

#### **Key figures**

		2018	2019	2020 adjusted	2021	2022
Financial figures						
Revenue	<u> </u>	61,550	63,341	66,716	81,747	94,436
Profit from operating activities (EBIT)	€m	3,162	4,128	4,847	7,978	8,436
Return on sales¹		5.1	6.5	7.3	9.8	8.9
EBIT after asset charge (EAC)	€m	716	1,509	2,199	5,186	5,118
Consolidated net profit for the period <sup>2</sup>	€m	2,075	2,623	2,979	5,053	5,359
Net cash from operating activities		5,796	6,049	7,699	9,993	10,965
Free cash flow		1,059	867	2,535	4,092	3,067
Capex <sup>3</sup>		2,648	3,617	2,999	3,895	4,123
Equity ratio <sup>4</sup>	<u> </u>	27.5	27.6	25.5	30.7	34.7
Net debt⁵		12,303	13,367	12,928	12,772	15,856
Net gearing <sup>6</sup>	<u> </u>	47.0	48.2	47.9	39.6	40.1
Stock data						
Basic earnings per share <sup>7</sup>	€	1.69	2.13	2.41	4.10	4.41
Diluted earnings per share <sup>8</sup>		1.66	2.09	2.36	4.01	4.33
Cash flow per share <sup>7,9</sup>		4.71	4.90	6.22	8.11	9.03
Dividend per share		1.15	1.15	1.35	1.80	1.8510
Dividend distribution	 €m	1.419	1.422	1.673	2,205	2.20510,11
Number of shares as at 31 December	millions	1,236.5	1,236.5	1,239.1	1,239.1	1,239.1
Year-end closing price		23.91	34.01	40.50	56.54	35.18
	<del></del>					
ESG figures GHG emissions <sup>12</sup>	million tonnes of CO <sub>2</sub> e	35.63	33.20	33.64	39.36	36.46
Realised Decarbonisation Effects	kilotonnes of CO <sub>2</sub> e				728	1,004
Energy consumption (Scopes 1 and 2)	million kWh	26,437	26,199	27,427	30,486	34,498
of which from renewable sources <sup>13</sup>	million kWh				1,826	2,271
Number of employees <sup>14</sup>	headcount	547,459	546,924	571,974	592,263	600,278
Staff costs		20,825	21,610	22,234	23,879	26,035
Employee Engagement: Approval rate in the annual survey		76	77	83	84	83
Share of women in middle and upper management	<del></del>	22.1	22.2	23.2	25.1	26.3
Lost time injury frequency rate (LTIFR) <sup>15</sup>		4.3	4.2	3.9	3.9	3.4
Share of valid compliance-relevant training certificates <sup>16</sup>					96	98
	<del></del>					
Cybersecurity rating	points points					700

<sup>&</sup>lt;sup>1</sup> EBIT/revenue. <sup>2</sup> After deduction of non-controlling interests. <sup>3</sup> Capex relating to assets acquired. <sup>4</sup> Equity (including non-controlling interests)/total equity and liabilities. <sup>5</sup> Calculation, **2** Combined management report. <sup>6</sup> Net debt/net debt and equity (including non-controlling interests). <sup>7</sup> The average weighted number of shares outstanding is used for the calculation. <sup>8</sup> The average weighted number of shares outstanding is adjusted for the number of all potentially dilutive shares. <sup>9</sup> Cash flow from operating activities. <sup>10</sup> Proposal. <sup>11</sup> Estimate. <sup>12</sup> Well-to-wheel. <sup>13</sup> Including consumption by electric vehicles. <sup>14</sup> At year-end, including trainees. <sup>15</sup> Work-related accidents per 200,000 working hours resulting in at least one working day of lost time for the affected person following the accident. <sup>16</sup> Middle and upper management.



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# We have demonstrated many times over that we can respond flexibly to challenges, and we see the best conditions for further growth in the coming years.

Frank Appel

Dear Readers, our aspiration has always been to continue delivering reliably — even in volatile times. We managed this once again in 2022: in times of war, inflation and an energy crisis, Deutsche Post DHL Group stayed the course in remarkable fashion.

This was made possible by our broad and well-balanced portfolio of international logistics services, which makes us resilient in the challenging environment. Our Strategy 2025 has bolstered us and equipped us for external crises: it safeguards our focus on the profitable core business as well as our status as an employer, provider and investment of choice.

We achieved outstanding results again in 2022: thanks to our strong international business, revenue improved to €94.4 billion, and Group EBIT reached a new record mark of €8.4 billion.

Accordingly, our financial position is also strong. It enables us, among other things, to expand our share buy-back programme by up to €1 billion. As such, the total volume has been increased to up to €3 billion through to the end of 2024.

# Delivering reliably even in volatile times has always been our aspiration.

Of course, even we are not immune to macroeconomic developments: in the fourth quarter of 2022, we felt the impact of the slowing global economy. Nevertheless, we continue to look ahead with optimism. Our earnings projection of  $\le$ 6.0 billion to  $\le$ 7.0 billion for the current financial year makes it clear that the Group will be able to maintain its earnings at a new level even in a phase of weaker economic



growth. We have demonstrated many times over that we can respond flexibly to challenges, and we see the best conditions for further growth in the coming years.

Our around 600,000 employees around the world are the foundation of our success. I would like to express my thanks to them in particular. Especially in an operational business like ours, it is our people who make the difference, which is why we are dedicated to ensuring a motivating, safe and inclusive working environment. I am pleased that, in 2022, DHL Express was named the best workplace worldwide for the second consecutive year in the Great Place to Work® annual list. In addition, Deutsche Post DHL Group as a whole received the distinction as a Top Employer in Europe at the beginning of 2023 for the first time. This honour was bestowed due to, amongst other factors, the importance of ethics and integrity in all divisions.

For us, business success also means that we make a positive contribution to the world with sustainable actions and a dedication to society and the environment. With our ESG Roadmap, we pursue ambitious and measurable targets for climate-friendly logistics as well as for social responsibility

and corporate governance. These are also reflected in the remuneration of the Board of Management and executives. Amongst other measures, we will invest a total of up to €7 billion through 2030 to significantly reduce our greenhouse gas emissions and thereby actively contribute to limiting global warming to 1.5 degrees Celsius. We made further progress on this journey in the year under review. Here are a few examples:

- We nearly doubled additional expenditure for decarbonisation measures compared to the previous year, and in doing so avoided around one million tonnes of CO<sub>2</sub>e.
- After thorough examination, the independent Science Based Targets Initiative (SBTi) officially confirmed that our targets to reduce greenhouse gas emissions are aligned with the most recent climate science findings.
- With GoGreen Plus, our customers can make a conscious decision for sustainable transport solutions or the use of sustainable fuels.

We are a pioneer in the industry with our dedication to the environment, and we take on this role with full conviction – because climate change remains one of the greatest threats facing humanity.

For us, business success also means that we make a positive contribution to the world with sustainable actions and a dedication to society and the environment.

Finally, after more than 15 years as CEO, I would like to take this opportunity to thank you, dear Shareholders, for your trust and support. With effect from 4 May 2023, I will pass on responsibility for our company to the skilled hands of my successor, Tobias Meyer. I am confident that Deutsche Post DHL Group will continue to be successful under his guidance.

Sincerely yours, Frank Appel Chief Executive Officer



## **BOARDS AND COMMITTEES**

# Members of and mandates held by the Board of Management

#### Members

#### Dr Frank Appel

Chief Executive Officer (until 4 May 2023)

Global Business Services (until 30 June 2022)

Born in 1961, nationality German Board member since November 2002 CEO since February 2008 Appointed until May 2023

#### Oscar de Bok

Supply Chain

Born in 1967, nationality Dutch Board member since October 2019 Appointed until September 2027

#### Pablo Ciano

eCommerce Solutions (since 1 August 2022)

Born in 1969, nationality Argentinian and US American Board member since August 2022 Appointed until July 2025

#### Nikola Hagleitner

Post & Parcel Germany (since 1 July 2022)

Born in 1973, nationality Austrian Board member since July 2022 Appointed until June 2025

#### **Melanie Kreis**

Finance

Born in 1971, nationality German Board member since October 2014 Appointed until May 2027

#### Dr Tobias Meyer

Post & Parcel Germany (until 30 June 2022)

Global Business Services (since 1 July 2022)

Chief Executive Officer (from 4 May 2023)

Born in 1975, nationality German Board member since April 2019 Appointed until March 2027

#### **Dr Thomas Ogilvie**

**Human Resources** 

Born in 1976, nationality German Board member since September 2017 Appointed until August 2025

#### John Pearson

Express

Born in 1963, nationality British Board member since January 2019 Appointed until December 2026

#### **Tim Scharwath**

Global Forwarding, Freight Born in 1965, nationality German Board member since June 2017 Appointed until May 2025

#### Left the company during the year under review

#### Ken Allen

eCommerce Solutions (until 31 July 2022)

Born in 1955, nationality British Board member from February 2009 to July 2022

#### Additional mandates

#### Dr Frank Appel

Fresenius Management SE (Supervisory Board)

Membership of statutory supervisory boards

Deutsche Telekom AG (Supervisory Board, Chair) (since 7 April 2022)

#### Membership of comparable bodies

#### Pablo Ciano

FarEye Technologies Private Ltd., India (Board of Directors)

#### Ken Allen

Skysports Ltd., UK (Non-Executive Director) (since 8 March 2022)



# Members of and mandates held by the Supervisory Board

#### **Members**

#### **Shareholder representatives**

#### Dr Nikolaus von Bomhard (Chair)

Chair of the Supervisory Board and former Chair of the Board of Management, Münchener Rückversicherungs-Gesellschaft AG (Munich Re)

#### Dr Günther Bräunig

(until 6 May 2022)

Former Chair of the Board of Management, KfW Bankengruppe

#### Dr Mario Daberkow

Member of the Managing Board of Volkswagen Financial Services AG (until 31 March 2023)

Head of Group Infrastructure, VW AG (from 1 April 2023)

#### **Ingrid Deltenre**

Member of various boards of directors, former Director General of the European Broadcasting Union

#### Dr Heinrich Hiesinger

Member of various supervisory boards, former Chair of the Board of Management, thyssenkrupp AG

#### Prof. Dr Luise Hölscher

(since 30 March 2022)

State Secretary, Federal Ministry of Finance

#### Dr Jörg Kukies

(until 9 March 2022)

State Secretary, Federal Chancellery

#### **Simone Menne**

Member of various supervisory boards, former member of the Board of Managing Directors of Boehringer Ingelheim GmbH

#### Lawrence Rosen

Member of various supervisory boards, former member of the Board of Management, Deutsche Post AG

#### Dr Stefan Schulte

Chair of the Executive Board of Fraport AG

#### Prof. Dr-Ing. Katja Windt

Member of the Managing Board of SMS group GmbH

#### Stefan B. Wintels

(since 6 May 2022)

Chair of the Board of Management, KfW Bankengruppe

#### **Employee representatives**

#### Andrea Kocsis (Deputy Chair)

Deputy Chair of ver.di National Executive Board and Head of Postal Services, Forwarding Companies and Logistics Department on the ver.di National Executive Board

#### Jöra von Doskv

Chair of the Group and Company Executive Representation Committee, Deutsche Post AG

#### Gabriele Gülzau

Chair of the Works Council, Deutsche Post AG, Hamburg Operations Branch

#### Thomas Held

Chair of the Central Works Council, Deutsche Post AG

#### Mario Jacubasch

Chair of the Group Works Council, Deutsche Post AG

#### Thorsten Kühn

Head of Postal Services, Co-determination and Youth, and Head of National Postal Services Group at ver.di National Administration

#### Ulrike Lennartz-Pipenbacher

Deputy Chair of the Central Works Council, Deutsche Post AG

#### Yusuf Özdemir

Deputy Chair of the Group Works Council and Deputy Chair of the Central Works Council, Deutsche Post AG

#### Stephan Teuscher

Head of Wage, Civil Servant and Social Policies in the Postal Services, Forwarding Companies and Logistics Department, ver.di National Administration

#### Stefanie Weckesser

Deputy Chair of the Works Council, Deutsche Post AG, Augsburg Operations Branch



#### **Additional mandates**

#### **Shareholder representatives**

#### Membership of statutory supervisory boards

#### Dr Nikolaus von Bomhard (Chair)

Münchener Rückversicherungs-Gesellschaft AG (Munich Re) (Chair)

#### Dr Günther Bräunig

(until 6 May 2022)

Deutsche Pfandbriefbank AG (Chair)

Deutsche Telekom AG

#### Dr Heinrich Hiesinger

BMW AG

Fresenius Management SE

ZF Friedrichshafen AG (Chair)

#### Prof. Dr Luise Hölscher

(since 30 March 2022)

Deutsche Investitions- und Entwicklungsgesellschaft mbH

#### Dr Jörg Kukies

(until 9 March 2022)

KfW IPEX-Bank GmbH (until 14 February 2022)

#### Simone Menne

Henkel AG & Co. KGaA

#### Lawrence Rosen

Lanxess AG

Lanxess Deutschland GmbH1

#### Prof. Dr-Ing. Katja Windt

Fraport AG

#### Stefan B. Wintels

(since 6 May 2022)

Deutsche Telekom AG (since 7 April 2022)

#### Membership of comparable bodies

#### Dr Nikolaus von Bomhard (Chair)

Athora Holding Ltd., Bermuda (Board of Directors, Chair)

#### Dr Mario Daberkow

Softbridge-Projectos Tecnológicos S.A., Portugal (Board of Directors)<sup>2</sup> (until 16 March 2023)

Volkswagen Participações Ltda., Brazil (Supervisory Board)<sup>2</sup> (until 1 July 2022)

Volkswagen Financial Service France S.A., France (Supervisory Board)<sup>2</sup> (until 30 June 2022)

VW Credit, Inc., USA (Board of Directors)<sup>2</sup> (until 16 March 2023)

Volkswagen Payments S.A., Luxembourg – renamed J.P. Morgan Mobility Payments Solutions S.A. on 17 October 2022 (Supervisory Board, Chair until 8 April 2022) (until 16 March 2023)

#### **Ingrid Deltenre**

Givaudan SA, Switzerland (Board of Directors)

Banque Cantonale Vaudoise SA, Switzerland (Board of Directors)

Agence France Presse, France (Board of Directors) (until 20 April 2022)

Akara Funds AG, Switzerland (Board of Directors) (until 12 August 2022)

SPS Holding AG, Switzerland (Board of Directors) (since 13 April 2022)

#### Simone Menne

Johnson Controls International plc, Ireland (Board of Directors)
Russell Reynolds Associates Inc., USA (Board of Directors)

#### Lawrence Rosen

Qiagen N.V., Netherlands (Supervisory Board, Chair)

#### Dr Stefan Schulte

Fraport Ausbau Süd GmbH (Supervisory Board, Chair)<sup>3</sup>
Fraport Regional Airports of Greece A S.A., Greece

(Board of Directors, Chair)3

Fraport Regional Airports of Greece B S.A., Greece (Board of Directors. Chair)<sup>3</sup>

Fraport Regional Airports of Greece Management Company S.A., Greece (Board of Directors, Chair)<sup>3</sup>

Fraport Brasil S.A. Aeroporto de Porto Alegre, Brazil (Supervisory Board, Chair)<sup>3</sup>

Fraport Brasil S.A. Aeroporto de Fortaleza, Brazil (Supervisory Board, Chair)<sup>3</sup>

#### Prof. Dr-Ing. Katja Windt

Ford Otomotiv Sanayi A.S., Turkey (Board of Directors) (since 1 June 2022)

#### Stefan B. Wintels

(since 6 May 2022)

KfW Capital GmbH & Co. KG (Supervisory Board, Chair)4

#### **Employee representatives**

#### Membership of statutory supervisory boards

#### Jörg von Dosky

PSD Bank München eG (Deputy Chair) (since 20 June 2022)

#### Stephan Teuscher

DHL Hub Leipzig GmbH (Deputy Chair) (until 26 August 2022)

#### Membership of comparable bodies

#### **Andrea Kocsis**

KfW Bankengruppe (Board of Directors)

<sup>&</sup>lt;sup>1</sup> Group mandate, Lanxess. <sup>2</sup> Group mandates, Volkswagen. <sup>3</sup> Group mandates, Fraport. <sup>4</sup> Group mandate, KfW Bankengruppe.



# REPORT OF THE SUPERVISORY BOARD

#### Dear Shareholders,

In spite of numerous challenges, the strong growth continued also in the year under review, and important supply chains around the world were maintained. The foundation of the company's success was its strong focus on the core business and the extraordinary dedication of the Board of Management and the employees.

The Board of Management and the Supervisory Board worked together in a spirit of trust and held in-depth discussions on the situation of the company in light of current developments on a regular basis. Necessary measures were taken swiftly and the Supervisory Board was kept up to date regarding the implementation of these measures. The members of the Supervisory Board were involved early on in all decisions of material importance.

# Attendance at plenary and committee meetings as well as investor talks

Attendance of the members of the Supervisory Board at the meetings of the plenary and of the committee is shown individually in the following table. The meetings took place in person, with individual members joining virtually depending on the situation.

All members of the Board of Management participated in the four plenary meetings and reported on the business performance in the divisions for which they are responsible. Meetings of the Supervisory Board were held without the Board of Management members, for example on matters regarding the Board of Management and to review the efficiency of the Supervisory Board's work.

The CEO and the members of the Board of Management responsible for the respective committee attended the 22 committee meetings. Executives from the tier immediately below the Board of Management and the auditors were also invited to attend for individual agenda items. The members of the Financial and Audit Committee and the auditor also discussed individual matters without the Board of Management members.

