this rule are indicated accordingly. The list of the Group's shareholdings for 2016 is available for download on the Deutsche Post DHL Group website. Content that has been reviewed and verified by PwC has been marked accordingly (✓ PwC).

Data measurement techniques, bases of calculations

Unless otherwise noted, "headcount" is used to refer to our employees in quantitative terms; this data is as of year-end (December 31, 2016). Data measurement techniques are accounted for at the appropriate sections herein. The bases of calculations for data, including assumptions and techniques underlying estimations, are also duly noted. This also applies to any changes made in the calculation bases over the previous year. Adjustments to prior-year figures are marked accordingly. In accordance with the Greenhouse Gas Protocol standard, Scope 2 greenhouse gas emissions are reported as gross CO₂e volumes using both the site-based and market-based methods. Unless explicitly stated otherwise, reported data is based on the market-based method. Our calculation methodologies meet the requirements of the European Emissions Trading System (EU-ETS) as well as the EN 16258 and ISO 14064 standards.

Contact

Your opinion is important to us. Please feel free to mail us your questions and suggestions.

Deutsche Post AG – Headquarters – Corporate Communications and Responsibility, 53250 Bonn / Germany

Materiality analysis 2015 ✔ PwC

Deutsche Post DHL Group conducted a materiality analysis in 2015 as a way to identify focus issues within three main areas: Employees, the Environment and Governance. Focus issues were identified and concrete goals and KPIs were defined for each issue.

- In the area of Employees, we will focus on the issues of employee engagement, learning and development, and occupational health and safety.
- In the area of Environment, we will concentrate on issues of energy efficiency, as well as air pollution and noise.
- In the area of Governance, our focus is on compliance, data protection and security, as well as standards in the value chain (especially environmental and social standards in the supply chain).

We do not report KPIs for compliance, data protection and data security, or environmental and social standards in the supply chain since these figures contain sensitive information pertaining to our business.

Methodology behind the materiality analysis

Identifying those issues considered material by Deutsche Post DHL Group involved a four-step process.

First, 500 different stakeholder representatives participated in an international, anonymous 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 were based on the following 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 was established according to today’s most important sustainability initiatives and standards (including the Global Reporting Initiative – GRI, UN Global Compact, OECD), and also based on the requirements of customers, CR rating agencies and internal evaluation methods. The issues identified in 2015 were largely the same as those identified for our company in 2013.

As a second step, the results of the stakeholder surveys were combined with insights gained from other relevant sources of information. These sources included:

- Information from interviews with selected stakeholders
- Analysis of customer requirements
- Insights gained from external evaluations by CR rating agencies
- Evaluation of global trends and issues (Issues Monitoring), as well as
- The impact of the logistics industry on environment and society based on the Green Transformation Lab’s impact study “Responsibility to act”.

The third stage of the process involved interviews with members of our internal Responsible Business Practice Council as well as with members of the Deutsche Post DHL Group Board of Management, who were asked to provide their input on possible focus issues and their relevance. In addition, an evaluation was performed by the Sustainability Advisory Council, which is made up of independent external CR specialists.

In the final step, issues identified as material by internal and external evaluations were reviewed and confirmed by the Board of Management, and then assigned individual KPIs and target objectives.

The material issues along with their KPIs and targets form the basis for the continuous performance improvement process and the associated reporting, both internally and externally.

Results of the 2015 materiality analysis ✔ PwC

HIGHLY IMPORTANT FOR EXTERNAL STAKEHOLDERS	<ul style="list-style-type: none"> ▪ Innovation & Future Technologies ▪ Sustainable Business Strategy ▪ Respectful Treatment of Employees ▪ Elimination of Child and Forced Labor 	EIGHT MATERIAL RBP ISSUES FOR DPDHL GROUP
		<p>Governance</p> <ul style="list-style-type: none"> ▪ Compliance ▪ Standards in the Value Chain ▪ Data protection & Security <p>People</p> <ul style="list-style-type: none"> ▪ Employee Engagement ▪ Learning & Development ▪ Occupational Health & Safety <p>Environment</p> <ul style="list-style-type: none"> ▪ Energy Efficiency ▪ Air Pollution & Noise
IMPORTANT FOR EXTERNAL STAKEHOLDERS	<ul style="list-style-type: none"> ▪ Environmental Management Systems ▪ Waste Management & Recycling ▪ Biodiversity & Ecosystems Services ▪ Environmentally & Socially Responsible Products & Services ▪ Transparency & Disclosure ▪ Respect & Support Workers’ Rights and Labor Relations ▪ Diversity & Equal Opportunities ▪ Health Management & Well-Being ▪ Security Risk Management & Business Continuity Planning ▪ Direct Economic Impact ▪ Indirect Economic Impact & Tax ▪ Corporate Citizenship 	<ul style="list-style-type: none"> ▪ Human Rights Due Diligence
	IMPORTANT FOR DEUTSCHE POST DHL GROUP	HIGHLY IMPORTANT FOR DEUTSCHE POST DHL GROUP

