



“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.

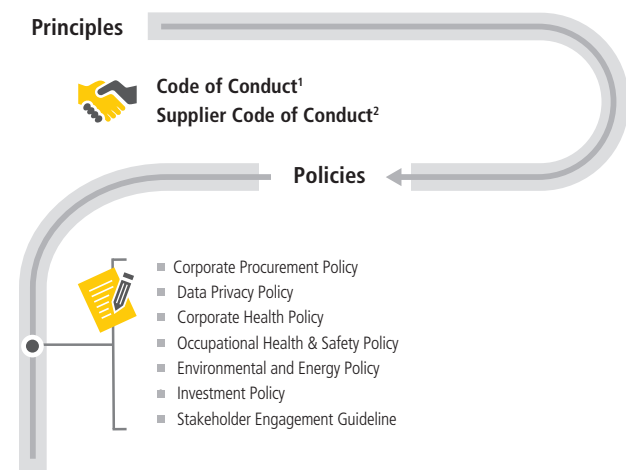
Leveraging external expertise ✔ PwC

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.