In the autumn of the past year, I held talks with several investors and proxies on selected topics. Discussions included the requirements of independence of the members of the Supervisory Board, those of the Financial and Audit Committee in particular, as well as the experience and qualifications of the individual members, which will be presented in a table in the statement on corporate governance going forward. The addition of two further members to the

#### Attendance at plenary and committee meetings 2022

	Superviso	ry Board meetings	Committee meetings		
	Attendance/meetings	Attendance	Attendance/meetings	Attendance	
Supervisory Board members	·	<u>%</u>		%	
Dr Nikolaus von Bomhard (Chair)	4/4	100	14/14	100	
Andrea Kocsis (Deputy Chair)	4/4	100	11/12	92	
Dr Günther Bräunig (until 6 May 2022)	1/1	100	1/1	100	
Dr Mario Daberkow	4/4	100	_	-	
Ingrid Deltenre	4/4	100	10/10	100	
Jörg von Dosky	4/4	100	7/7	100	
Gabriele Gülzau	4/4	100		-	
Thomas Held	4/4	100	7/8	88	
Dr Heinrich Hiesinger	4/4	100	4/4	100	
Prof. Dr Luise Hölscher (since 30 March 2022)	3/3	100	9/10	90	
Mario Jacubasch	4/4	100	4/4	100	
Thorsten Kühn	4/4	100	4/4	100	
Dr Jörg Kukies (until 9 March 2022)	1/1	100	3/3	100	
Ulrike Lennartz-Pipenbacher	4/4	100		_	
Simone Menne	3/4	75	8/8	100	
Yusuf Özdemir	4/4	100	7/8	88	
Lawrence Rosen	4/4	100	7/7	100	
Dr Stefan Schulte	4/4	100	8/8	100	
Stephan Teuscher	3/4	75	10/12	83	
Stefanie Weckesser	4/4	100	8/8	100	
Prof. Dr-Ing. Katja Windt	4/4	100		_	
Stefan B. Wintels (since 6 May 2022)	3/3	100	3/3	100	



Financial and Audit Committee was a welcome development in the talks. The intention to convene the 2023 Annual General Meeting as an in-person meeting was also positively received by the investors.

#### Key topics addressed in plenary meetings

Discussions in all plenary meetings involved the company's financial position and business performance as well as reports on committee meetings.

The Supervisory Board discussed both the risks and opportunities for the company associated with environmental, social and governance (ESG) aspects, as well as the environmental and social impact of the company's own operations. The implementation of the sustainability strategy and the targets set regarding  $\rm CO_2$  emissions, the reduction of the lost time injury frequency rate, increasing the share of women in executive positions and employee engagement values, as well as strengthening the compliance standards, were additional significant topics in the year under review.

In March 2022, we discussed the annual and consolidated financial statements, including the management report and the non-financial statement. Following the report by the auditor regarding the findings of the audit, we approved the financial statements at the recommendation of the Finance and Audit Committee. We concurred with the Board of Management's proposed resolution on the appropriation of the net retained profit.

As successor to Ken Allen, who retired at the end of July 2022 after many years as a member of the Board of Management, we appointed Pablo Ciano to the Board of Management on the basis of the candidate interviews as the member responsible for eCommerce Solutions effective from 1 August 2022 to 31 July 2025 and determined the content of his employment contract. The Customer

Solutions & Innovation function was transferred to the responsibility of John Pearson.

In the same meeting, we discussed the updated finance strategy and approved the withdrawal of up to 50 million shares which will be bought back as part of the current share buy-back programme and not used for other purposes. Approval of the remuneration report, the report of the Supervisory Board to the Annual General Meeting and the proposed resolutions on the agenda items of the Annual General Meeting, including the election of Luise Hölscher and Stefan B. Wintels to the Supervisory Board for a four-year term, were also the subject of the meeting in March, as well as the determination of the annual bonus of Board of Management members on the basis of the degree of target achievement and corresponding recommendations of the Executive Committee.

In the meeting in June, we discussed the reports from the committees and the report on the situation of the Group and the divisions, and focused on the organisation and the challenges of Corporate Procurement.

In September, we approved the acquisition of a Dutch company which operates in the e-commerce fulfilment sector and offers its customers the integration of online platforms and web shops for logistics services. Without the presence of the Board of Management, we discussed at length the effectiveness and efficiency of our activities in the plenary meetings and in the committees. The subject of our discussion included collaboration with the members of the Board of Management, collaboration within the Supervisory Board, the skills profile of the Supervisory Board, the work in the committees and the strategic direction of the company. The latter was discussed in particular against the backdrop of growth opportunities, dealing with digitalisation and innovation, the state of IT and contingency planning. We concluded

that the Supervisory Board performs its monitoring and advisory duties properly.

In our final Supervisory Board meeting of the year in December, we approved the Group's business plan for 2023 after intense discussion and defined the annual bonus targets for the Board of Management members. We also addressed the Declaration of Conformity with recommendations of the German Corporate Governance Code during this meeting.

#### **Key topics addressed in committee meetings**

The six committees of the Supervisory Board prepare the discussions and decisions to be made in the plenary meetings. They have also been tasked with taking the final decisions regarding a few matters, including approval for property transactions and secondary activities of Board of Management members or non-audit services to be provided by the auditor. Each of the committee chairs reports extensively in the plenary meetings on the work of the committees. The composition of the committees is outlined in the Annual Corporate Governance Statement.

The Executive Committee met four t

The Executive Committee met four times and dealt mainly with Board of Management issues. In addition to succession planning, these included in particular the discussion of the remuneration report, approval of secondary activities, the assessment of target achievement for the previous year and the target agreements for the following year.

The Personnel Committee held four meetings. Discussions focused on keeping employees safe during the pandemic, promoting women to executive positions, the Group-wide corporate strategy on personnel development, recruiting and retaining talented individuals and the development of their skills in light of the shortage of skilled workers.



The Finance and Audit Committee met eight times. It examined the financial statements and the combined management report for the company and the Group. The committee also discussed the half-yearly financial report following the review by the auditor and the quarterly financial statements with the CEO, the Board member for finance and the auditor prior to publication. In addition, it issued the audit engagement for the audit firm elected by the Annual General Meeting. Also covered at the meetings were the non-audit services provided by the audit firm, the accounting process, risk management, the findings of internal audits and the quality of the financial statement audit. Moreover, the committee also discussed the updated finance strategy and tax-related matters. It obtained detailed reports from the Chief Compliance Officer on important aspects of compliance and on updates to the compliance organisation and compliance management. The effectiveness and development of the internal control and risk management system were regular topics of discussion at the meetings.

The Strategy and Sustainability Committee met four times, primarily addressing the strategic positioning of the individual business units in their respective market segments and the implementation of our Strategy 2025, as well as the acquisition and sale of equity investments. In addition, the committee deals with the company's strategy with regard to ESG aspects and their implementation in detail and on an ongoing basis.

Supervisory Board to succeed Katja Windt as well as the reappointment of Mario Daberkow, each for a period of four years. Moreover, the committee recommended to declare to the Annual General Meeting that, in the estimation of the Supervisory Board, there are no personal and business relationships between XXXXXXXXXXXXX and Mario Daberkow, who have been proposed for appointment to the Supervisory Board, and Deutsche Post AG or its Group companies, the executive bodies of Deutsche Post AG or a shareholder holding a material interest in Deutsche Post AG that an objective shareholder would consider decisive for their vote.

The Mediation Committee did not meet in the year under review.

#### Support of the members of the Supervisory Board

The company supports the members of the Supervisory Board in their activities on an ongoing basis. Newly elected members of the Supervisory Board receive a customised introduction in the form of individual meetings with the members of the Board of Management and the Chair of the Supervisory Board; additional measures include the provision of informational materials, access to a digital data room specially designed for the Supervisory Board and the offer of reimbursement for the cost of attending selected external training events as well as for subscribing to industry publications. In addition, walk-throughs guided by Board of Management members at operating units of the company are offered. These provide Supervisory Board members with an in-depth look at operational workflows and conditions on the ground. Directors' Day, which takes place twice per year, also enables the members of the Supervisory Board to deepen their understanding of current topics and developments which are relevant to the company. In 2022, the agenda comprised the topic of data analytics at Deutsche Post DHL Group, an

additional presentation on the German Supply Chain Due Diligence Act (*Lieferkettensorgfaltspflichtengesetz*), the EU Taxonomy and the Corporate Sustainability Reporting Directive (CSRD).

#### **Changes to the Board of Management**

Tobias Meyer, who will succeed Frank Appel as CEO following the 2023 Annual General Meeting, has been at the helm of the Global Business Services Group function since July 2022.

As his successor responsible for Post & Parcel Germany, Nikola Hagleitner was appointed to the Board of Management effective from 1 July 2022. She has been with the company since 2005 and has gained valuable experience in three of the five divisions of Deutsche Post DHL Group, for example in operational management, sales and business development.

Effective from 1 August 2022, Pablo Ciano, formerly head of the Corporate Development department, was appointed as the successor to Ken Allen on the Board of Management with responsibility for eCommerce Solutions. He has also worked for the company for many years and played a crucial role in shaping the direction of Strategy 2025, including the Sustainability Roadmap of the Group.

We are pleased that both Board of Management positions were filled from within the company with highly qualified and internationally experienced managers.

#### Changes to the Supervisory Board

With regard to shareholder representatives, in conjunction with the end of his duties as State Secretary in the Federal Ministry of Finance, Jörg Kukies stepped down from the Supervisory Board effective from 9 March 2022. Günther Bräunig resigned his position effective from the end of the Annual General Meeting on 6 May 2022 as a result of his



resignation from the KfW Banking Group. The Supervisory Board thanks both of them for their valuable support of the work of the Supervisory Board. Luise Hölscher, State Secretary in the Federal Ministry of Finance, and Stefan B. Wintels, CEO of KfW Banking Group, were appointed to the Supervisory Board on 6 May 2022 by the Annual General Meeting for a period of four years on the recommendation of the Supervisory Board. We will recommend to this year's Annual General Meeting that XXXXXXXXXXX be appointed to succeed Katja Windt and Mario Daberkow be reappointed, each for a period of four years. The main skills of the members of the Supervisory Board can be found in the qualification matrix in the Annual Corporate Governance Statement.

There were no changes to the employee representatives during the reporting period. The term of office for employee representatives on the Supervisory Board ends as scheduled following the Annual General Meeting planned for 4 May 2023.

An overview of current Supervisory Board members is provided in Boards and committees.

#### **Managing conflicts of interest**

Supervisory Board members neither hold positions on the governing bodies of, nor provide consultancy services to, the Group's main competitors, nor do they maintain personal relationships with them. No conflicts of interest were reported in the year under review.

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

In December 2022, the members of the Board of Management and the Supervisory Board issued a statement declaring that all recommendations of the German Corporate Governance Code as amended on 16 December 2019 had

been complied with up to the issue of the last declaration of conformity in December 2021. This did not include the reserved partial limitation with regard to recommendation C.5. In future, all recommendations of the German Corporate Governance Code as amended on 28 April 2022 are to be complied with. Frank Appel is permitted to chair the Supervisory Board of Deutsche Telekom AG until the end of his term in May 2023. The statements from past years can be accessed on the company's website. Further information regarding corporate governance within the company can be found in the Annual Corporate Governance Statement.

## 2022 annual and consolidated financial statements examined

The auditors elected by the AGM, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Düsseldorf, audited the annual and consolidated financial statements for the 2022 financial year, including the combined management report, and issued unqualified audit opinions. The German Public Auditor responsible for the engagement is Dietmar Prümm. PwC also conducted the voluntary review of the half-yearly financial report without issuing any objections. The joint remuneration report for the Board of Management and the Supervisory Board for the 2022 financial year was given an audit opinion in accordance with section 162(3) AktG.

After prior examination by the Finance and Audit Committee, occasionally without the Board of Management members, the Supervisory Board in its meeting today discussed the annual and consolidated financial statements, including the Board of Management's proposal on the appropriation of the net retained profit and the combined management report including the combined non-financial statement for the 2022 financial year in depth with the Board of Management. PwC reported on the results

of the audit before the Finance and Audit Committee and plenary meeting and was available to answer questions. The Supervisory Board concurred with the results of the audit and approved the annual and consolidated financial statements for the 2022 financial year, as recommended by the Finance and Audit Committee. No objections were raised on the basis of the final outcome of the examination by the Supervisory Board and the Finance and Audit Committee of the annual and consolidated financial statements, the combined management report including the combined non-financial statement, and the proposal for the appropriation of the net retained profit.

The Supervisory Board endorsed the Board of Management's proposal for the appropriation of net retained profit and the payment of a dividend of €1.85 per share.

The Supervisory Board would like to expressly thank all employees and Board of Management members for their extraordinary efforts in the year under review. Our special thanks also go to Frank Appel, who will leave the company upon the conclusion of the upcoming Annual General Meeting, for the many years in which he so successfully led the Group with strategic vision and great expertise. Under his leadership, the company became a global leader in logistics which connects people and markets and enables of global trade.

Bonn, 8 March 2023 The Supervisory Board

Nikolaus von Bomhard Chairman



## REPORTING PRACTICE

This publication contains both financial and non-financial information about the results for the 2022 financial year. It was published on 9 March 2023 in German and English and is available online and as a ppp. The report sections that are subject to publication requirements are published in the company register, in due consideration of the European Single Electronic Format (ESEF).

#### **Applied reporting standards**

As a listed company, Deutsche Post AG has prepared its consolidated financial statements in accordance with Section 315e Handelsgesetzbuch (HGB – German Commercial Code) in compliance with International Financial Reporting Standards (IFRSs) and the corresponding Interpretations of the International Accounting Standards Board (IASB) as adopted in the European Union.

The combined management report comprises the Group Management Report of Deutsche Post DHL Group and the Management Report of Deutsche Post AG. Unless otherwise noted, the information presented refers to the Group. Information pertaining solely to Deutsche Post AG is identified as such.

The combined management report also includes the combined non-financial statement for Deutsche Post AG and for the Group in accordance with Sections 289b(1) and 315b(1) HGB. The non-financial key performance indicators used for steering the Group were determined on the basis of their materiality in accordance with the German Commercial Code and the German Accounting Standards (GASs), Steering metrics. The Global Reporting Initiative (GRI) standards are taken as the framework for determining material topics, supplemented by HGB requirements. The non-financial statement also includes information aimed at facilitating sustainable investment (EU Taxonomy) in accord-

ance with Article 8 of Regulation 2020/852 of the European Parliament and of the European Council as well as Delegated Regulation 2021/2178 of the European Commission. In the interest of avoiding repetition, we refer to other sections of the management report for reporting on mandatory disclosures, provided that they already are explained in greater detail there. Information regarding employees applies to all of the Group's staff; exceptions are noted as such.

#### Independent audit

The consolidated financial statements of Deutsche Post AG and its subsidiaries and the combined management report for the financial year from 1 January to 31 December 2022 were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) in a reasonable assurance engagement, Aduditor's report.

The combined non-financial statement was audited separately by PwC on behalf of the Supervisory Board in a limited and, for certain indicators, reasonable assurance engagement, Practitioner's report.

The contents of the Annual Corporate governance statement pursuant to Section 289f and 315d HGB have not been audited.

#### Forward-looking statements

This report contains forward-looking statements which are not historical facts and which also include statements concerning assumptions and expectations based upon current plans, estimates and projections, and the information available to Deutsche Post AG at the time this report was completed. They should not be considered to be assurances of future performance and results contained therein. Instead, they depend on a number of factors and are subject to various risks and uncertainties (particularly those described in the "Expected developments, opportunities and risks" section) and are based on assumptions that may prove to be inaccurate. It is possible that actual performance and

results may differ from the forward-looking statements made in this report. Deutsche Post AG undertakes no obligation to update the forward-looking statements contained in this report except as required by applicable law. If Deutsche Post AG updates one or more forward-looking statements, no assumption can be made that the statement(s) in question or other forward-looking statements will be updated regularly.

#### Disclosures unrelated to the management report

The German Corporate Governance Code stipulates disclosures related to the internal control and risk management system which go beyond the legal requirements for the management report and are therefore excepted from the auditor's review of the contents of the management report. These disclosures are set apart from those to be audited in separate paragraphs and marked accordingly .

#### **Additional information**

Refers to information contained elsewhere in the report.
 Indicates a hyperlink to content available online that is not part of this report.

#### Separate remuneration report

According to Section 162 German Stock Corporation Act (AktG), listed companies are required to separately prepare a joint remuneration report for the Board of Management and Supervisory Board each year that will be published on the Company's website.

#### **Translation**

The English version of the 2022 Annual Report of Deutsche Post DHL Group constitutes a translation of the original German version. Only the German version is legally binding, insofar as this does not conflict with legal provisions in other countries.

# GENERAL INFORMATION

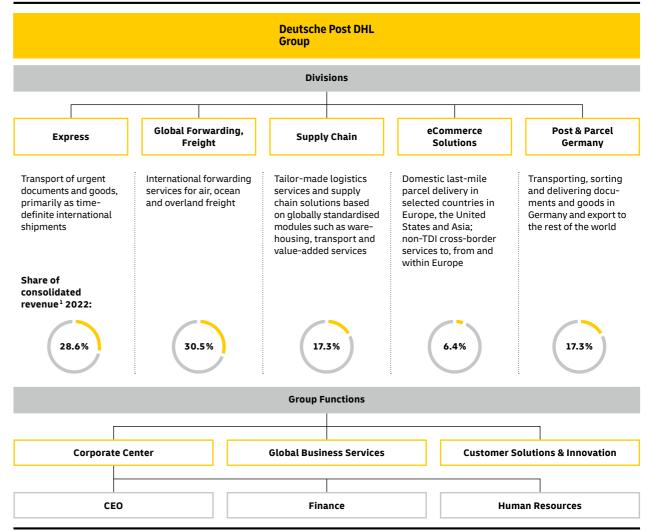
#### **Business model**

#### An international service portfolio

Deutsche Post AG is a listed German corporation domiciled in Bonn. Deutsche Post DHL Group unites two strong brands: DHL offers a comprehensive portfolio of services consisting of parcel shipment, international express delivery, freight transport, supply chain management and e-commerce solutions; Deutsche Post is Europe's leading mail and parcel provider. The Group is organised into five operating divisions: Express; Global Forwarding, Freight; Supply Chain; eCommerce Solutions; and Post & Parcel Germany. Each of the divisions is managed by its own divisional headquarters and subdivided into functions, business units or regions for reporting purposes.