Multi-year overview

EMPLOYEE DATA

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

	2012	2013	2014	2015	2016	+/- % vs. 2015
Employees¹	473,626	479,690	488,824	497,745	508,036	2.1
Full-time equivalents ²	428,129	434,974	443,784	450,508	459,262	1.9
Share of part-time employees (%)	-	-	18	18	18	-
Employees by region¹						
Europe	316,331	316,071	322,440	326,979	333,080	1.9
of which Germany	201,425	203,607	205,731	208,740	211,093	1.1
Americas	75,243	78,728	76,230	78,027	81,152	4.0
Asia Pacific	64,888	67,473	72,121	73,843	75,045	1.6
Other regions	17,164	17,418	18,033	18,896	18,759	-0.7
Employees by division¹						
Post - eCommerce - Parcel	176,871	197,545	200,868	206,686	213,101	3.1
Express	92,862	75,490	79,896	87,453	90,181	3.1
Global Forwarding, Freight	45,128	44,903	47,079	44,737	44,283	-1.0
Supply Chain	145,293	148,565	148,329	147,650	149,279	1.1
Corporate Center/Other	13,472	13,187	12,652	11,219	11,192	-0.2

¹ Headcount; ² Excluding apprentices/trainees

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

	2012	2013	2014	2015	2016	+/- % vs. 2015
Employees	472,321	478,903	484,025	492,865	498,459	1.1
of which Hourly workers and salaried employees	424,950	433,647	440,973	451,882	459,990	1.8
Civil servants	42,461	40,321	37,963	35,669	32,976	-7.5
Apprentices and trainees	4,910	4,935	5,089	5,314	5,493	3.4
Full-time equivalents¹	428,287	435,218	440,809	449,910	453,990	0.9

¹ Including apprentices/trainees

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

	2012	2013	2014	2015	2016
Group	10.6	12.1	12.6	13.6	14.9
of which Planned turnover	5.6	5.8	6.1	6.6	7.3
Unplanned turnover	5.0	6.3	6.6	7.0	7.6
Unplanned turnover by region					
Europe	1.7	2.7	3.3	3.8	4.3
of which Germany	0.5	0.4	0.6	0.9	0.9
Americas	15.5	17.4	15.6	15.7	18.8
Asia Pacific	9.6	10.8	11.5	11.9	10.4
Other regions	6.2	8.4	7.1	7.0	6.3

¹ Coverage rates Group: 96% (2016), 97% (2015), 95% (2014), 88% (2013), 77% (2012)

Management placements at Deutsche Post DHL Group at year end (%)¹

	2012	2013	2014	2015	2016
Group	85.9	87.4	86.9	81.1	78.3

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

	2012 ¹	2013 ¹	2014	2015	2016
Share of female employees	36.8	35.8	35.9	35.5	35.0
Share of male employees	63.2	64.2	64.1	64.5	65.0
Share of female employees by region					
Europe	40.1	39.6	39.3	38.7	38.1
of which Germany	45.7	45.4	45.2	44.3	43.4
Americas	30.8	28.1	30.2	32.0	31.7
Asia Pacific	29.8	29.7	29.7	28.8	27.9
Other regions	21.0	21.5	23.5	22.3	23.1

¹ Adjusted

Leadership bodies and executives at Deutsche Post DHL Group by gender at year end (%) ✓ PwC

