

NON-FINANCIAL REPORT

Non-Financial Report	100
Assurance Report	105

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

REPORTING STANDARDS

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

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

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

AUDITING BY THIRD-PARTIES

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

→ From page 105

BUSINESS MODEL

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

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

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

↗ 2017 Group Management Report, from page 22

RELEVANT NON-FINANCIAL ASPECTS

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

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

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

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

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

➔ Group Management Report, from page 81

ENVIRONMENTAL MATTERS

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

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

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

Key performance indicators and measures

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

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

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

Results and objectives

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

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

➔ CR Report, Environment, from page 64

EMPLOYEE MATTERS

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

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

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

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

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

Key performance indicators

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

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

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

Measures during the reporting year

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

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

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

Results and objectives

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

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

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

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

→ CR Report, Employees, from page 40

SOCIAL MATTERS

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

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

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

Key performance indicators and measures

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

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

Results and objectives

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

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

→ CR Report, Society, from page 56

RESPECT FOR HUMAN RIGHTS

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

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

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

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

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

Key performance indicators and measures

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

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

Results and objectives

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

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

→ CR Report, Employees, from page 36

FIGHTING CORRUPTION AND BRIBERY

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

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

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

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

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

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

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

Key performance indicators and measures

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

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

Results and objectives

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

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

→ CR Report, The Group, from page 31

Assurance Report

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

To Deutsche Post AG, Bonn

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

Responsibilities of the Executive Directors

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

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

Independence and Quality Control of the Audit Firm

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

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

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

Practitioner's Responsibility

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

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

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

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

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

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

Assurance Conclusion

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

Intended Use of the Assurance Report

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

Dusseldorf, February 19, 2018
PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Verena Heineke
Wirtschaftsprüferin
(German Public Auditor)

Hendrik Fink
Wirtschaftsprüfer
(German Public Auditor)