Group management functions are centralised in the Corporate Center. The internal services that support the entire Group are consolidated in our Global Business Services unit. Customer Solutions & Innovation (CSI) is DHL's cross-divisional account management and innovation unit.

#### Corporate structure as at 31 December 2022



<sup>1</sup> Note 11 to the consolidated financial statements.

#### Organisational changes

Effective as of 1 July 2022, Nikola Hagleitner assumed responsibility on the Board of Management for Post & Parcel Germany from Tobias Meyer, who has since been responsible for Global Business Services.

Ken Allen left the company upon the expiration of his term of appointment on 31 July 2022. As a new member of the Board of Management, Pablo Ciano assumed responsibility for the eCommerce Solutions division as of 1 August 2022.

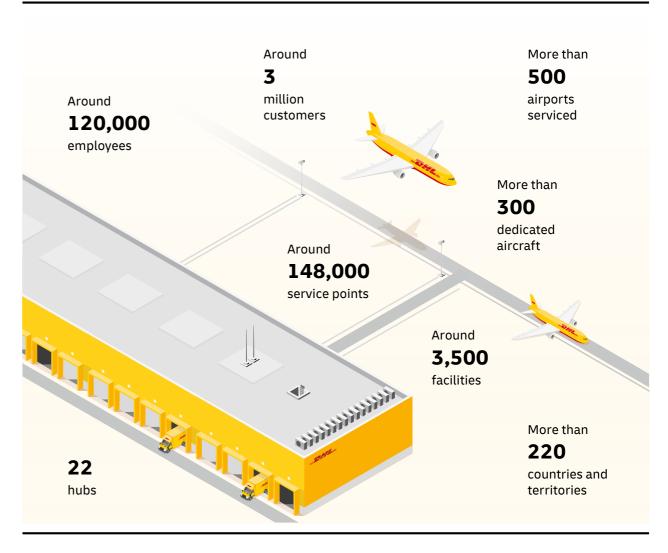
John Pearson has been responsible for CSI since 1 August 2022.

#### A presence that spans the globe

Our locations can be found in the List of shareholdings. The following description of the divisions shows market shares and market volumes – where available and useful – in the most important regions.

#### **EXPRESS DIVISION**

#### A global express network



#### Time-definite international shipments

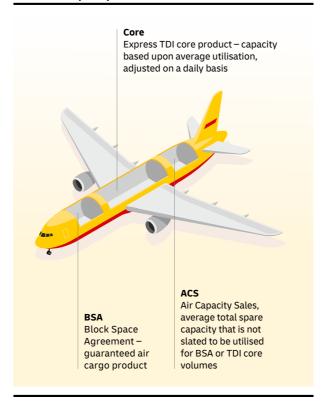
In the Express division, we transport urgent documents and goods reliably and on time from door to door. International time-definite shipments are our core business. The division's main product is Time Definite International (TDI), a cross-border transport and delivery service. Our TDI services enable delivery at predefined times, and our expertise in customs clearance keeps shipments moving as a prerequisite in ensuring fast and reliable door-to-door service. We also provide industry-specific services to round out our TDI product. For example, our Medical Express transport solution, which is tailored specifically to companies in the life sciences and healthcare sector, offers various types of thermal packaging for temperature-controlled, chilled and frozen contents.

Around 296 million TDI shipments were transported worldwide in 2022. We estimate our market share at 43% on the basis of a recent survey (2021).

#### Our virtual airline

Our global air freight network is operated by multiple airlines, some of which are wholly owned by the Group. The combination of our own and purchased capacities allows us to respond flexibly to fluctuating demand. The following graphic illustrates how our available freight capacity is organised and offered on the market. Most of the freight capacity is used for TDI, our main product. If any cargo space remains on our own flights, we sell it to customers in the air freight sector. The largest buyer of remaining capacity is the DHL Global Forwarding business unit.

#### **Available capacity**



#### **Keeping our customer service promise**

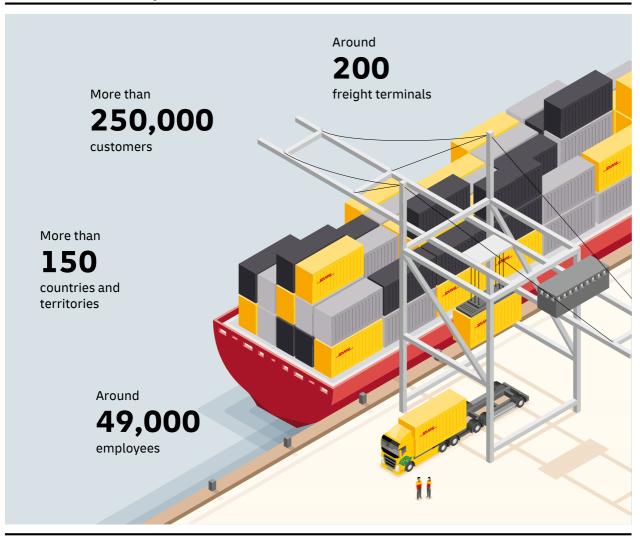
In order to keep our commitments to our customers as a global network operator, we monitor their satisfaction and changing requirements, for example through our Insanely Customer Centric Culture programme and with the Net Promoter Approach.

At our quality control centres, we track shipments across the globe and adjust the processes dynamically as required. All premium products are tracked until they are delivered.

We conduct regular reviews of operational safety, compliance with standards and quality of service at our facilities in co-operation with government authorities. Approximately 415 locations have been certified by the Transported Asset Protection Association (TAPA), making us a leader in this area.

#### **GLOBAL FORWARDING, FREIGHT DIVISION**

#### Air, ocean and overland freight



#### Air, ocean and overland freight forwarding services

Air, ocean and overland freight forwarding services are our core business. They include standardised transports as well as multimodal and sector-specific solutions, together with customised industrial projects and customs services. Our business model is based upon brokering transport services between customers and freight carriers. The global reach of our network allows us to offer efficient routing and multimodal transport options. Compared with the Group's other divisions, our operational business model is asset-light.

# Volumes in air freight remained high despite uncertain market conditions

Despite the somewhat weak macroeconomic environment, we reached around 1.9 million tonnes (previous year: around 2.1 million tonnes) of export air freight transported.

#### Ocean freight market reports higher volumes

With around 3.3 million 20-foot container units (previous year: around 3.1 million) transported, we managed to increase the ocean freight volume under the difficult circumstances of 2022, with the additional volumes from the acquisition of Hillebrand making a noticeable difference.



#### Air and ocean freight market 2022: relevant volumes

			Middle			
	Asia Pacific	Americas	East/Africa	Europe	Other	Global
Air freight (m tonnes) <sup>1</sup>	10.7	5.8	1.0	6.0	0.8	24.3
Ocean freight (m TEUs)²	40.1	8.5	4.7	7.6	1.1	62.0

<sup>&</sup>lt;sup>1</sup> Data based solely on export freight tonnes. Source: estimate by Seabury Consulting. <sup>2</sup> Twenty-foot container units; estimated part of overall market controlled by forwarders. Data based solely on export volumes. Source: company estimates, Seabury Consulting.

#### Weaker growth in the European road freight market

After the European road freight market benefited from a significant increase in volumes in the previous year, the market developed more slowly in 2022. We recorded a decline in volumes by 4.8%. Capacity shortages, higher personnel costs, changes to commercial road freight and the significant rises in the diesel prices have led to a considerable increase in costs.

#### Satisfied customers and the digitalisation roadmap

We aim to design our services to be as user-friendly as possible. To do so, we systematically record customer feedback by calculating Net Promoter Scores and conducting annual satisfaction surveys. Based upon the information received, we define initiatives and actions aimed at steadily improving our products and services.

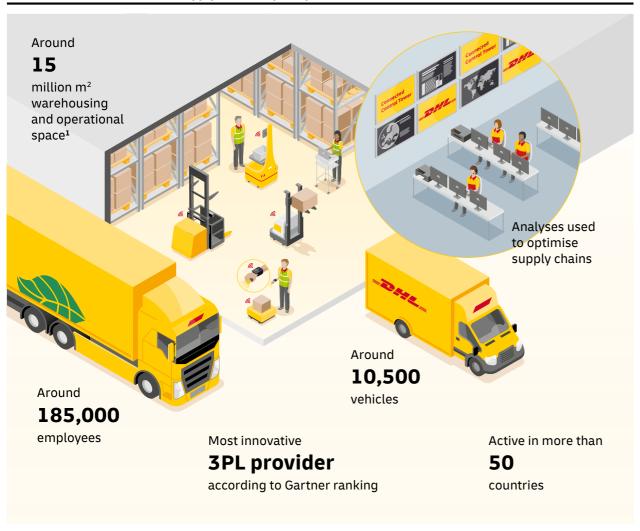
The global network of the Global Forwarding, Freight division meets the highest safety standards demanded by customers and authorities, including TAPA and CTPAT; we therefore have the most advanced ISO-certified business continuity management programme in the industry.

With a global Transport Management System, we laid the foundation for further scaling of global applications and processes in the Global Forwarding business unit. We further implemented a standardised Transport Management System in the Freight business unit as well. Meanwhile, we are continually registering new user groups in our myDHLi portal and see increasing activity on our digital customer interaction tools, such as Saloodo! – our digital marketplace for road freight – and the Freight Customer Portal which is successfully running in Sweden.

#### **SUPPLY CHAIN DIVISION**

#### Solutions that reduce customer supply chain complexity

COMBINED MANAGEMENT REPORT GENERAL INFORMATION



<sup>1</sup> Includes owned and leased warehouses only and not customer-owned facilities operated by DHL.

#### Tailor-made supply chain solutions

Our core business comprises tailor-made logistics services and supply chain solutions in order to reduce the complexity for our customers and to add sustainable value. We offer a broad product portfolio including warehouse operations and transport as well as value-added services such as eFulfillment, omnichannel solutions and returns management, Lead Logistics Partner (LLP), Real Estate Solutions, Service Logistics and packaging solutions targeted to our customer's needs across all strategic industry sectors. We offer modular solutions that allow our customers' operations to be more agile and more flexible to respond to changing supply chain needs and requirements.

#### Standardisation and use of innovative technologies

We are constantly striving to increase speed and agility along the entire supply chain through modular standardisation and the use of new technologies. State-of-the-art digital solutions are already used at more than 80% of our locations, for example with some 4,000 collaborative robots and some 38,000 smart wearables deployed. In addition, we leverage data analytics to drive operational efficiencies and to enhance the customer experience. We are integrating physical and digital supply chain solutions.



#### **Leading position in contract logistics**

The global contract logistics market is estimated at around €231.3 billion for the year 2021. DHL is the global market leader in the fragmented market of contract logistics with a market share of 6.0% (2021) and operations in more than 50 countries. The market share of the next leading providers is half as large.

#### Meeting or exceeding customers' expectations

With the globally consistent operating standards of our "Operations Management System First Choice", we ensure that we consistently either meet or exceed our customers' quality expectations and continuously improve.

Thanks to our systematic follow-up on customer feedback, our satisfaction values (Net Promoter Approach) remain on a high level.

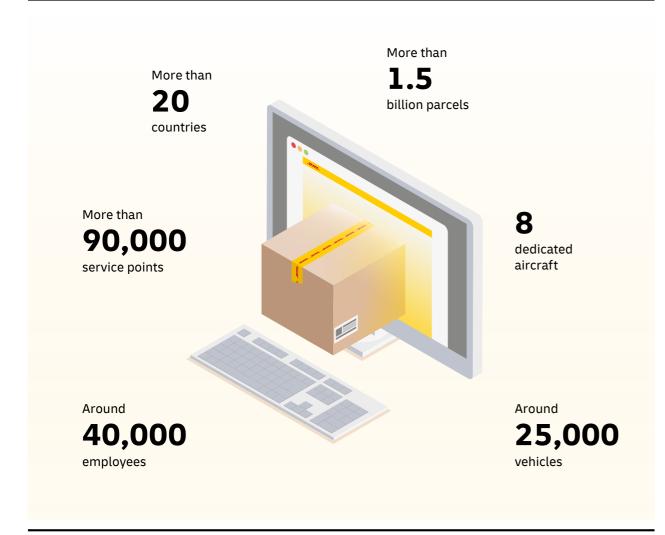
#### Contract logistics market 2021<sup>1</sup>

€ billion			Middle		
	Asia Pacific	Americas	East/Africa	Europe	Global
Contract logistics	81.6	67.4	7.9	74.4	231.3

<sup>&</sup>lt;sup>1</sup> Company estimate.

#### **ECOMMERCE SOLUTIONS DIVISION**

#### Domestic last-mile parcel delivery and non-TDI cross-border services



# Domestic and international non-time-sensitive parcel delivery

Our core business is domestic last-mile parcel delivery in selected countries in Europe, in the United States, in selected countries in Asia, in particular in India, and non-TDI cross-border services primarily to, from and within Europe, as well as to and from the United States.

The domestic last-mile parcel delivery service is provided via our own and partner networks, serving a mix of B2C and B2B customers across all sectors. Our non-TDI cross-border service provides worldwide shipping solutions to enable our customers to capitalise on strong growth in cross-border trade, whilst meeting their expectations for speed, transparency and quality. The DHL Parcel Connect platform is our delivery and returns solution developed especially for e-commerce in Europe, catering to both B2B and B2C, which simplifies pan-European cross-border shipping with a harmonised label, common IT systems, core features and local services.

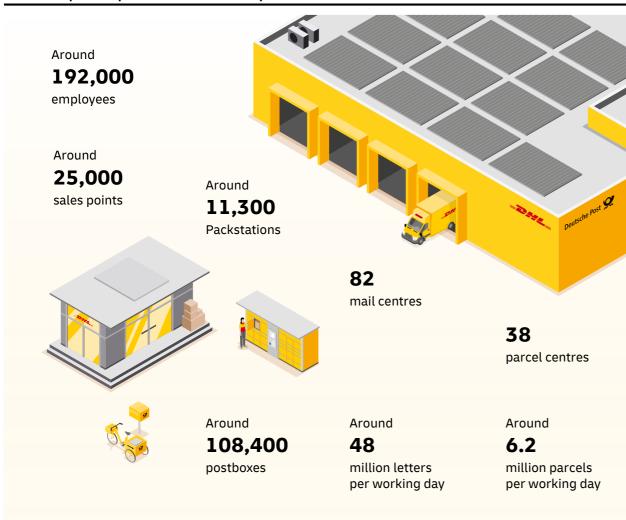
The B2C volume had risen significantly during the pandemic years, with the first half of 2021 representing the highest basis for comparison. The expected normalisation pattern came to be in 2022, with a lesser decrease in the second half of the year compared to the significant declines in the first six months of the year.

#### Satisfied customers and a high level of delivery reliability

We focus on delivering industry-leading performance as well as quality and service excellence. With this focus, we succeeded in achieving an overall global delivery quality of 95.5% (previous year: 95%).

#### **POST & PARCEL GERMANY DIVISION**

#### Nationwide post and parcel network in Germany



#### The postal service for Germany

As Europe's largest postal company, our core business is the transport, sorting and delivery of documents and goods. We maintain a nationwide post and parcel network in Germany, which we continually expand in consideration of digitalisation and sustainability.

Our products and services in the mail communication segment are targeted towards both private and business customers and range from physical and hybrid letters to special products for the delivery of goods, and include additional services such as registered mail, cash on delivery and insured items.

In the year under review, the German market for mail communication for business customers was worth around €4.3 billion (previous year: around €4.2 billion). With declining volumes, the slight rise is due primarily to price increases for some mail products subject to regulation effective from 1 January 2022. The decline in mail volumes in the reporting period is attributable to, amongst other factors, the unusually high level of mail-in ballots in the German federal and state elections in 2021. We monitor the market in which we compete, including the companies that operate as service providers to customers in this market – i.e. both competitors offering end-to-end services and consolidators providing partial services. Our market share increased slightly to 62.1% compared with the prior year (61.4%) due to gains recovered from the competition.

## German mail communication market, business customers, 2022

# Market volume: around €4.3 billionDeutsche Post62.1%Competition37.9%

Source: company estimate.

#### Cross-channel dialogue

On request, our Dialogue Marketing unit offers end-to-end solutions to advertisers – from address services and tools for design and creation to printing, delivery and evaluation. This supports cross-channel, personalised and automated dialogue so that digital and physical items with interrelated content are delivered according to a co-ordinated timetable and without any coverage waste.

The German advertising market grew by 4.4% in 2022 to come in at €29.9 billion, ultimately not growing as dynamically as in the previous year. Our share of this highly fragmented advertising market amounted to 5.7% (previous year: 5.9%).

#### German advertising market<sup>1</sup> 2022

Market volume: €29.9 billion	
Competition	94.3%
Deutsche Post	5.7%

<sup>&</sup>lt;sup>1</sup> Includes all advertising media with external distribution costs; the placement costs are shown as ratios.

Source: company estimate.

#### DHL Parcel for companies and private individuals

We maintain a dense network of parcel acceptance and drop-off points in Germany, which we expanded and digitalised in the reporting year.