	2012	2013	2014	2015	2016
Board of Management: Share of female members ¹	14.3	14.3	14.3	14.3	14.3
Supervisory Board: Share of female members ²	30.0	30.0	35.0	35.0	40.0
Upper and middle management: Share of female executives	18.5	19.6	19.3	20.7	21.1
of which in Germany	–	–	21.1	20.6	20.7

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 2016

	Average age	<20	21-30	31-40	41-50	51-60	61+
Group¹	41	2%	20%	25%	26%	23%	4%
By region							
Europe	43	2%	15%	21%	28%	29%	5%
of which Germany	45	3%	14%	16%	29%	33%	5%
Americas	38	2%	28%	29%	22%	15%	4%
Asia Pacific	35	1%	34%	40%	18%	6%	1%
Other regions	36	1%	27%	43%	22%	6%	1%

¹ Coverage rate Group: 94% (2016)“Generations Pact” in Germany¹ at year end

	2012	2013	2014	2015	2016 ²	+/- % vs. 2015
Employees with time value-/ work time accounts	12,850	16,737	18,788	20,404	25,724	26.1
Employees in partial retirement	446	1,429	2,323	3,305	4,307	30.3

¹ Includes Deutsche Post AG, principal company in Germany; ² Including civil servantsNumber of employees with disabilities in Germany (yearly average)^{1, 2}

	2012	2013	2014	2015	2016	+/- % vs. 2015
Employees with disabilities	13,740	14,170	14,741	15,149	15,456	2.0
Employment rate (%)	8.6	8.7	9.1	9.6	9.9	-

¹ Includes 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 (%) ✓ PwC

	2015	2016
Participation rate	73	74
Approval rating per category		
Active Leadership ¹	73	74
Employee Engagement	73	75
Customer Centricity & Quality	79	81
Future & Strategy	69	72
Communication	74	75
Teamwork	83	84
Learning & Development	79	81
Job Fulfillment & Workplace	77	78
Continuous Improvement	65	67
Group Responsibility	75	77
Performance Enablement	80	81

¹ Relevant for executive bonus payments

Learning and development at Deutsche Post DHL Group¹

		2012	2013	2014	2015	2016	+/- % vs. 2015
Training days per employee ✓ PwC	Number	1.6	1.4	1.5	1.4	1.5	7.1
of which Online training	Number	-	-	0.0	0.1	0.1	-
Training costs per employee²	€	168	148	150	149	143	-4.0
Training costs per full-time equivalent²	€	190	166	166	165	159	-3.6
Training satisfaction³	%	70	70	71	79	81	2.5

¹ Coverage rates Group: 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 and Development" in the annual Employee Opinion Survey. Participation rate 74% (2016)

Staff costs and HR Human Capital ROI at Deutsche Post DHL Group

		2012	2013	2014	2015	2016
Staff costs¹	€m	17,770	17,776	18,189	19,640	19,592
of which Wages, salaries and compensation		14,179	14,300	14,583	15,723	16,092
Social security contributions		2,094	2,110	2,164	2,300	2,324
Retirement benefit expenses		984	883	965	1,031	607
Other employee benefits		513	483	477	586	569
Personnel expenditure ratio²	%	32.0	32.4	32.1	33.2	34.2
Human Capital Return on Invest (ROI)³		1.15	1.16	1.16	1.12	1.18

¹ Notes position 14, Consolidated Financial Statements; ² Staff costs/revenue; ³ (EBIT + staff costs)/staff costs; according to Consolidated Financial Statements

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

	2012	2013	2014	2015	2016
Group	5.2	4.8	4.9	5.1	5.1

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

Workplace accidents at Deutsche Post DHL Group¹

	2013	2014	2015 ² ✓ PwC	2016 ² ✓ PwC
LTIFR (workplace accidents per 200,000 hours worked)	4.7	4.2	4.0	4.0
By region				
Europe	n.a.	n.a.	6.3	6.4
of which Germany	n.a.	n.a.	10.2	10.6
Americas	n.a.	n.a.	1.4	1.3
Asia Pacific	n.a.	n.a.	0.3	0.3
Other regions	n.a.	n.a.	0.8	1.9
By division				
Post - eCommerce - Parcel	10.8	10.1	10.0	10.2
of which Without mail and parcel last mile delivery (Deutsche Post AG)	n.a.	n.a.	4.0	4.0
Express	4.0	3.5	2.8	3.1
Global Forwarding, Freight	1.9	1.0	0.9	1.0
Supply Chain	0.8	0.7	0.8	0.6
Corporate Center/Other	0.6	0.5	0.5	0.4
Working days lost per accident	14.4	14.2	15.6	14.8
Fatalities resulting from workplace accidents³	n.a.	4	6	4
of which Due to traffic accidents	n.a.	n.a.	1	2

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

ENVIRONMENT DATA

Jet aircraft - by nitrous oxide (NO_x) emissions standards

	2010	2011	2012	2013	2014	2015	2016
Total aircraft	147	155	168	170	176	182	190
of which CAEP/6 ¹	49	59	71	80	84	90	96
CAEP/4 ¹	36	36	33	32	39	46	49
CAEP/2 ¹	34	34	39	39	39	34	28
No classification	28	26	25	19	14	12	17

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

	2010	2011	2012	2013	2014	2015	2016
Total aircraft	147	155	168	170	176	182	190
of which Chapter 4	69	80	100	110	117	122	130
Chapter 3	75	73	67	59	59	60	60
Equipped with hush kits	20	17	15	9	3	0	0
No classification	3	2	1	1	0	0	0

Vehicles by Euronorm class 2016

	2015	2016
Total¹	66,284	63,861
of which Euro 6	4,592	8,701
Euro 5 + EEV	43,640	39,542
Euro 4	17,205	14,771
Euro 3 ²	847	847

¹ Covers our largest vehicle fleets within scope of Euro emission classification; ² Includes Euro 1 (2) and 2 (10) vehicles

Fuel use for transportation (million kg)¹ ✓ PwC

	2011	2012	2013	2014	2015	2016
Air transport						
Kerosene	1,019.1	1,059.0	1,151.0	1,188.0	1,312.8	1,332.5
Road transport						
Total liquid road fuels	476.4	472.3	450.2	447.6	449.1	449.8
of which Gasoline	37.4	37.0	19.3	20.6	21.0	22.7
Biodiesel	1.5	1.8	0.7	1.0	1.4	2.9
Bioethanol	1.2	0.3	0.0	0.0	0.1	0.2
Diesel	435.3	432.3	429.6	425.1	426.1	420.2
Liquefied petroleum gas (LPG)	1.0	0.9	0.6	0.9	0.5	1.2
Liquefied natural gas (LNG)						2.5
Total gaseous road fuels	1.4	2.2	3.2	4.4	4.9	1.9
of which Biogas	0.2	0.4	0.2	0.2	0.2	0.2
Compressed natural gas (CNG)	1.2	1.8	2.9	4.2	4.7	1.7

¹ Covers consumption data for our own aircraft and vehicles only

Efficiency measures vehicles

	2014	2015	2016
Total	17,599	20,939	25,516
Number of alternative drive systems	1,976	2,886	4,177
of which Electric & fuel cell	346	881	2,432
Hybrid	325	372	474
Liquid biofuels	0	0	30
(Bio) Compressed natural gas (CNG)/liquefied natural gas (LNG)	767	864	701
Liquefied petroleum gas (LPG)	144	184	121
(Bio-) Ethanol	221	419	269
Dual Fuel	173	166	150
Other efficiency-enhancing technologies	15,623	18,053	21,339
of which Advanced aerodynamics	1,673	1,880	1,740
Eco-chiptuning & speed limiting systems	6,768	6,963	8,637
Telematics	6,864	8,932	10,679
Lightweight design	267	278	283
Other	51	0	0
Subcontractors	1,420	1,569	2,240
Number of alternative drive systems	1,373	1,532	1,988
of which Electric & fuel cell	60	56	67
Hybrid	1	0	1
Liquid biofuels	1,026	1,187	1,242
(Bio) Compressed natural gas (CNG)/liquefied natural gas (LNG)	48	51	192
Liquefied petroleum gas (LPG)	219	219	266
(Bio-) Ethanol	1	1	207
Dual Fuel	18	18	13
Other efficiency-enhancing technologies	47	37	252
of which Advanced aerodynamics	28	27	30
Telematics	10	10	215
Lightweight design	9	0	7
Total	19,019	22,508	27,756