We offer support to businesses to grow their online retail business. Along with the Supply Chain division, we are able to cover the entire logistics chain through to returns management on request.

Various services enable individualised and convenient parcel delivery for private customers: parcels can be delivered to an alternative address, a specific retail outlet or a Paketshop at short notice. Furthermore, registered customers can now have all items sent automatically to a Packstation or selected retail outlet. Additionally, the digital delivery notification for parcels introduced in the previous year is more transparent and more convenient.

The German parcel market continues to be subject to competition-driven structural changes, with established as well as new companies offering their services. In e-commerce, the delivery of a portion of shipments is handled by the merchant's own distribution networks.

There has been no interruption in the medium- and long-term growth trend in the number of online orders. In light of this as well, we will increase the number of Packstations to more than 15,000 in the coming years to make it even more convenient for customers all over Germany to send and receive parcels, and to create an environmentally friendly, traffic-reduced parcel delivery system. Following a successful pilot phase in 2021, we will also make progress in the expansion of Poststations.

#### Reliable delivery in a challenging environment

According to surveys conducted by Quotas, a quality research institute, around 86% of all domestic letters posted in Germany during daily opening hours at our retail outlets or before final collection were delivered the very next day in the year under review. Around 96% were delivered within two days. This puts us above the legally required levels of 80% (D+1) and 95% (D+2).

These figures can be deemed very positive in light of the challenging environment in which they were achieved. In the third year of the pandemic, we dealt with high levels of illness amongst employees at times. In addition, the situation on the German labour market remains tense overall.

Our approximately 25,000 person-operated sales points were open for an average of 55 hours per week in the year under review, as was the case in the previous year. Consumers who use the products and services offered by Deutsche Post retail outlets operated mostly by retailers are surveyed annually regarding customer satisfaction by "Kundenmonitor Deutschland". This study attested to the high level of approval enjoyed by Deutsche Post retail outlets: a total of 94.2% of the persons surveyed were satisfied with the quality and service (previous year: 94.5%). In addition, customers gave our sales points an average rating of 4.37 out of 5 stars in the Deutsche Post location finder (previous year: 4.31). The fixed-location acceptance and sales network has grown to around 36,300 sites (previous year: around 34,000) thanks to the expansion of our Packstation network.



#### **Strategy**

# Navigating safely through a volatile, fast-changing environment

We announced Strategy 2025 in October 2019. It draws on the successful elements of Strategy 2015 and 2020, which established us as the world's leading logistics company. Building on this strong foundation, Strategy 2025 helps us to cement and grow that leading position as the pace of change in the world around us accelerates.

We defined our strategic goals in a comprehensive process in which we worked with relevant stakeholders including employees, customers, suppliers and investors. Our "Strategy House" graphic illustrates the most important elements of our strategy and how they are connected.

Strategy 2025 guided us safely through the volatile, fast-changing environment. As part of a yearly assessment, we undertook a detailed review of our corporate strategy and found it not only to be fundamentally sound, but that it had also made Deutsche Post DHL Group more resilient. That resilience is the result of disciplined and consistent execution of our Group strategy, with each and every element playing a key role.

#### Strategic triad of purpose, vision and values

Our purpose of "Connecting people, improving lives" has never been more important than it is today. In keeping with our vision of being THE logistics company for the world, Deutsche Post DHL Group strives to continue leading the industry – and doing so in an increasingly digital and sustainability-oriented world. Our core values "Respect & Results" are just as much a part of our strategy today as they have been in the past.

#### **Strategy House**



#### **Our Purpose**

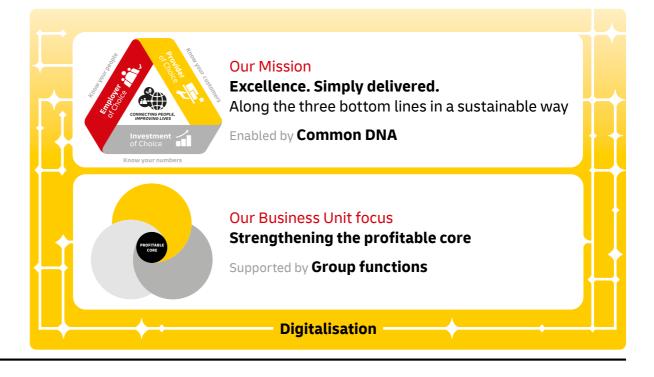
Connecting people, improving lives

#### **Our Vision**

We are THE logistics company for the world

#### **Our Values**

Respect & Results



The triad of purpose, vision and values underpins the three building blocks of Strategy 2025: sustained execution excellence along the three bottom lines; becoming an employer, provider and investment of choice; a focus on our profitable core business and digital transformation. We have also cemented sustainability into every part of our business strategy through purpose and our own values. Respect and Results mean that we are committed to each other and together make a positive social contribution. Our purpose "Connecting people, improving lives" guides our efforts and sense of responsibility.

#### Execution excellence along the three bottom lines

Our mission, "Excellence. Simply delivered.", is defined by the three bottom lines. We believe having motivated and skilled employees is the key to providing excellent service quality and achieving profitable growth.

At Deutsche Post DHL Group, when we speak of our common DNA we mean the set of behaviours, tools and programmes that we put into practice throughout the Group. Group-wide programmes such as Certified, First Choice and Safety First play an important part in building the common DNA by influencing what we do on a day-to-day basis. Irrespective of division, geographical region or function, our common DNA is an expression of who we are and how we do things at Deutsche Post DHL Group.

As an integral part of our strategy, sustainability is anchored along our three bottom lines. New policies and regulations across industries, increasingly changing buying habits and the growing focus on sustainable investments have motivated us to serve as a sustainability role model in our industry and to set ourselves ambitious targets. We therefore made sustainability a cornerstone of our Strategy 2025 and an essential element of our mission.

With our ESG Roadmap, we build on our past achievements and plot a course for future success. The roadmap will serve as guidance in the three areas of environment, social responsibility and corporate governance. Clear objectives were set for each of these areas. We strive for environmentally friendly logistics and aim to be a great place to work for all and a trustworthy company and partner.

We set transparent, time-bound targets and KPIs with which we make sustainability an integral component in the yearly planning and strategic cycle, with targets integrated into our decision-making process. One key target is to increase the pace of our company's planned decarbonisation, Non-financial statement.

#### Divisions focus on profitable core business

Our divisions continue to focus relentlessly on their profitable core. In so doing, they ensure that our services and solutions can be provided reliably, even in unusual circumstances.

#### Digital transformation as a key lever

Representing a significant lever for sustainable business growth, digital transformation plays a crucial role in our strategy. We therefore invest in initiatives designed to improve the experiences our customers and employees have with the company and to increase operational efficiency. Our digitalisation framework has two elements. We are upgrading the IT infrastructure and utilising new technologies throughout the Group. At the same time, we are scaling business models that augment our core.

In our divisions, we have several initiatives and programmes in place to upgrade the IT backbone, ensure our future agility and increase IT efficiency. In our Centres of Excellence, we have combined technologies and expertise, e.g. in the areas of automation and robotics, data science, API, blockchain and the Internet of Things. They are allowing us to foster and build up in-house know-how and scale digital solutions across the divisions.

#### **Research and development**

As a service provider, Deutsche Post DHL Group does not engage in research and development activities in the narrower sense and therefore has no significant expenses to report in this connection.



#### **Steering metrics**

#### Financial and non-financial key performance indicators

Deutsche Post DHL Group uses both financial and nonfinancial performance indicators in its management of the Group. The monthly, guarterly and annual changes in these indicators are compared with prior-year data and forecast data to assist in making management decisions. The yearto-year changes in the financial and non-financial performance indicators described here also play an important role in the calculation of management remuneration. The Group's financial performance indicators are intended to preserve a balance between profitability, the efficient use of resources and adequate liquidity. How these metrics are computed is illustrated in the Calculations graphic. The performance of the financial key figures in the reporting year is described in the Report on economic position. As planned, the following non-financial key performance indicators were additionally introduced as management-relevant in the year under review: absolute logistics-related greenhouse gas (GHG) emissions, Realised Decarbonisation Effects, share of women in middle and upper management, lost time injury frequency rate (LTIFR) per 200,000 working hours and share of valid compliance-relevant training certificates in middle and upper management. Targets and results for these key performance indicators are described in the Non-financial statement.

Additional metrics that we will report beginning in 2023 are described and forecast in the Expected developments, opportunities and risks section.

#### EBIT and EAC (EBIT after asset charge)

The profitability of the Group's operating divisions is measured as profit from operating activities (EBIT).

EBIT after asset charge (EAC) is another key performance indicator used by the Group. EAC is calculated by subtracting the asset charge, a cost-of-capital component, from EBIT. Making the asset charge a part of business decisions encourages the efficient use of resources and ensures that our operational business is geared towards increasing value sustainably whilst improving cash flow.

The asset charge is calculated on the basis of the weighted average cost of capital, or WACC, which is defined as the weighted average net cost of interest-bearing liabilities and equity, taking into account company-specific risk factors in accordance with the Capital Asset Pricing Model.

A standard WACC of 8.5% is applied across the divisions. That figure also represents the minimum target for projects and investments within the Group. The WACC is generally reviewed once annually on the basis of the current situation on the financial markets. To ensure better comparability of the asset charge with previous figures, in 2022 the WACC used here was maintained at a constant level compared with the previous years.

The asset charge is calculated each month so that fluctuations in the net asset base can also be taken into account during the year. The **Ocalculations graphic** shows the composition of the Group's net asset base.

#### Free cash flow facilitates liquidity management

Along with EBIT and EAC, cash flow is another key performance metric used by Group management. The goal is to maintain sufficient liquidity to cover all of the Group's financial obligations from debt repayment and dividends, in addition to meeting payment commitments arising from the Group's operations and investments. Cash flow is calculated using the cash flow statement.

Operating cash flow (OCF) includes all items that are related directly to operating value creation. Another key parameter impacting OCF is net working capital. Effective management of net working capital is an important way for the Group to improve cash flow in the short to medium term.

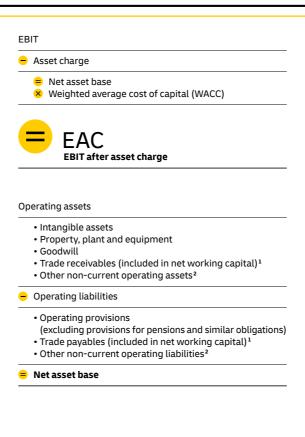
Free cash flow (FCF) is a management indicator derived from OCF. It is used as an indicator of how much cash is available to the company for paying out dividends or repaying debt at the end of a reporting period.



#### **Calculations**

Revenue

# Other operating income Changes in inventories and work performed and capitalised Materials expense Staff costs Depreciation, amortisation and impairment losses Other operating expenses Net income/loss from investments accounted for using the equity method EBIT Profit from operating activities



•	Depreciation, amortisation and impairment losses
±	Net income/loss from disposal of non-current assets
±	Non-cash income and expense
±	Change in provisions
<u>±</u>	Change in other non-current assets and liabilities
+	Dividends received
<u>±</u>	Income taxes paid
=	Operating cash flow before changes in working capital (net working capital)
±	Change in net working capital
=	Net cash from/used in operating activities (operating cash flow, OCF)
±	Cash inflow/outflow arising from change in property, plant and equipment and intangible assets
±	Cash inflow/outflow arising from acquisitions/divestitures
$\overline{}$	Cash outflow for leases

<sup>1</sup> Includes EBIT-related current assets and liabilities. Not included are assets and liabilities related to taxes, financing and cash and cash equivalents, for example.

<sup>&</sup>lt;sup>2</sup> Includes EBIT-related other non-current assets and liabilities. Not included are assets and liabilities related to taxes or bonds, for example.



#### Managing and reducing greenhouse gas emissions

We aim to reduce the greenhouse gas (GHG) emissions produced by our operations, as well as our dependency on fossil fuels, in order to mitigate the impact of our operations on the global climate.

As planned, we introduced new key performance indicators in the year under review: the absolute logistics-related GHG emissions as a medium- and long-term target and Realised Decarbonisation Effects. We use the latter KPI to measure the emissions that we were able to avoid through the use of energy from renewable sources and sustainable technologies compared with conventional energy and technologies.

The calculation methodology for GHG emissions is based on recognised international standards such as the Greenhouse Gas Protocol, DIN EN 16258 and the Global Logistics Emissions Council Framework. For Realised Decarbonisation Effects, we also take the guidelines of the Smart Freight Centre for insetting and emissions calculation from sustainable aviation fuels into account.

As part of our reporting, we show the logistics-related GHG emissions including the upstream chain from fuel production (well-to-wheel) and include the GHG emissions caused or avoided by our transport subcontractors (Scope 3). We record the GHG emissions from categories 3, 4 and 6 in the calculation of Scope 3 emissions. The legally required blending of sustainable fuels is not included in the Realised Decarbonisation Effects.

#### Employee engagement as a factor for success

Motivated and committed employees contribute to the success of the company. In the annual Group-wide survey, all employees have the opportunity to anonymously rate the company's strategy and values as well as its working conditions. We derive the Employee Engagement key performance indicator from these results.

# Increase share of women in middle and upper management

We use the performance indicator of share of women in middle and upper management to measure the success of our diversity measures. As part of this measurement, executives working part-time are counted on a per-person basis.

#### Reduce LTIFR

We measure the effect of workplace accidents based on the lost time injury frequency rate (LTIFR), which is determined using the number of work-related accidents per 200,000 working hours which lead to at least one day of missed work for the affected person following the accident.

#### Conduct compliance-relevant training

Our aspiration is to be a reliable and trustworthy partner in all business relationships. When conducting day-to-day business, our managers serve an important function as role models to the employees and business partners, which is why corresponding training is of such importance for executives. We measure success in this area on the basis of the share of valid training certificates at the middle and upper management levels.



# REPORT ON ECONOMIC POSITION

#### Forecast/actual comparison

#### **Targets for 2022**

#### EBIT1

- Group: around €8.4 billion
- DHL divisions: around €7.5 billion
- Post & Parcel Germany division: around €1.35 billion
- Group Functions: around €-0.45 billion

#### EAC

Slight decline if asset charge increases as forecast

#### Cash flow<sup>1</sup>

• Free cash flow² amounts to more than €4.2 billion

#### Capital expenditure (capex)

 Investment spending (excluding leasing): around €4.2 billion

#### **Dividend distribution**

 Dividend payout of 40% to 60% of net profit

#### **Results for 2022**

#### **EBIT**

- Group: €8.4 billion
- DHL divisions: €7.6 billion
- Post & Parcel Germany division: €1.3 billion
- Group Functions: €-0.45 billion

#### EAC

• Slight decline to €5.1 billion due to asset charge increases

#### Cash flow

• Free cash flow<sup>3</sup> amounts to €4.6 billion

#### Capital expenditure (capex)

• Investment spending (excluding leases): €4.1 billion

#### **Dividend distribution**

• To be proposed: dividend payout of 41.1% of net profit

#### **Targets for 2023**

#### **EBIT**

- Group: between €6.0 billion and €7.0 billion
- DHL divisions: between €5.5 billion and €6.5 billion
- Post & Parcel Germany division: around €1.0 billion
- Group Functions: around €-0.45 billion

#### EAC

• Slight decline if asset charge increases as forecast

#### **Cash flow**

 Free cash flow amounts to around €3.0 billion

#### Capital expenditure (capex)

• Investment spending (excluding leasing): €3.4 billion to €3.9 billion

#### **Dividend distribution**

 Dividend payout of 40% to 60% of net profit

### <sup>1</sup> Forecast adjusted several times during the year. <sup>2</sup> Calculation excluding acquisitions/divestitures. <sup>3</sup> Calculated excluding acquisitions/divestures; including acquisitions/divestures: €3.1 billion.

For reasons of clarity, targets and results for the non-financial key performance indicators used for managing the Group are described in the Non-financial statement.

#### **Overall assessment**

In the 2022 financial year, Deutsche Post DHL Group generated EBIT of €8.4 billion. In light of a tense macroeconomic environment, the divisions were faced with a variety of influencing factors. Declining shipment volumes caused results in the Express, eCommerce Solutions and Post & Parcel Germany divisions to fall below prior-year figures, whilst revenue increases in Supply Chain and, in particular, in Global Forwarding, Freight resulted in significant profit growth. The decrease of free cash flow to €3.1 billion was due in particular to the acquisition of the Hillebrand Group. Free cash flow excluding acquisitions and divestitures rose to a record figure of €4.6 billion. We also support future growth in the core business in a challenging macroeconomic environment with investments of €4.1 billion.

#### **Economic parameters**

The following data describing the economic conditions stem from S&P Global Market Intelligence (S&P Global, formerly IHS Markit).

# Global economy experiences decline due to energy crisis and inflation

The nascent post-pandemic global economic recovery suffered a marked decline in 2022 due to the fallout from the war in Ukraine. The economic sanctions of Western countries against Russia triggered by this event, the halt to most Russian natural gas deliveries to Europe and the severe curtailment of Ukrainian grain exports to the world have boosted inflation in many countries. Leading central banks like the US Federal Reserve and the European Central



Bank tightened monetary policy substantially from mid-2022 onwards in order to prevent high energy and food prices from leading to a sustained boost to general inflation expectations.

COMBINED MANAGEMENT REPORT REPORT ON ECONOMIC POSITION

Global GDP growth has halved from 6.0% in 2021 to 3.0% in 2022. Growth in advanced industrialised countries declined from 5.4% to 2.6%, whilst growth in emerging markets fell from 7.1% to 3.5%. The main contributors to this decline were the United States with a drop in GDP growth from 5.9% to 2.0% and China with a decline from 8.4% to 2.8%. China's economy was hit additionally by the consequences of its zero-COVID policy. The below-average recovery in the eurozone in 2021 (5.3%) limited the degree of moderation, leading to a growth pace of 3.4% in 2022. This was especially true for Germany, where average GDP growth slowed down from 2.6% to 1.9%.