Buildings: Energy use (million kWh) ✓ PwC

	2012	2013	2014	2015	2016
Total	3,127	3,393	3,247	3,113	3,489
Electricity	1,737	1,824	1,697	1,690	1,647
of which "Green" electricity ¹	745	1,056	1,040	1,056	1,013
Standard electricity	992	768	657	634	634
Natural gas	864	952	951	806	969
Heating oil ²	242	248	308	305	778
District heating	185	202	189	195	54
District cooling	8	8	8	1	8
Liquefied petroleum gas (LPG)	91	159	94	116	33

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

Water use at facilities in Germany (million liter)¹

	2012	2013	2014	2015
Water consumption	1,102	1,363	1,097	1,054

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

Carbon efficiency (index points)¹ ✓ PwC

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Group	0	3	9	15	18	20	22	26	29	30
Post - eCommerce - Parcel ²	0	16	17	18	27	26	25	28	31	31
Express ³	0	9	23	28	30	32	35	36	37	37
Global Forwarding, Freight ⁴	0	0	2	9	10	11	15	20	21	23
Supply Chain ⁵	0	-3	-4	11	20	26	23	27	32	30

¹ Previous years' figures adjusted; new weighting based on absolute carbon emissions adjusted for efficiency gains; ² Main reference base: CO₂e per liter (physical volume); ³ Main reference base: CO₂e per tonne-km;

⁴ Main reference base: CO₂e per tonne-km or TEU (20-foot equivalent units)-km; ⁵ Main reference base: CO₂e per square meter of warehouse space and CO₂e by revenue from transportation services after adjusting for inflation

CO₂e emissions Group-wide (million tonnes) ✓ PwC

	2013	2014	2015 ¹	2016
Group²	28.31	29.03	27.02	26.92
of which Scope 1	5.13	5.22	5.60	5.68
Scope 2	0.49	0.44	0.45	0.37
Scope 3	22.69	23.36	20.97	20.87
Emissions by division				
Post - eCommerce - Parcel	1.56	1.60	1.69	1.84
of which Scope 1	0.49	0.48	0.48	0.53
Scope 2	0.07	0.08	0.08	0.03
Scope 3	0.99	1.04	1.13	1.28
Express	8.18	8.66	9.23	9.43
of which Scope 1	3.77	3.89	4.29	4.34
Scope 2	0.13	0.12	0.13	0.13
Scope 3	4.28	4.64	4.81	4.96
Global Forwarding, Freight	16.69	16.47	14.18	13.82
of which Scope 1	0.16	0.16	0.14	0.13
Scope 2	0.05	0.05	0.05	0.05
Scope 3	16.47	16.26	13.99	13.64
Supply Chain	2.18	2.56	2.21	2.18
of which Scope 1	0.68	0.68	0.67	0.66
Scope 2	0.20	0.16	0.15	0.15
Scope 3	1.31	1.72	1.39	1.37

¹ Adjusted; ² After consolidation of scope 3 emissions from intercompany business activities, including Corporate Center/Other

Scope 2 CO₂e emissions in 2016 (million tonnes) ✓ PwC

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

¹ Includes Corporate Center/Other

Scope 3 CO₂e emissions (million tonnes) by GHG category

Category	2014	2015	2016	Activities included	Calculation methodology
Purchased goods and services ✓ PwC	2.7	2.5	2	Production of goods and services purchased	In accordance with the DEFRA reporting guidance (EEIO)
Capital goods ✓ PwC	0.6	0.7	0.8	Production of capital goods	In accordance with the DEFRA reporting guidance (EEIO)
Fuel- and energy-related activities ✓ PwC	1.1	1.3	1.3	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.
Upstream transportation and distribution ✓ PwC	27.8	25.2	25.1		
of which transportation and distribution	22.9	20.9	20.8	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)
fuel- and energy-related activities for upstream transportation and distribution	4.9	4.4	4.4	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.
Waste generated in operations	n.r.	n.r.	n.r.	Of limited relevance due to the nature of our business	
Business travel	0.05	0.1	0.1	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
Employee commuting	0.5	0.7	0.7	Includes emissions from employee commuting in vehicles not already included in scopes 1 and 2.	Data calculated using global headcount data and national statistics
Upstream leased assets	n.a.	n.a.	n.a.	Emissions from the operation of leased assets already included in scopes 1 and 2	
Downstream transportation and distribution	n.r.	n.r.	n.r.	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.	
Processing of sold products	n.a.	n.a.	n.a.	We do not offer intermediate products for further processing	
Use of sold products	n.a.	n.a.	n.a.	Not applicable due to the nature of our business as a provider of services	
End-of-life treatment of sold products	n.r.	n.r.	n.r.	Of limited relevance due to the nature of our business	
Downstream leased assets	n.r.	n.r.	n.r.	Emissions in this category were estimated and excluded due to limited relevance	
Franchises	n.r.	n.r.	n.r.	Emissions in this category were estimated and excluded due to limited relevance	
Investments	n.a.	n.a.	n.a.	Not applicable due to the nature of our business	