#### Trade flows reflect global economic cool-down

Global industrial production, which is relevant for the logistics sector, reflects the overall economic cool-down: Following growth of 7.4% in 2021, this figure weakened over the course of 2022 to 2.9%. Global trade also underwent less significant growth in the year under review at 6.8%, compared with 10.8% in the previous year. For Deutsche Post DHL Group, this slowdown in industrial demand manifests itself in the revenue and earnings trends of the DHL divisions during the year. Whilst global trade was still relatively well supported at the beginning of the year, the growth trend slowed with increasing clarity over the course of the year. Accordingly, on account of

lessened demand and increased inventories, the typical seasonal rise in volumes in the second half of the year was not visible in ocean freight nor in air freight. At the same time, the restrictions in place during the pandemic gradually cleared up in the ocean freight fleets as well as in cargo capacities in passenger flights. In light of this, the market capacities for transport services – which had been very heavily utilised until then – eased, resulting in the expected normalisation in air, ocean and road freight rates in the second half of 2022.

#### E-commerce normalises at a high level

As expected, 2022 was also shaped by a normalisation of consumer behaviour. Compared with the prior-year growth, which was significantly accelerated by the pandemic, e-commerce-based volumes thus declined, in particular in the first half of 2022. However, the remainder of the year confirmed that the pandemic caused a sustained acceleration of the structural growth trend in e-commerce-based business. Although consumer behaviour was held back by continued high inflation during the Christmas season, e-commerce-based volumes remained significantly above pre-pandemic levels.

#### Legal environment

In view of our leading market position, many of our services are subject to sector-specific regulation under the *Postgesetz* (PostG – German Postal Act). Further information regarding this issue and legal risks is contained in Note 45 to the consolidated financial statements.

#### **Significant events**

In August 2021, Deutsche Post DHL Group signed an agreement to acquire the J.F. Hillebrand Group (Hillebrand). After the responsible antitrust authorities gave their approval, the purchase price of €1,452 million was paid fully at the end of March 2022, all shares of Hillebrand were transferred and the acquisition was completed. Initial consolidation resulted in goodwill of €1,211 million.

As at 31 December 2022, we had repurchased shares in the amount of €1,015 million as part of the first two tranches of the 2022–2024 share buy-back programme. On 14 February 2023, the Board of Management resolved to expand the current share buy-back programme so that a total of up to 105 million treasury shares are to be purchased at a price of now up to €3 billion through the end of 2024.

#### **Results of operations**

#### Changes to the portfolio

In January, we sold the production rights and other assets relating to the production of StreetScooter electric vehicles to ODIN Automotive, Luxembourg.

In March, the subsidiaries of Hillebrand were incorporated into the Global Forwarding, Freight division.

The third quarter saw the completion of the acquisition of the Australia-based Glen Cameron Group, a specialist in road freight and contract logistics, as well as the company's integration into the Supply Chain division.



The acquisition of a majority holding in the Netherlands-based Monta B.V. was completed in October. With its e-ful-filment services, Monta will also support the Supply Chain division.

#### Selected indicators for results of operations

		2021	2022	Q4 2021	Q4 2022
Revenue	€m	81,747	94,436	23,378	23,776
Profit from operating activities (EBIT)	€m	7,978	8,436	2,213	1,922
Return on sales¹		9.8	8.9	9.5	8.1
EBIT after asset charge (EAC)	€m	5,186	5,118	1,488	1,065
Consolidated net profit for the period <sup>2</sup>	€m	5,053	5,359	1,484	1,335
Earnings per share <sup>3</sup>		4.10	4.41	1.21	1.11
Dividend per share	€	1.80	1.854	_	-

<sup>&</sup>lt;sup>1</sup> EBIT/earnings. <sup>2</sup> After deduction of non-controlling interests. <sup>3</sup> Basic earnings per share. <sup>4</sup> Proposal.

#### Consolidated revenue up 15.5%

In the 2022 financial year, consolidated revenue rose from €81,747 million to €94,436 million, also benefiting from positive currency effects in the amount of €2,957 million. Hillebrand has generated revenue of €1,640 million since April 2022. The proportion of revenue generated abroad rose from 73.6% to 76.8%. In the fourth quarter of 2022, revenue increased by 1.7% from the prior-year period to €23,776 million, supported by positive currency effects in the amount of €356 million.

Higher income from currency translation in particular caused other operating income to increase by €634 million to €2,925 million.

#### Increase in materials expense

Materials expense climbed significantly from €43,897 million to €53,473 million, primarily as a result of higher trans-

port costs and increased kerosene prices, as well as currency effects in the amount of €2,272 million and the initial consolidation of Hillebrand in the amount of €1,330 million. Staff costs rose by €2,156 million to €26,035 million, particularly as a result of the increased number of employees. At €4,177 million, depreciation, amortisation and impairment losses came in €409 million above the prior year, primarily on account of investments. Other operating expenses came to €5,712 million, thus likewise exceeding the prior year (€4,896 million) driven by factors such as higher currency translation expenses as well as increased travel, entertainment and training costs.

#### Consolidated EBIT up 5.7%

Totalling €8,436 million in the year under review, profit from operating activities (EBIT) came in €458 million higher than the prior-year figure (€7,978 million). It amounted

to €1,922 million in the fourth quarter (previous year: €2,213 million). At €-525 million, net finance costs improved over the prior year (€-619 million) mainly as a result of lower strain from the measurement of stock appreciation rights (SARs) at fair value. Profit before income taxes rose by €552 million to €7,911 million. As a consequence, income taxes increased by €258 million to €2,194 million, also due to a slightly higher tax rate.

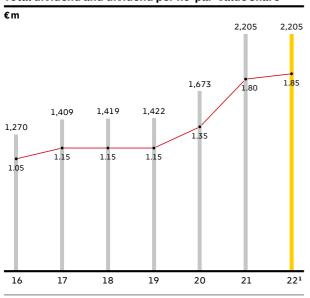
#### Improved consolidated net profit

Consolidated net profit showed an improvement in the 2022 financial year, rising from €5,423 million to €5,717 million. Of this amount, €5,359 million is attributable to Deutsche Post AG shareholders and €358 million to non-controlling interest shareholders. Basic earnings per share also rose from €4.10 to €4.41 and diluted earnings per share from €4.01 to €4.33.

#### Dividend of €1.85 per share proposed

Our finance strategy calls for paying out 40% to 60% of net profit as dividends as a general rule. The Board of Management and the Supervisory Board will therefore propose to the shareholders at the Annual General Meeting on 4 May 2023 a dividend of €1.85 per share for the 2022 financial year (previous year: €1.80). The payout ratio in relation to the consolidated net profit attributable to Deutsche Post AG shareholders amounts to 41.1%. The net dividend yield based on the year-end closing price for our shares is 5.3%. The dividend will be disbursed on 9 May 2023.

#### Total dividend and dividend per no-par-value share



<sup>—</sup> Dividend per no-par-value share (€).

#### EBIT after asset charge declines slightly

EAC declined slightly in 2022, falling from €5,186 million to €5,118 million. Whilst EBIT was up, the imputed asset charge rose disproportionately.

#### EBIT after asset charge (EAC)

€m	1		i
	2021	2022	+/-%
EBIT	7,978	8,436	5.7
- Asset charge	-2,792	-3,318	-18.8
= EAC	5,186	5,118	-1.3

The net asset base increased by €5,644 million to €40,137 million as at the reporting date. Intangible assets and property, plant and equipment increased, mainly on account of the consolidation of Hillebrand as well as the acquisition of freight aircraft and investments in warehouses, sorting facilities and the vehicle fleet. Net working capital decreased compared with the previous year.

Operating provisions remained at the level of the previous year, whilst other non-current assets and liabilities fell slightly.

#### Net asset base (consolidated)1

€m	г		
	31 Dec.	31 Dec.	+/-%
	2021	2022	
Intangible assets and property, plant and equipment <sup>2</sup>	36,996	42,785	15.6
Plant and equipment	30,990	42,765	15.6
ᆂ Net working capital	-162	-296	-82.7
Operating provisions			
(excluding provisions			
for pensions and similar			
obligations)	-2,472	-2,464	0.3
Other non-current assets			
and liabilities	131	112	-14.5
= Net asset base	34,493	40,137	16.4

<sup>&</sup>lt;sup>1</sup> Assets and liabilities as described in the segment reporting, 

Note 10 to the consolidated financial statements.

<sup>&</sup>lt;sup>1</sup> Proposal.

<sup>&</sup>lt;sup>2</sup> Including assets held for sale.

#### **Divisions**

#### **EXPRESS**

#### Continuing to expand and modernise network and intercontinental fleet

As part of upgrading our intercontinental fleet, we signed contracts with Boeing between 2018 and 2022 to purchase a total of 28 new B777 aircraft. By the end of 2022, 18 of the aircraft ordered had been delivered and entered service. The remaining ten aircraft will be delivered in the years 2023 to 2025. Furthermore, over the course of 2022, we continued to expand our air network with the addition of new direct services, for example between Brussels (BRU) and Atlanta (ATL).

In Europe, our fleet of next-generation aircraft grew to five A321-200s and twelve B737-800s in service in the year under review. We now operate three airlines regionally: DHL Air UK expanded its B767 operations in its new intercontinental role and added new B777s to its fleet. We also completed the integration of DHL Air Austria into the EU Aviation platform, and European Air Transport (EAT) has expanded operations into Asia (Bangkok, Hong Kong) and into the United States.

In the Americas region, we've opened a new regional hub located in Atlanta, USA. The hub in Mexico City was also expanded. At the end of the year, ten B737-800s were in service in the United States. Furthermore, DHL Aero Expresso Panama will become our primary carrier between the United States and Central and South America in the first half of 2023, with another converted B767-300 being introduced. Dedicated flights from Miami to Viraco-

pos, Brazil, were introduced, with more than 300 tons of cargo capacity added per week.

In the Asia Pacific region, we added intercontinental connections, increased direct flights to and from South and East China and added intra-Asia capacity on key growth lanes. Further, DHL Express and Singapore Airlines signed a crew and maintenance agreement in March 2022 to expand our link to the Americas. The first of the five freighters arrived in August 2022, and the second entered service in November 2022. An additional converted Airbus 330-300 aircraft entered service in September 2022, which enabled the upgrade of capacity between Hong Kong and Chengdu, China. Another four converted aircraft of this model are planned for delivery during 2023. With Air Incheon, a new regional partner airline was added to our network in northern Asia.

In the MEA region, we continue to invest in our infrastructure by building new facilities in Abu Dhabi and Dubai, United Arab Emirates, Muscat—the capital of Oman—as well as Jeddah and Dammam in Saudi Arabia, and by expanding our hub in Bahrain. We also acquired seven B767-300 aircraft for conversion, of which the last entered service in May 2022. Furthermore, we introduced new flights to the Asia Pacific and Europe regions, improving the link between east and west.

In sub-Saharan Africa, we committed to four converted ATR 72-500 aircraft; the first was delivered in the year under review, and the rest will follow in 2023.

#### Impacts of external factors on our business

Pandemic-related restrictions were lifted in the reporting year. Also for this reason, B2C Express shipment volumes

declined year-on-year due to economic instability, but they are still well above pre-pandemic levels. The macroeconomic slowdown after the start of the war in Ukraine was noticeable in B2B volumes. With the volatile economic environment, our virtual airline model ensures high network flexibility, allowing us to constantly adapt our capacity to volume expectations.

#### Continued growth in international business revenue

Revenue in the division increased by 13.9% in the year under review to €27,592 million. This includes positive currency effects of €1,044 million. Excluding these effects, the revenue increase was 9.6%. The revenue figure also reflects the fact that fuel surcharges were higher than in the previous year in all regions. Excluding currency effects and fuel surcharges, revenue was up by 2.3%. In the Time Definite International (TDI) product line, per-day revenues were up, whilst shipment volumes were down. In the Time Definite Domestic (TDD) product line, per-day revenues were flat, whilst shipment volumes were down.

Revenue in the Europe region increased by 10.7% to €11,287 million in the year under review. That figure includes negative currency effects of €153 million. Growth excluding currency effects was 12.2% compared to the previous year. In the TDI product line, revenue per day increased by 14.5%. Per-day TDI shipment volumes decreased by 5.0%. In the fourth quarter of 2022, international revenues per day were up by 9.4% and per-day shipment volumes down by 6.3%.



#### **Key figures, Express**

€m			1			
	2021	2022	+/-%	Q4 2021	Q4 2022	+/-%
Revenue	24,217	27,592	13.9	6,856	7,029	2.5
of which Europe	10,193	11,287	10.7	2,863	2,994	4.6
Americas	5,120	6,149	20.1	1,464	1,563	6.8
Asia Pacific	8,871	9,908	11.7	2,560	2,475	-3.3
MEA (Middle East and Africa)	1,361	1,569	15.3	364	400	9.9
Consolidation/Other	-1,328	-1,321	0.5	-395	-403	-2.0
Profit from operating activities (EBIT)	4,220	4,025	-4.6	1,111	941	-15.3
Return on sales (%)¹	17.4	14.6	_	16.2	13.4	_
Operating cash flow	5,894	5,549	-5.9	1,331	1,173	-11.9

<sup>&</sup>lt;sup>1</sup> EBIT/revenue.

#### **Express: revenue by product**

€m per day¹			1			
	2021	2022	+/-%	Q4 2021	Q4 2022	+/-%
Time Definite International (TDI)	72.7	81.2	11.7	82.0	84.0	2.4
Time Definite Domestic (TDD)	6.0	6.0	_	6.5	6.2	-4.6

<sup>1</sup> To improve comparability, product revenues were translated at uniform exchange rates. These revenues are also the basis for the weighted calculation of working days.

#### **Express: volume by product**

Items per day (thousands)			1			
	2021	2022	+/-%	Q4 2021	Q4 2022	+/-%
Time Definite International (TDI)	1,211	1,145	-5.5	1,282	1,192	-7.0
Time Definite Domestic (TDD)	645	554	-14.1	671	564	-15.9

Revenue in the Americas region rose by 20.1% to €6,149 million in 2022. That figure includes positive currency effects of €481 million. Excluding currency effects, revenue increased by 10.7%. Per-day TDI revenues grew by 15.0% and shipment volumes reduced by 1.5%. In the fourth quarter of 2022, per-day international revenues declined 1.4% and shipment volumes by 4.9%.

In the Asia Pacific region, revenue improved by 11.7% to €9,908 million in the reporting year. The revenue figure includes positive currency effects of €407 million. Revenue growth excluding currency effects was 7.1%. In the TDI product line, revenue per day increased by 8.1%, whilst per-day volumes decreased by 6.9%. Changes in the fourth quarter of 2022 came to -2.8% for revenues per day and -8.2% for per-day volumes.

Revenue in the MEA (Middle East and Africa) region improved by 15.3% to €1,569 million in the reporting period. The revenue figure includes positive currency effects of €98 million. Revenue growth excluding currency effects was 8.1%. Per-day TDI revenues increased by 8.3% and perday volumes decreased by 12.8%. Changes in the fourth quarter of 2022 came to 6.8% for revenues per day and −11.5% for per-day volumes.

#### EBIT declines year-on-year

In light of the volume development described, division EBIT declined by 4.6% in 2022 to  $\le$ 4,025 million. Return on sales decreased from 17.4% to 14.6%. The previous year included a special bonus payment to employees that amounted to  $\le$ 37 million. Fourth-quarter EBIT for the division was down by 15.3% to  $\le$ 941 million.

#### **GLOBAL FORWARDING, FREIGHT**

#### Key figures, Global Forwarding, Freight

€m			ı			i
	2021	2022	+/-%	Q4 2021	Q4 2022	+/-%
Revenue	22,833	30,212	32.3	7,134	6,805	-4.6
of which Global Forwarding	18,108	24,976	37.9	5,894	5,435	-7.8
Freight	4,848	5,374	10.8	1,270	1,405	10.6
Consolidation/Other	-123	-138	-12.2	-30	-35	-16.7
Profit from operating activities (EBIT)	1,303	2,311	77.4	403	402	-0.2
Return on sales (%)¹	5.7	7.6	_	5.6	5.9	_
Operating cash flow	1,008	3,221	>100	622	999	60.6

<sup>&</sup>lt;sup>1</sup> EBIT/revenue.

#### **Global Forwarding: revenue**

€m			ı			i
	2021	2022	+/-%	Q4 2021	Q4 2022	+/-%
Air freight	8,788	10,428	18.7	2,848	2,200	-22.8
Ocean freight	7,115	11,477	61.3	2,456	2,455	0.0
Other	2,205	3,071	39.3	590	780	32.2
Total	18,108	24,976	37.9	5,894	5,435	-7.8

#### **Global Forwarding: volumes**

Thousands				i			1
		2021	2022	+/-%	Q4 2021	Q4 2022	+/-%
Air freight exports	tonnes	2,096	1,902	-9.3	561	449	-20.0
Ocean freight	TEU <sup>1</sup>	3,142	3,294	4.8	802	769	-4.1

<sup>&</sup>lt;sup>1</sup> Twenty-foot equivalent units.

#### Impacts of external factors on our business

The global forwarding market was volatile in 2022. Market tailwind continued at the beginning of the year. Market volume slowed down over the course of the year in line with the development of the macro environment, which was influenced by factors such as the war in Ukraine, pandemic-related lockdowns in Asia and high inflation. Additionally, with the recovering capacity in the air and ocean freight markets, the prices showed a quick decline in the second half of the year.