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

	2013	2014	2015 ³	2016
Mono-nitrogen (NO_x)	32,518	31,965	32,352	32,255
Road transport	18,178	17,625	15,971	15,634
Air transport	14,340	14,340	16,381	16,621
Sulfur dioxide (SO₂)	1,825	1,771	1,930	1,922
Road transport	675	621	615	588
Air transport	1,150	1,150	1,315	1,334
Particulate matter (PM₁₀)	1,195	1,129	1,157	1,134
Road transport	976	911	907	881
Air transport	219	218	250	253

¹ Emissions data covers our own aircraft and road vehicles only; ² Emissions of local air pollutants from road transport are calculated based 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 those published by the US Environmental Protection Agency were applied; ³ Adjusted

Carbon Report: Reported CO₂e emissions for customer shipments by division¹

	2012	2013	2014	2015	2016 ²
	CO ₂ in tonnes		CO ₂ e in tonnes ²		
Total reported Emissions	1,278,297	2,195,062	3,660,516	4,583,553	4,446,547
of which Post - eCommerce - Parcel	77,391	85,745	104,601	101,387	99,451
Express	57,026	124,557	195,503	382,079	417,072
Global Forwarding, Freight	945,212	1,898,075	3,240,606	4,088,872	3,922,186
Supply Chain	198,668	86,685	119,806	11,215	7,838

¹ Calculation methodologies verified by the independent audit organization Société Générale de Surveillance (SGS); ² Data pending audit by SGS (closing in March 2017); ³ CO₂ equivalents, in accordance with the GHG Protocol Product Lifecycle Accounting and Reporting standard

Climate neutral products: Customer emissions offset

	2012	2013	2014	2015	2016 ²
	CO ₂ in tonnes		CO ₂ e in tonnes ¹		
Total offset³	179,889	193,760	255,113	253,434	253,603
of which Post - eCommerce - Parcel	143,806	148,692	189,471	185,235	188,027
Express	31,377	42,769	56,600	59,260	64,048
Global Forwarding, Freight	3,721	986	8,560	8,485	956
Supply Chain	316	120	83	68	82
Corporate Center (not reported, but included in sum)					

¹ CO₂ equivalents, in accordance with the GHG Protocol Product Lifecycle Accounting and Reporting standard; ² Data pending audit by SGS (closing in March 2017); ³ Including Corporate Center/Other

Corporate citizenship data

Global Volunteer Day

	2014	2015	2016
Volunteers (in thousands)	108	110	106
of which Involved in projects	77	78	76
Involved through donations	31	32	30
Volunteer hours (in thousands)	245	260	365
Number of GVD projects	1,700	2,000	2,490