In the European road freight market, the economic slowdown became apparent as demand eased and volumes declined, especially as of the third quarter of 2022. Despite this development, capacities remained scarce, due primarily to the prevailing driver shortage. In conjunction with the effects of the pandemic and rising diesel prices, this led to an immensely high cost level, which remained high throughout the year.

#### Positive revenue trend

Revenue in the division increased by 32.3% in the year under review to €30,212 million. Excluding positive currency effects of €896 million, revenue was up by 28.4% year-on-year. In the fourth quarter of 2022, revenue amounted to €6,805 million and fell short of the prior-year figure by 4.6%. In the Global Forwarding business unit, revenue was up 37.9% to €24,976 million, due primarily to the largely high freight rates in the year under review. Excluding positive currency effects of €966 million, the increase was 32.6%. At €4,949 million, gross profit in the Global Forwarding business unit was likewise up on the prior-year figure of €3.366 million.

#### Higher gross profit in air freight

We registered a decrease of 9.3% in air freight volumes in 2022, due to lower demand as well as shifts to ocean freight. Declines were seen primarily on the trade lanes between China and the United States as well as between China and Europe. Air freight revenue exceeded the prior-year level by 18.7%; gross profit improved by 48.5%. In the fourth quarter of 2022, lower volumes and rates caused air freight revenue to decrease by 22.8%, whilst gross profit was up 10.8%.

#### Capacity situation in ocean freight eases

Ocean freight volumes for the year under review were up 4.8% year-on-year. Excluding the acquisition of Hillebrand, this figure was 7.4% below the prior-year level, with the decline in volume development caused by trade lanes from China. Ocean freight revenue increased by 61.3% in the reporting year; excluding Hillebrand, the increase amounted to 41.5%. Gross profit improved by 54.5%. The capacity situation continued to ease on the ocean freight market in the fourth quarter of 2022 and the freight rates declined significantly. In the fourth quarter of 2022, ocean freight revenue remained flat, whilst gross profit was up 6.2%.

# Revenue increase in European overland transport business

In the Freight business unit, revenue rose by 10.8% to €5,374 million in the reporting year, with negative currency effects of €73 million. The volume was down by 4.8% year-on-year. The gross profit of the business unit rose by 7.3% to €1,330 million in the reporting year. The fourth quarter also proved to be stronger with revenue 10.6% above the previous year.

#### Earnings significantly exceed prior-year figure

In light of the price development described, EBIT in the division increased significantly from €1,303 million to €2,311 million in the year under review, accompanied by an EBIT margin of 7.6%. In the Global Forwarding business unit, EBIT amounted to 43.7% of gross profit. The previous year included a special bonus of €14 million. At €402 million, division EBIT in the fourth quarter of 2022 was slightly below the prior-year level of €403 million.



#### **SUPPLY CHAIN**

#### Key figures, Supply Chain

€m			i			ı
	2021	2022	+/-%	Q4 2021	Q4 2022	+/-%
Revenue	13,864	16,431	18.5	3,655	4,363	19.4
of which EMEA (Europe, Middle East and Africa)	6,596	7,252	9.9	1,806	1,946	7.8
Americas	5,266	6,832	29.7	1,329	1,787	34.5
Asia Pacific	2,046	2,419	18.2	534	649	21.5
Consolidation/Other	-44	-72	-63.6	-14	-19	-35.7
Profit from operating activities (EBIT)	705	893	26.7	198	225	13.6
Return on sales (%)¹	5.1	5.4	_	5.4	5.2	_
Operating cash flow	1,582	1,433	-9.4	664	820	23.5

<sup>&</sup>lt;sup>1</sup> EBIT/revenue.

#### Impacts of external factors on our business

External factor such as high inflation, ongoing regional constraints due to the pandemic, shortages in labour and partially materials as well as geopolitical conflicts continued to cause global supply chain bottlenecks and additional complexity for businesses in the year under review. We were able to manage our customers' supply chains well thanks to our flexibility, our standardised processes and our targeted data analyses.

#### **Double-digit revenue growth**

Revenue in the division was up by 18.5% to €16,431 million in the year under review. Excluding positive currency effects of €780 million, revenue – which also included the most recent acquisitions – was up by 12.9% year-on-year. Revenue growth is furthermore based on new business and contract renewals. Additionally, eFulfillment and omnichannel solutions supported the growth. The positive development

can be seen in all regions and all sectors, with Consumers and Auto-mobility recording the highest revenue growth. In the fourth quarter of 2022, revenue increased by 19.4% to €4,363 million.

#### Supply Chain: revenue by sector and region, 2022

Total revenue: €16.431 million

of which Retail	28%
Consumer	23%
Auto-mobility	15%
Technology	12%
Life Sciences & Healthcare	12%
Engineering & Manufacturing	6%
Others	4%
of which Europe/Middle East/Africa/Consolidation	44%
Americas	41%
Asia Pacific	15%

#### New business worth €1,493 million secured

The division concluded additional contracts with new and existing customers worth €1,493 million (annualised revenue) in the year under review, which corresponds to a contract volume of €6,505 million. The increase in additional contracts compared to the previous year was 6.0%. The Retail, Consumer and Technology sectors accounted for most of the new business. E-commerce-based solutions accounted for a 33% share of new business. The annualised contract renewal rate remained at a consistently high level.

#### EBIT above prior-year level

EBIT in the division increased to €893 million in the year under review (previous year: €705 million). The previous year included a special bonus of €47 million. Strong revenue performance spurred earnings growth in the reporting year, which was sustained by productivity improvements due to investments in standardisation and digitalisation. The EBIT margin was 5.4% in the year under review. EBIT for the fourth quarter of 2022 grew from €198 million to €225 million.



#### **ECOMMERCE SOLUTIONS**

#### **Key figures, eCommerce Solutions**

€m			1			
	2021	2022	+/-%	Q4 2021	Q4 2022	+/-%
Revenue	5,928	6,142	3.6	1,664	1,696	1.9
of which Americas	2,079	2,188	5.2	617	636	3.1
Europe	3,140	3,235	3.0	855	884	3.4
Asia	719	720	0.1	195	177	-9.2
Consolidation/Other	-10	-1	90.0	-3	-1	66.7
Profit from operating activities (EBIT)	417	389	-6.7	93	91	-2.2
Return on sales (%)¹	7.0	6.3	_	5.6	5.4	_
Operating cash flow	654	582	-11.0	99	113	14.1

<sup>&</sup>lt;sup>1</sup> EBIT/revenue.

#### Impacts of external factors on our business

The war in Ukraine and the marked increase in cost of living led to a slight decrease in parcel volumes in some regions. Thanks to our diversified portfolio, however, our business remained resilient and avoided extreme fluctuations. We are experiencing volumes well above the level from before the pandemic in 2019 in all markets.

#### Revenue growth in all regions in the year under review

The division generated revenue of €6,142 million in the year under review, up 3.6% on the prior-year figure. This figure was reduced by €112 million through portfolio adjustments in Asia. Excluding positive currency effects of €272 million, revenue was down by 1.0% year-on-year. Division revenue increased by 1.9% in the fourth quarter of 2022 to €1,696 million.

#### EBIT declines year-on-year

In the year under review, EBIT in the division was €389 million, thus coming in below the prior-year figure of €417 million. This was due to decreasing volumes in B2C business and higher costs. The previous year included a special bonus of €11 million. The EBIT margin was 6.3% in the year under review. EBIT amounted to €91 million (previous year: €93 million) in the fourth quarter of 2022.

#### **POST & PARCEL GERMANY**

#### Impacts of external factors on our business

The structural transformation in letter mail business continues: as conventional letter mail volumes containing documents continue to decline, volumes of goods shipments in the mail network are growing, in some cases substantially.

The Dialogue Marketing business unit performed well, with the advertising spend in mail-order retail growing compared with the previous year, which was still clearly impacted by the pandemic.

The German parcel market was shaped by multiple effects: The successive withdrawal of pandemic-related restrictions in retail business, the continuing war in Ukraine and the increase in living costs dampened the mood in online shopping and led to a decline in parcel volumes.

#### Revenue down compared to strong prior-year level

At €16,779 million, division revenue fell by 3.8% in the year under review. The decrease was driven in particular by the decline in the German parcel business, which came in below the strong prior-year level. Revenue for the fourth quarter of 2022 was down by 3.1% versus the prior year.

#### Varying business unit performance

In the reporting year, Mail Communication saw revenue and volumes follow the overall downward trend, as expected. This development was exacerbated by the effect from high numbers of mail-in voting in the prior year. The effects the decline in volumes had on revenue were mitigated but not compensated for by regaining customers and price increases effective from 1 January 2022.

In 2022, Dialogue Marketing's revenue and sales volumes were above their levels of the previous year, which suffered from lower advertising expenditure in retail in particular.

In the German parcel business, macroeconomic developments led to declining volumes compared with the highgrowth prior year. Even the pre-Christmas business could not increase year-on-year. Mitigated by price increases, revenue generated by Parcel Germany fell by 5.6% in the year under review. Parcel volume declined by 8.3%.

The trend of decreasing document shipments continued in international business. Shipments of lightweight goods also fell, in import due primarily to increased import regulations. By contrast, the number of parcels shipped by business customers increased once again.

#### EBIT down sharply year-on-year

Division EBIT in 2022 amounted to €1,271 million and thus fell 27.2% short of the remarkable prior year, in which we had generated higher revenues in parcel business in particular. Strict cost management helped mitigate higher materials costs as a result of accelerating inflation, but this did not fully compensate for the development. The special bonus amounting to €52 million was included in the previous year's figure. Division EBIT in the fourth quarter of 2022 totalled €384 million, a decline of 33.3% versus the comparable prior-year figure. The revenue decreases as well as higher material costs due to inflation and to ensure high quality during the Christmas season, a high sickness rate as well as higher personnel recruiting expenses influenced EBIT.

#### **Key figures, Post & Parcel Germany**

€m			1			
	2021	2022	+/-%	Q4 2021	Q4 2022	+/-%
Revenue	17,445	16,779	-3.8	4,771	4,623	-3.1
of which Post Germany	7,995	7,892	-1.3	2,197	2,055	-6.5
Parcel Germany	6,785	6,408	-5.6	1,840	1,856	0.9
International	2,570	2,400	-6.6	714	693	-2.9
Consolidation/Other	95	79	-16.8	20	19	-5.0
Profit from operating activities (EBIT)	1,747	1,271	-27.2	576	384	-33.3
Return on sales (%)¹	10.0	7.6	_	12.1	8.3	_
Operating cash flow	1,811	1,558	-14.0	346	411	18.8

<sup>&</sup>lt;sup>1</sup> EBIT/revenue.

#### Post & Parcel Germany: revenue

€m						
	2021	2022	+/-%	Q4 2021	Q4 2022	+/-%
Post Germany	7,995	7,892	-1.3	2,197	2,055	-6.5
of which Mail Communication	5,473	5,361	-2.0	1,478	1,384	-6.4
Dialogue Marketing	1,811	1,833	1.2	530	491	-7.4
Other/Consolidation Post Germany	711	698	-1.8	189	180	-4.8
Parcel Germany	6,785	6,408	-5.6	1,840	1,856	0.9

#### **Post & Parcel Germany: volumes**

Mail items (millions)						
	2021	2022	+/-%	Q4 2021	Q4 2022	+/-%
Post Germany	14,216	14,122	-0.7	3,942	3,689	-6.4
of which Mail Communication	6,314	6,256	-0.9	1,687	1,639	-2.8
Dialogue Marketing	6,928	6,946	0.3	1,992	1,810	-9.1
Parcel Germany	1,818	1,668	-8.3	488	487	-0.2



# **Financial position**

#### Selected cash flow indicators

€m				
	2021	2022	Q4 2021	Q4 2022
Cash and cash equivalents as at 31 December	3,531	3,790	3,531	3,790
Net change in cash and cash equivalents	-1,055	375	-444	-127
Net cash from operating activities	9,993	10,965	2,616	3,090
Net cash used in investing activities	-4,824	-3,179	-2,184	-2,087
Net cash used in financing activities	-6,224	-7,411	-876	-1,130

#### Finance strategy

#### **Credit rating**

 Maintain stand-alone ratings between "Baa1" and "A3" and "BBB+" and "A-", respectively

#### Regular dividend policy

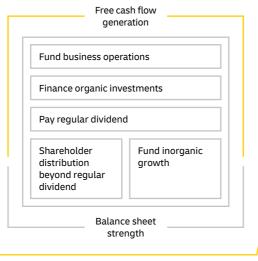
- Pay 40% to 60% of net profit
- Consider cash flow and continuity

#### **Debt portfolio**

- Syndicated credit facility as a liquidity reserve
- Sustainability-linked finance framework as option for future funding

#### Priorities for available liquidity

COMBINED MANAGEMENT REPORT REPORT ON ECONOMIC POSITION



#### Investors

- Value creation through transparent and effective capital allocation
- Transparent and reliable information from the company
- Predictability of expected shareholders distribution

#### Group

- Preserve financial and strategic flexibility
- Commitment to the Group's ESG Roadmap
- Assure access to debt capital markets and low cost of capital

# Financial management is a centralised function in the Group

The Group's financial management activities include managing liquidity along with hedging against fluctuations in interest rates, currencies and commodity prices, arranging Group financing, issuing guarantees and letters of comfort and liaising with rating agencies. Responsibility for these activities rests with Corporate Finance at Group headquarters in Bonn, which is supported by three Regional Treasury Centres in Bonn (Germany), Weston (Florida, USA) and Singapore. The regional centres act as interfaces between Group headquarters and the operating companies, advise the companies on financial management issues and ensure compliance with Group-wide requirements.

Corporate Finance's main task is to minimise financial risk and the cost of capital in addition to preserving the Group's financial stability and flexibility over the long term.

#### **Updated finance strategy**

Building on the principles and objectives of financial management, and in light of the Group's strong financial position, the Corporate Board updated the finance strategy in January 2022. It takes into account the shareholders' interests and the lenders' requirements, focusing on value creation through a transparent and effective allocation of capital. It also aims to maintain financial flexibility and a low cost of capital for the Group with a high degree of continuity and predictability for investors, and to support the Group's ESG roadmap.



One key component of the strategy is a stand-alone target rating between "Baal" and "A3" and "BBB+" and "A-", respectively. The strategy also sets clear priorities on how available liquidity is allocated. It will first be used to fund business operations, finance organic investments and make regular dividend payments. Thereafter, additional dividend payments or share buy-backs as well as inorganic growth will be considered.

COMBINED MANAGEMENT REPORT REPORT ON ECONOMIC POSITION

#### Cash and liquidity managed centrally

The cash and liquidity of our globally operating subsidiaries is managed centrally by Corporate Treasury. Approximately 80% of the Group's external revenue is consolidated in cash pools and used to balance internal liquidity needs. In countries where this practice is ruled out for legal reasons, internal and external borrowing and investment are managed centrally by Corporate Treasury. In this context, we observe a balanced banking policy in order to remain independent of individual banks. Our subsidiaries' intra-Group revenue is also pooled and managed by our in-house bank (inter-company clearing) in order to avoid paying external bank charges and margins. Payment transactions are executed in accordance with uniform guidelines using standardised processes and IT systems. Many Group companies pool their external payment transactions in the intra-Group Payment Factory, which executes payments on behalf of the respective companies via Deutsche Post AG's central bank accounts.

#### Limiting market risk

The Group uses both primary and derivative financial instruments to limit market risk. Interest rate swaps are used to hedge against interest rate risks, and forward transactions are used for currency risks. We pass on most of the risk arising from commodity price fluctuations to our customers and, to some extent, use commodity swaps to manage the remaining risk. The parameters, responsibilities and controls governing the use of derivatives are laid down in internal guidelines.

#### Flexible and stable financing

The Group covers its long-term financing requirements by means of equity and debt. This ensures our financial stability and also provides adequate flexibility. Our most important source of funds is net cash from operating activities.

We also have a syndicated credit facility in a total volume of €2 billion that guarantees us favourable market conditions and acts as a secure, long-term liquidity reserve. The term of the syndicated credit facility is through 2025, it does not contain any further covenants concerning the Group's financial indicators and, thanks to our solid liquidity situation, it was not drawn down during the year under review.

As part of our banking policy, we spread our business volume widely and maintain long-term relationships with the financial institutions we entrust with our business. In addition to credit lines, we meet our borrowing requirements

through other independent sources of financing, such as bonds, promissory note loans and leases. Most debt is taken out centrally in order to leverage economies of scale and specialisation benefits and hence minimise borrowing costs.

One bond in the amount of €500 million was repaid in the year under review. Information on bonds is contained in Note 39 to the consolidated financial statements.

#### Group's credit rating improved

In April, the outlook on our credit rating was changed from stable to positive by the rating agency Fitch Ratings, and the BBB+ rating was confirmed. Additionally, in June, our credit rating was upgraded by Moody's Investors Service from A3 to A2 with a continued stable outlook. We are well positioned in the transport and logistics sector with these ratings. The following table shows the ratings as at the reporting date and the underlying factors. The complete and current analyses by the rating agencies and the rating categories can be found under © Creditor relations.



#### **Agency ratings**

#### Fitch

Long-term: BBB+ Short-term: F2 Outlook: positive



- Company size and geographic diversification
- · Broad portfolio of services and customers
- Market leadership
- Excellent results, driven by a clear rise in global trade and the continuation of strong e-commerce
- Balanced business risk profile between the parcel and express segments, which are growing due to online retail, contract logistics business and the cyclical freight forwarding business
- Solid key figures and liquidity

#### - Rating factors

- Structural volume decline in letter mail business
- Increased capital expenditure and dividends to shareholders

#### Moody's

Long-term: A2 Short-term: P-1 Outlook: stable



- Large scale and global presence as the world's biggest logistics company, supported by leading market positions in express and logistics, and by the large German letter mail business
- Indirect shareholding of the German government
- Solid financial profile
- Good earnings momentum



- · Cost inflation, in particular for fuel
- Challenges faced in domestic letter mail business which result from the structural decrease in conventional letter mail business
- Exposure to highly competitive markets and volatile market conditions in the logistics segment
- Increasing capital spending, which hampers cash generation

#### Liquidity and sources of funds

As at the reporting date, the Group reported centrally available liquidity in the amount of  $\[ \in \] 2.0$  billion (previous year:  $\[ \in \] 3.6$  billion), which is comprised of cash and cash equivalents as well as current financial assets. Due to our solid liquidity situation, the syndicated credit line in the amount of  $\[ \in \] 2$  billion was not drawn. In addition to the syndicated credit line, unused bilateral credit lines totalling  $\[ \in \] 1.4$  billion were available to the Group at the reporting date.

The following table gives a breakdown of the financial liabilities reported in the balance sheet. Additional information is provided in Note 39 to the consolidated financial statements.

#### Financial liabilities

2021	2022
11,805	13,514
6,669	6,180
544	530
150	100
13	134
716	1,360
19,897	21,818
	11,805 6,669 544 150 13 716

# Capital expenditure for assets acquired above prior-year level

Investments in property, plant and equipment, and intangible assets acquired (excluding goodwill) amounted to €4,123 million in the year under review (previous year: €3,895 million). Please refer to Note 10, 22 and 23 to the consolidated financial statements for a breakdown of capex into asset classes and regions.



#### Capex and depreciation, amortisation and impairment losses, full year

	Global Forwarding, Express Freight		eCommerce Supply Chain Solutions			Post & Parcel Germany		Group Functions		Consolidation <sup>1</sup>		Group				
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Capex (€m) relating to acquired assets	1,707	1,528	132	159	483	504	245	431	883	1,043	445	459	0	-1	3,895	4,123
Capex (€m) relating to leased assets	1,246	1,860	215	281	667	900	178	135	14	27	760	536	0	0	3,080	3,739
Total (€m)	2,953	3,388	347	440	1,150	1,404	423	566	897	1,070	1,205	995	0	-1	6,975	7,862
Depreciation, amortisation and impairment losses (€m)	1,511	1,690	245	318	756	859	179	198	334	354	744	758	-1	0	3,768	4,177
Ratio of total capex to depreciation, amortisation and impairment losses	1.95	2.00	1.42	1.38	1.52	1.63	2.36	2.86	2.69	3.02	1.62	1.31			1.85	1.88

<sup>&</sup>lt;sup>1</sup> Including rounding.

#### Capex and depreciation, amortisation and impairment losses, Q4

			For	Global warding,			eC	ommerce	Pos	t & Parcel		Group				
		Express		Freight	Sup	ply Chain		Solutions		Germany	F	unctions	Cons	olidation <sup>1</sup>		Group
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Capex (€m) relating to acquired assets	758	825	37	59	166	155	138	213	403	375	136	178	0	-2	1,638	1,803
Capex (€m) relating to leased assets	334	470	60	91	155	237	90	41	5	6	263	166	-1	1	906	1,012
Total (€m)	1,092	1,295	97	150	321	392	228	254	408	381	399	344	-1	-1	2,544	2,815
Depreciation, amortisation and impairment losses (€m)	400	428	65	84	117	232	51	52	90	97	190	199	-1	0	912	1,092
Ratio of total capex to depreciation, amortisation and impairment losses	2.73	3.03	1.49	1.79	2.74	1.69	4.47	4.88	4.53	3.93	2.10	1.73		_	2.79	2.58

<sup>&</sup>lt;sup>1</sup> Including rounding.

Investments in the Express division related to buildings and technical equipment. Continuous maintenance and renewal of our intercontinental air fleet represented an additional focus of investment spending, Divisions. Some of these investments were attributable to rights of use.

In the Global Forwarding, Freight division, we invested in warehouses, office buildings and IT.

In the Supply Chain division, the majority of funds were invested to support customer implementations in all regions, above all in the Americas and EMEA regions.

In the eCommerce Solutions division, most of the investments were attributable to network expansion in the Netherlands. Poland and the United States.

In the Post & Parcel Germany division, the largest capex portion was attributable to the expansion of our infrastructure. The acquisition and development of property were stepped up in the year under review. Another key focus was expanding Packstations.

At Group Functions, investments in the reporting year were mainly in the vehicle fleet and IT solutions.

#### Increase in net cash from operating activities

Net cash from operating activities rose from €9,993 million to €10,965 million. The improved EBIT was offset by increased income tax payments. The cash inflow from changes in the working capital was €215 million, compared with a cash outflow of €430 million in the previous year.

Net cash used in investing activities fell from  $\[ \le \]$ 4,824 million to  $\[ \le \]$ 3,179 million, although we made payments for the acquisition of subsidiaries and other business units amounting to  $\[ \le \]$ 1,613 million. The acquisition of Hillebrand at  $\[ \le \]$ 1,379 million net (less assumed cash) was the main contributor in this regard. Cash paid to acquire non-current assets rose from  $\[ \le \]$ 3,736 million to  $\[ \le \]$ 3,912 million and related primarily to the expansion and renewal of our vehicle and air fleets. The change in current financial assets produced a cash inflow of  $\[ \le \]$ 1,664 million. For the most part, we sold money market funds to cover the dividend payment to the shareholders and the purchase price for Hillebrand. This is in contrast to a cash outflow of  $\[ \le \]$ 1,508 million in the previous year, primarily for the purchase of money market funds in the amount of  $\[ \le \]$ 950 million.

Free cash flow declined substantially from  $\[ \le 4,092 \]$  million to  $\[ \le 3,067 \]$  million and mainly reflects the payments for the acquisition of companies. Adjusted for the payments for acquisitions and divestitures of  $\[ \le 1,540 \]$  million net, free cash flow stood at  $\[ \le 4,607 \]$  million.

#### Calculation of free cash flow

€m	r		г	
	2021	2022	Q4 2021	Q4 2022
Net cash from operating activities	9,993	10,965	2,616	3,090
Sale of property, plant and equipment and intangible assets	190	112	102	36
Acquisition of property, plant and equipment and intangible assets	-3,736	-3,912	-1,456	-1,507
Cash outflow from change in property, plant and equipment and intangible assets	-3,546	-3,800	-1,354	-1,471
Disposals of subsidiaries and other business units	13	69	10	0
Disposals of investments accounted for using the equity method and other investments	1	4	1	0
Acquisition of subsidiaries and other business units	0	-1,613	0	-99
Acquisition of investments accounted for using the equity method and other investments	-2	0	0	0
Cash inflow/outflow from acquisitions/divestitures	12	-1,540	11	-99
Proceeds from lease receivables	143	179	122	45
Interest from lease receivables	16	21	16	6
Repayment of lease liabilities	-2,051	-2,283	-532	-631
Interest on lease liabilities	-383	-452	-100	-123
Cash outflow for leases	-2,275	-2,535	-494	-703
Interest received (without leasing)	75	159	22	46
Interest paid (without leasing)	-167	-182	-68	-81
Net interest paid	-92	-23	-46	-35
Free cash flow	4,092	3,067	733	782



Net cash used in financing activities rose from €6,224 million to €7,411 million. The dividend paid out to our shareholders in May increased by €532 million to €2,205 million. Payments for the acquisition of treasury shares in the amount of €1,099 million were made primarily as part of the current share buy-back programme, slightly below the level of the previous year (€1,115 million).

Cash and cash equivalents increased from  $\in$ 3,531 million as at 31 December 2021 to  $\in$ 3,790 million.

#### **Net assets**

#### Selected indicators for net assets

		31 Dec. 2021	31 Dec. 2022
Equity ratio	%	30.7	34.7
Net debt	€m	12,772	15,856
Net interest cover		17.4	18.6
Net gearing	%	39.6	40.1

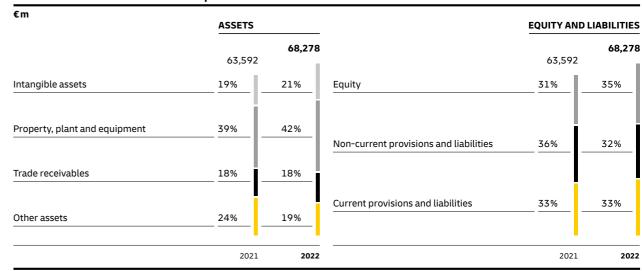
#### Increase in consolidated total assets

The Group's total assets amounted to €68,278 million as at 31 December 2022 and were thus €4,686 million higher than at 31 December 2021 (€63,592 million).

Intangible assets rose from  $\[ 12,076 \]$  million to  $\[ 14,096 \]$  million. In particular the consolidation of Hillebrand caused goodwill and the purchased customer lists to increase significantly. Property, plant and equipment grew significantly from  $\[ 24,903 \]$  million to  $\[ 28,688 \]$  million, as investments exceeded disposals and depreciation, amortisation and impairment losses. Current financial assets dropped considerably from  $\[ 3,088 \]$  million to  $\[ 1,355 \]$  million, due mainly to the sale of money market funds. Trade receivables increased by  $\[ 570 \]$  million to  $\[ 12,253 \]$  million.

At €23,236 million, equity attributable to Deutsche Post AG shareholders was considerably higher than at 31 December 2021 (€19,037 million). The consolidated net profit for the period, currency effects and the remeasurement of pension provisions increased this figure, whilst the dividend payment and share buy-backs decreased it. In particular, higher interest rates resulted in a significant decline of €2,249 million in provisions for pensions and similar obligations to €1,936 million. Financial liabilities rose from €19,897 million to €21,818 million, primarily because lease liabilities increased on account of investments. Trade payables increased from €9,556 million to €9,933 million. The increase of €374 million in other current liabilities to €6.512 million stems from a series of smaller factors.

#### Balance sheet structure of the Group as at 31 December





#### Higher net debt

Our net debt increased from €12,772 million as at 31 December 2021 to €15,856 million as at 31 December 2022. At 34.7%, the equity ratio was well above the prior-year figure (30.7%). At 18.6, net interest cover also exceeded the previous year's level (17.4). Net gearing was 40.1% as at 31 December 2022.

#### **Net debt**

€m		
	31 Dec.	31 Dec.
	2021	2022
Non-current financial liabilities	16,589	17,616
+ Current financial liabilities	2,802	3,486
= Financial liabilities¹	19,391	21,102
Cash and cash equivalents	3,531	3,790
Current financial assets	3,088	1,355
Positive fair value of non-current financial derivatives <sup>2</sup>	0	101
= Financial assets	6,619	5,246
Net debt	12,772	15,856

<sup>1</sup> Less operating financial liabilities.

# DEUTSCHE POST AG (HGB)

#### **Deutsche Post AG as parent company**

In addition to the reporting on the Group, the performance of Deutsche Post AG is outlined below.

As the parent company of Deutsche Post DHL Group, Deutsche Post AG prepares its annual financial statements in accordance with the principles of the *Handelsgesetzbuch* (HGB – German Commercial Code) and the *Aktiengesetz* (AktG – German Stock Corporation Act).

There are no separate performance indicators relevant for management purposes that are applicable to the parent company Deutsche Post AG. For this reason, the explanations presented for Deutsche Post DHL Group are also applicable to Deutsche Post AG.

# **Employees**

The number of full-time equivalents at Deutsche Post AG at the reporting date was 161,772 (previous year: 165,221).

## **Results of operations**

Revenue fell by a total of €478 million (2.9%) year-on-year.

Revenue from German letter mail business was €7,537 million in the year under review and thus 1.7% below the prior-year level of €7,670 million. Of this revenue, €4,861 million (previous year: €4,952 million) was attributable to Mail Communication, €1,711 million (previous year: €1,697 million)

to Dialogue Marketing and €965 million (previous year: €1,021 million) to other services. Revenue in the German parcel business in the reporting year was €5,820 million, falling short of the prior-year figure of €6,120 million by 4.9%. This is attributable primarily to lower delivery volumes, because the previous year was heavily influenced by the pandemic. Revenue of €2,049 million (previous year: €2,159 million) was reported for our International business unit in the reporting period. Other revenue amounted to €726 million (previous year: €661 million) and includes mainly reimbursements for employee leasing, rental agreements and leases, and income from service level agreements.

# Income statement for Deutsche Post AG (HGB) 1 January to 31 December

€m		
	2021	2022
Revenue	16,610	16,132
Other own work capitalised	77	96
Other operating income	1,109	1,265
	17,796	17,493
Materials expense	-5,756	-5,887
Staff costs	-8,844	-8,740
Amortisation of intangible assets and depreciation of property, plant and equipment	-317	-338
Other operating expenses	-2,134	-2,636
	-17.051	-17.601
Financial result	3,616	3,078
Taxes on income	-426	-369
Result after tax/Net profit for the period	3,935	2,601
Retained profits brought forward from previous year	6,304	8,034
hienions Aegi	0,304	
Net retained profit	10,239	10,635

<sup>&</sup>lt;sup>2</sup> Recognised in non-current financial assets in the balance sheet.



Other operating income registered a year-on-year increase of €156 million, or 14.1%, driven mainly by higher income from currency translation (€365 million) with offsetting lower income from the disposal of real estate (€174 million).

Materials expense rose by €131 million on account of an increase in the cost of transport services for letters and parcels as well as an increase for leases and rents due to higher costs on account of inflation.

Staff costs were down by €104 million year-on-year. In the year under review, lower expenses for early-retirement programmes and severance payments totalling €47 million were presented. In addition, a special bonus of €52 million was paid in the previous year.

The increase in other operating expenses by €502 million stemmed mainly from higher expenses from currency translation (€402 million).

The financial result in the amount of €3,078 million (previous year: €3,616 million) mainly comprises net investment income of €3,739 million (previous year: €4,085 million) and a net interest expense of €657 million (previous year: €460 million). The change in net investment income is due mainly to the €346 million decrease in income from profit transfer agreements attributable to Deutsche Post Beteiligungen Holding GmbH, whose earnings were the result of lower profit transfers from subsidiaries from the Express and Post & Parcel Germany divisions as well as higher dividend income from investments having an

opposite effect. Lower income from plan assets/assets due to a decreased return as well as changes in fair value led to the worsening of net interest expenses.

After accounting for taxes on income of €-369 million (previous year: €-426 million), net profit for the period totalled €2,601 million (previous year: €3,935 million). Including retained profits carried forward, net retained profit for the period amounted to €10,635 million (previous year: €10,239 million).

#### **Net assets and financial position**

#### Total assets up

Total assets rose to €46,735 million as at the reporting date (previous year: €46,255 million).

Fixed assets increased from €17,365 million to €17,882 million. Investments in property, plant and equipment totalled €828 million (previous year: €700 million) and related mainly to land and buildings (€241 million), technical equipment (€173 million) and advance payments and assets under development (€357 million). Investments were made mainly in mail and parcel centres, conveyor and sorting systems, Packstations and real estate for network expansion. Non-current financial assets were down by €93 million, due primarily to lower loans to affiliated companies.

# Balance sheet of Deutsche Post AG (HGB) as at 31 December

€m		
	2021	2022
ASSETS		
Fixed assets		
Intangible assets	232	281
Property, plant and equipment	3,848	4,409
Non-current financial assets	13,285	13,192
	17,365	17,882
Current assets		
Inventories	79	88
Receivables and other assets	24,795	26,436
Securities	1,745	0
Cash and cash equivalents	1,861	2,026
	28,480	28,550
Prepaid expenses	410	303
TOTAL ASSETS	46,255	46,735
EQUITY AND LIABILITIES		
<b>Equity</b> Subscribed capital	1,239	1,239
Treasury shares		-40
Issued capital	1,224	1,199
(Contingent capital: €159 million)		
Capital reserves	4,679	4,679
Earnings reserves		2,711
Net retained profit	10,239	10,635
	19,740	19,224
Provisions	5,227	5,867
Liabilities	21,198	21,510
Deferred income	90	134
TOTAL EQUITY AND LIABILITIES	46,255	46,735



Current assets grew by €70 million, with receivables from affiliated companies increasing by €1,462 million mainly as a result of higher intra-Group cash management (€1,807 million) and the lower receivables from profit transfer agreements (€346 million). Securities holdings of €1,745 million were completely sold. Cash and cash equivalents increased by €165 million.

Equity was down from €19,740 million in the previous year to €19,224 million. Net profit for 2022 of €2,601 million exceeded the dividend paid to shareholders of €2,205 million in 2022. Earnings reserves declined by €887 million, due in particular to the offsetting of share buy-backs amounting to €1,058 million. The offsetting increase in the earnings reserves by €171 million is attributable to the commitment and settlement of shares for executive remuneration plans. The equity ratio decreased slightly from 42.7% to 41.1%.

Provisions were up by €640 million in the reporting period. Provisions for pensions and similar obligations increased by €685 million due to lower returns from, and fair value changes in, plan assets/assets. The decline in provisions for taxes of €56 million is due to higher advance income tax payments and the lower net income in the 2022 financial year.

Liabilities increased by €312 million to €21,510 million. The liabilities arising from bonds remain unchanged. Liabilities to banks fell by €40 million. Trade payables and liabilities to investees increased by €85 million and €64 million, respectively. The increase in liabilities to affiliated companies amounting to €197 million resulted largely from intra-Group cash management.

#### Increase in cash funds

Deutsche Post AG's cash funds rose by €165 million to €2,026 million in the 2022 financial year.

#### Increase in debt

Deutsche Post AG's debt (provisions and liabilities) rose by €952 million to €27,377 million compared with the previous year. The increase was due chiefly to an increase of €685 million in provisions for pensions and similar obligations as well as higher liabilities to affiliated companies (€197 million).