Economic data

Key figures

		2011 ¹	2012 ¹	2013 ¹	2014	2015	2016
Revenue	€m	52,829	55,512	54,912	56,630	59,230	57,334
Post - eCommerce - Parcel		13,973	13,972	15,291	15,686	16,131	16,797
Express		11,691	12,778	11,821	12,491	13,661	14,030
Global Forwarding, Freight		15,118	15,666	14,787	14,924	14,890	13,737
Supply Chain		13,223	14,340	14,227	14,737	15,791	13,957
Corporate Center/Other		1,260	1,203	1,251	1,345	1,269	1,279
Consolidation		-2,436	-2,447	-2,465	-2,553	-2,512	-2,466
Profit/loss from operating activities (EBIT)	€m	2,436	2,665	2,865	2,965	2,411	3,491
Post - eCommerce - Parcel		1,107	1,048	1,286	1,298	1,103	1,443
Express		916	1,110	1,083	1,260	1,391	1,548
Global Forwarding, Freight		440	514	478	293	-181	287
Supply Chain		362	419	441	465	449	572
Corporate Center/Other		-389	-423	-421	-352	-351	-359
Consolidation		0	-3	-2	1	0	0
Other key figures							
Capital Expenditure (CapEx)	€m	1,716	1,697	1,747	1,876	2,024	2,074
Staff costs	€m	16,730	17,770	17,776	18,189	19,640	19,592
Staff cost ratio ²	%	31.7	32.0	32.4	32.1	33.2	34.2
Tax rate ³	%	23.7	20.2	14.0	15.5	16.4	11.2
Dividend distribution	€m	846	846	968	1,030	1,031 ⁴	1,027
Payout ratio	%	72.7	51.6	46.3	49.7	66.9	48.2
Dividend per share	€	0.70	0.70	0.80	0.85	0.85 ⁴	1.05 ⁴
Dividend yield	%	5.9	4.2	3.0	3.1	3.3	3.4
Number of shares carrying dividend rights	million	1,209.0	1,209.0	1,209.0	1,211.2	1,212.8	1,210.0 ⁵

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

Assurance Report

INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT

To Deutsche Post AG, Bonn

We have been engaged to perform a limited assurance engagement on the sustainability information marked with ✓ PwC in the online version of the Corporate Responsibility Report of Deutsche Post AG, (hereafter the "CR Report"), Bonn, (hereafter the "Company") for the period 1 January to 31 December 2016.¹

Management's Responsibility

Company's Management is responsible for the preparation and presentation of the CR Report in accordance with the criteria as set out in the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) (hereafter the "GRI Criteria") and for the selection of the information to be assessed.

This responsibility includes the selection and application of appropriate methods to prepare the CR Report as well as the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the CR Report, which is free of material misstatements due to intentional or unintentional errors.

Audit Firm's Independence and Quality Control

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

The 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 Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (Entwurf eines IDW Qualitätssicherungsstandards 1 "Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis"; IDW EQS 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 an opinion on the sustainability information marked with ✓ PwC in the CR Report based on our work 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 CR Report.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" published by IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance whether any matters have come to our attention that cause us to believe that the sustainability information marked with ✓ PwC in the CR Report has not been prepared, in all material respects, in accordance with the GRI Criteria.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore significantly less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner's judgement. This includes the assessment of the risks of material misstatements of the sustainability information marked with ✓ PwC in the CR Report with regard to the GRI Criteria.

Within the scope of our work we performed amongst others the following procedures:

- 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 underlying internal control system and selected sustainability information;
- Analytical procedures on selected sustainability information of the CR Report;
- Comparison of selected sustainability information with corresponding data in the consolidated financial statements and in the Group management report;
- Assessment of the presentation of selected sustainability information in the CR Report regarding the sustainability performance.

¹ Our engagement applied to the German online version of the CR Report (<http://cr-report2016.dpdhl.com>), which describes the sustainability performance of the Company. This text is a translation of the Independent Assurance Report issued in German - the German text is authoritative. Statements as well as expert opinions in the report were not in scope of our engagement.

Emphasis of Matter – Recommendations

Without qualifying our conclusion above, we make the following recommendations for the further development of the Company's sustainability management and sustainability reporting:

- In the reporting year the Company has further focused its material sustainability aspects and implemented corresponding key performance indicators. We recommend to the Company to define key performance indicators for external reporting for those material sustainability aspects, for which currently no key performance indicators are reported.

Restriction on Use and Distribution

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

Munich, February 16, 2017

**Pricewaterhouse – Coopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft**

Hendrik Fink ppa. Axel Faupel
Wirtschaftsprüfer
(German Public Auditor)

CALENDAR

April 28, 2017	Annual General Meeting 2017
March 7, 2018	Corporate Responsibility Report 2017
	Annual Report 2017
April 24, 2018	Annual General Meeting 2018

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The 2016 CR Report was published March 8, 2017 in both German and English.

Our online report and the PDF file are available on the internet:
@ <http://cr-report2016.dpdhl.com>

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The printed edition of this report is available in both English and German.

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