# Expected developments, opportunities and risks

The international strategy and associated performance forecast of Deutsche Post DHL Group also reflect the expectations for Deutsche Post AG as the parent company. Since Deutsche Post AG is interconnected with the companies of Deutsche Post DHL Group through arrangements, including financing and guarantee commitments and direct and indirect investments in its investees, Deutsche Post AG's opportunities and risks fundamentally align with those of the Group. The section titled Expected developments, opportunities and risks therefore also covers expected developments, opportunities and risks with respect to Deutsche Post AG as the parent company. The Post & Parcel Germany division reflects Deutsche Post AG's core business in material respects. The subsidiaries have

an indirect influence on Deutsche Post AG through net investment income from profit transfer agreements. As a result, the subsidiaries' future operating results also influence the future results of Deutsche Post AG. The HGB financial statements are material to calculating the dividend. For the 2023 financial year, we anticipate a result for Deutsche Post AG that will enable a dividend payment compatible with our financial strategy.

# NON-FINANCIAL STATEMENT

for Deutsche Post AG and for Deutsche Post DHL Group in accordance with Sections 289b(1) and 315b(1) HGB

The year 2022 was one of the most challenging of the last few decades. The war in Ukraine and the economic sanctions it caused and the discontinuation of energy supplies from Russia, as well as the significant rise in natural disasters due to extreme weather conditions, impacted living conditions around the world and put the stability of supply chains to the test. Moreover, employees and business partners as well as the capital market are still all increasing their expectations for sustainable business. In addition, legislators continued to intensify their requirements of sustainable financing and reporting.

#### **General information**

The Global Reporting Initiative (GRI) standards are taken as the framework for determining material non-financial topics, supplemented by HGB requirements. The key performance indicators used for managing the Group were determined in accordance with the HGB and the German Accounting Standard 20 was applied.

#### ESG standards anchored in the Code of Conduct

We conduct our business in accordance with applicable law and high ethical, social and environmental standards. As a signatory to the UN Global Compact, Deutsche Post DHL Group implements its ten principles in areas where we have influence. Additionally, we take guidance from the principles set out in the Universal Declaration of Human Rights,

the OECD Guidelines for Multinational Enterprises and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, as well as from the principle of social partnership. Our ethical, social and environmental values are anchored for the entire Group in our Code of Conduct for employees, and in the Supplier Code of Conduct for our suppliers and subcontractors. Since respect for human rights is particularly important to us, we specify them in our Human Rights Policy Statement,

#### Corporate governance.

Moreover, we participate in numerous United Nations initiatives and support the UN Sustainable Development Goals (SDGs). Our commitment is most closely aligned with the goals of Quality Education (SDG 4), Gender Equality (SDG 5), Decent Work and Economic Growth (SDG 8), Sustainable Cities and Communities (SDG 11), Climate Action (SDG 13) and Partnerships for the Goals (SDG 17),

#### @ Company website.

## **Strategic orientation**

Our purpose – Connecting people, improving lives – reflects our understanding of sustainability, which is embedded in our strategic bottom lines throughout the Group. The degree to which we meet the needs of our key stakeholder groups, minimise the environmental impact of our business, increase our contributions to society and act as trustworthy business partners are also determinants of the success of our company. That is why we adhere to principles aimed at reducing our environmental footprint, creating a safe, inclusive and motivating workplace for our employees, and ensuring that our business practices are transparent and in compliance with the law.



Our ESG Roadmap increasingly realigns our climate action and environmental protection activities with decarbonisation measures and further defines our strategies towards social responsibility and corporate governance, Strategy. In addition, all three ESG areas were incorporated into, and for the year under review account for 10% respectively, of the target portfolio for annual bonus calculation of the Board of Management. The details are provided in a separate statutory remuneration report that will be published on our Website. From 2023, ESG metrics will also be included in the annual bonus calculation for executives in upper-level management.

To support our commitment to our sustainability agenda, we published a sustainability-linked finance framework which enables us to issue sustainable financing instruments. The framework follows the Sustainability-Linked Bond Principles of the International Capital Market Association and provides an overview of our activities and initiatives aimed at achieving our ambitious ESG targets, along with an overview of the potential structure of a sustainable financial instrument, © Company website.

#### Material topics and performance indicators

The materiality analysis was updated at its regular interval in 2021. Using this, six topics were derived on which our business has a material influence or, conversely, which can affect our business. These topics also represent the basis for the alignment of our ESG Roadmap, which was reviewed together with the Board of Management and the Supervisory Board during the year under review: the topics were confirmed and the cybersecurity rating key figure introduced in the reporting year was additionally determined to be steering- and remuneration-relevant for the 2023 financial year.

	Material topic	Performance indicator
	Climate and environmental protection with a focus on greenhouse gas (GHG) emissions	Absolute logistics-related GHG emissions and Realised Decarbonisation Effects
1	Employee Engagement	Employee Engagement: Approval rate in the annual survey
	Diversity and inclusion	Share of women in middle and upper management
	Occupational health and safety	Lost time injury frequency rate (LTIFR) <sup>1</sup>
	Compliance	Share of valid compliance- relevant training certificates in middle- and upper-level management
	Cybersecurity	Cybersecurity rating <sup>2</sup>

Work-related accidents per 200,000 working hours resulting in at least one working day of absence for the affected person following the accident.

The development of actual versus planned key performance indicators is presented to the Board of Management along with financial KPIs, and discussed monthly. Deviations are analysed and solutions developed and approved. The Employee Engagement KPI is determined once per year and discussed with the Board of Management. We completely integrated the ESG metrics and targets into our financial systems and reporting and planning processes, as well as the internal control system and the opportunity and risk management process in the reporting period.

#### Non-financial risks

Opportunity and risk management takes place in Group Controlling and also covers sustainability-related aspects. In addition to financial assessment, opportunities and risks arising from climate change are analysed on the basis of a scenario analysis according to the standards of the Task Force on Climate-related Financial Disclosures (TCFD), which was developed further in the year under review and supplemented with provisions of the EU Taxonomy. This involves discussing and assessing both transitory and physical risks stemming from climate change using various scenarios. The details are provided under the heading **Environment.** ESG risks of medium significance for the Group were determined in the material issues of climate change (risk categories: operational, market- and customer-specific and from regulation), employee matters (risk category: human resources) and in cybersecurity (risk category: information technology), S Expected developments, opportunities and risks.

# Responsibility for the ESG topics and performance indicators

The Board of Management is the central decision maker on Group-wide sustainability focus, whereas the divisions are responsible for implementation of the measures. The progress achieved is regularly discussed by the Board of Management. The ESG topics are also regularly dealt with in the meetings of the Supervisory Board as well as the Strategy and Sustainability Committee, Report of the Supervisory Board.

Our Code of Conduct provides all employees and managers with clear rules and standards for contributing to our success within the scope of their jobs and responsibilities. Additional guidelines were derived from the Code of Conduct to offer more specific guidance, including the guidelines on anti-corruption and standards for business ethics and on the environment and energy, as well as the Human Rights Policy Statement. All our employees, but in particular our executives, play a key role when it comes to implementing our values and objectives, so we have made the Code of Conduct an integral component of their employment contracts.

The Code of Conduct for Suppliers (Supplier Code of Conduct) is a reflection of the ethical, social and environmental standards we set for ourselves and it is a binding component of the Group's relationships with our suppliers, including subcontractors. By signing, they commit to complying with our standards and implementing them in their own supply chains.

The codes and the guidelines are regularly reviewed to ensure that they are complete and up to date.

<sup>&</sup>lt;sup>2</sup> Steering- and remuneration-relevant from the 2023 financial year.

#### Relevant boards for sustainability issues

		Central dec	Board of Management cision-making and sustaina	bility focus		•	Supervisory Board Control and consultation
Strategy and management			Responsibility for topics			Reporting and controlling	<b>♣</b> Strategy and
Sustainability Steering Board (CEO, CFO, CHRO)¹  Ongoing monitoring of the Group-wide sustainability agenda	Operations Board  Chair: Tobias Meyer  Climate protection and occupational safety	Global Commercial Board Chair: John Pearson GoGreen Plus products	HR Board  Chair: Thomas Ogilvie  Employee matters, social standards, respect for human rights	Chair: Tobias Meyer  Corporate Procurement, Corporate Real Estate, Cybersecurity	IT Board  Chair: Tobias Meyer  Cybersecurity, IT systems	Finance Board  Chair: Melanie Kreis  KPIs, planning, risk assessment, controls, compliance, reporting	Sustainability Committee
Sustainability Advisory Council Members from the sciences, business and politics		Functions in the	divisions: Operational cor	ntrol of the topics			

<sup>&</sup>lt;sup>1</sup> Chief Executive Officer, Board of Management members responsible for Finance and HR.

Responsibility for strategic orientation, the materiality analysis, stakeholder dialogue and implementation of the strategic and operational ESG programme falls under the auspices of the CEO board department, where the ESG topics are developed further in the Group strategy and regularly reviewed by the Sustainability Steering Board. The Sustainability Steering Board comprises the CEO, the CFO and the Board member for Human Resources, as well as executives from central and divisional functions.

Group-wide concepts for leadership and corporate culture, promotion of talents and skills, specifications related to HR processes and services, maintaining relationships with the employee representatives and respect for human rights in our workforce are developed, implemented across divisions and managed by the HR board department.

Responsibility for ESG reporting and controlling, opportunity and risk assessment, integration of the internal control system and the financial systems, compliance

management and data protection fall under the purview of the CFO board department.

Among other topics, the Global Business Services board department is responsible for determining the Group-wide standards for sustainable procurement and the process for selecting suppliers, as well as the specifications for cybersecurity and Corporate Real Estate.



#### Contents of the combined non-financial statement

#### Reporting in accordance with Sections 289b(1) and 315b(1) HGB

Aspects (HGB)	Concepts	Target for 2022 <sup>1</sup>	Result for 2022	Target for 2023 <sup>1</sup>	Heading
Business model					General information
Environmental matters	Climate and environmental protection: Avoiding GHG emissions	Limit logistics-related GHG emissions to 41 million tonnes of CO <sub>2</sub> e	Logistics-related GHG emissions <sup>1, 2</sup> decrease to 36.46 million tonnes of CO <sub>2</sub> e	Limit logistics-related GHG emissions <sup>2</sup> to a maximum of 39 million tonnes of CO <sub>2</sub> e	Steering metrics Environment
		Generate Realised Decarbonisation Effects of 969 kilotonnes of CO <sub>2</sub> e	1,004 kilotonnes of CO <sub>2</sub> e avoided through Realised Decarbonisation Effects <sup>1,2</sup>	Generate Realised Decarbonisation Effects <sup>2</sup> of 1.3 million tonnes of CO <sub>2</sub> e	Expected developments
Employee matters	Maintain employee engagement and motivation at a high level	Employee Engagement KPI approval rate of more than 80%	Employee Engagement <sup>1,2</sup> at the prior-year level: approval rate at 83%	Employee Engagement KPI approval rate² of more than 80%	<ul><li>Steering metrics</li><li>Workforce</li></ul>
	Diversity and inclusion: Increase share of women in middle and upper management	The share of women in middle and upper management amounts to 25.9%	The share of women in middle and upper management <sup>1,2</sup> amounts to 26.3%	Share of women in middle and upper management <sup>2</sup> amounts to 27.7%	Expected developments
	Ensure health at work: Prevent accidents	LTIFR <sup>3</sup> amounts to 3.7	LTIFR <sup>1,2,3</sup> amounts to 3.4	LTIFR <sup>2,3</sup> amounts to 3.5	-
Social matters	Corporate citizenship: Measure employee pride in contribution to society		Approval rate of 79% for this question in annual survey of employees <sup>2</sup>	_	Society
Compliance, including anti-corruption and -bribery matters	Compliance with laws, principles and policies: Participation by executives in compliance training	At least 97% valid training certificates in middle and upper management	98% valid training certificates in middle and upper management <sup>1,2</sup>	98% valid training certificates in middle and upper management²	<ul><li>Steering metrics</li><li>Corporate governance</li><li>Expected developments</li></ul>
Respect for human rights	Carry out internal audits with regard to human rights		33 audits carried out <sup>2</sup>	_	<b>♦</b> Corporate governance
	Implement standards in the supply chain		Key figures introduced: Supplier spend covered by an accepted Supplier Code of Conduct	-	-
Cybersecurity	Guarantee IT system and data security		Introduced cybersecurity rating <sup>2</sup> key figure	Rating <sup>2</sup> is at least 710 out of 900 points	<ul><li>◆ Corporate governance</li><li>◆ Expected developments</li></ul>
Taxes	Avoid corporate structuring only for the purpose of tax optimisation		Tax strategy adhered to Group-wide	-	<b>♦</b> Corporate governance

<sup>&</sup>lt;sup>1</sup> Steering-relevant. <sup>2</sup> Reviewed with reasonable assurance, Assurance Report. <sup>3</sup> Work-related accidents per 200,000 working hours with at least one day of absence for the affected person following the accident.

Reporting on the facilitation of sustainable investments (EU Taxonomy)
pursuant to Regulation 2020/852, Article 8, of the European Parliament and of the Council as well as Delegated Regulation 2021/2178 of the European Commission

EU Taxonomy	Result for 2022	Heading
Determine the taxonomy-eligible and -aligned shares of revenue, capital expenditure (capex) and operating expenditure (opex)	53% of revenue, 63% of capex, 58% of opex are taxonomy-eligible 12% of revenue, 25% of capex, 11% of opex are taxonomy-aligned	<b>♦</b> EU Taxonomy
suprial experience of (eapers) and operating experience of (opers)		

# **Environment**



#### Climate action in the focus of our operations

Our business activities impact the climate and the environment mainly in the form of greenhouse gases (GHG), which contribute to climate change. Within the framework of our ESG Roadmap, we have defined measures and ambitious targets to minimise these effects.

Medium term: We have set ourselves a target of reducing our emissions to below 29 million tonnes of  $CO_2e$  by the year 2030. This target also includes the transport services carried out by our subcontractors (Scope 3). It was developed based on the requirements of the Science Based Targets Initiative and supports global efforts to limit global warming in accordance with the Paris Agreement of the United Nations.

In the year under review, the Science Based Targets Initiative verified the following sub-targets in this regard and assessed them as aligned with limiting global warming to 1.5 degrees Celsius: using 2021 as the base year, Deutsche Post DHL Group has committed to reducing its absolute direct emissions from the use of fuels and the indirect emissions from purchased energy (Scopes 1 and 2) by 42% by the year 2030. Absolute Scope 3 emissions from fuel- and energy-related activities, upstream transport and sales and business travel are to be reduced by 25% by 2030.

Long-term: We want to reduce the GHG emissions of our logistics services to net zero by 2050. That means we will use active reduction measures to reduce emissions (Scopes 1, 2 and 3) down to an unavoidable minimum,

which is to be fully compensated for with recognised countermeasures (excluding offsetting).

The central climate protection measures are defined by Corporate Development in the board department of the CEO. The Finance board department collects environmental data, monitors progress towards goals, assesses opportunities and risks and carries out internal and external reporting, embedded in the internal control system.

Orientation and targets with regard to climate and environmental protection are set out in Group policies: in the Code of Conduct and the Supplier Code of Conduct, in the Environmental and Energy Policy, the Paper Policy, the Sustainable Fuel Policy (not public) and the policies for procurement processes.

For achieving our goals by 2030, we plan to spend up to an additional €7 billion to expand the use of sustainable fuels and technologies in our fleets and buildings. We round out this package of measures with a range of specifically environmentally friendly products: GoGreen Plus enables customers to make a conscious decision for sustainable transport solutions or the use of sustainable fuels. This approach allows us to uphold our responsibility to the climate and the environment.

In addition, together with our subcontractors, we work as part of initiatives to reduce fuel consumption and lower GHG emissions. This also enables us to procure the consumption and emissions data necessary for subcontractor management, which is why we take part in industry-wide initiatives and collaborate closely with customers, suppliers and industry partners.

#### Risks arising from climate change

In the reporting period, we assessed our opportunities and risks arising from climate change using a scenario analysis according to the standards of the Task Force on Climate-related Financial Disclosures (TCFD). This involved applying scenarios including possible warming of the planet by 2.0, 2.4 or 4.3 degrees Celsius to assess physical risks which could result from a rise in ocean levels, for instance. For transitory risks, we used the sustainable development scenarios of the International Energy Agency.

Together with the respective Board of Management members responsible for the divisions, we analysed and evaluated the possible effects of climate change on our business models, strategy and operational business in workshops and considered them in view of our mission of achieving net zero GHG emissions by 2050. Moreover, locations with an increased physical risk were assessed as part of division-internal workshops and measures were defined and documented.

This results mainly in transitory risks for the Group, particularly with regard to the development of carbon pricing, GHG emissions and operational limitations due to stricter regulation and the availability of sustainable fuels and energy from renewable sources. This conclusion underscores the strategy behind our climate action activities: reducing GHG emissions and using sustainable technologies and fuels to minimise dependency on fossil fuels. We provide details on opportunity and risk management in Expected developments, opportunities and risks.

#### Decarbonisation avoids 1 million tonnes of CO2e

The management and the reporting are focused on the development of absolute logistics-related GHG emissions and the GHG emissions avoided by our decarbonisation measures. Our calculation includes the entire process chain for generating and supplying energy for transport as an additional Scope 3 category, General information, Steering metrics.

In the year under review, development of the absolute logistics-related GHG emissions was better than planned, decreasing to 36.46 million tonnes of CO<sub>2</sub>e. Our GHG intensity amounts to 386 grams per euro of revenue. The GHG emissions are the result of the air (69%), land (22%) and ocean (8%) modes of transport, as well as buildings (1%).

The decrease in GHG emissions is attributable primarily to lower transport volumes and was additionally supported by the improved utilisation of passenger aircraft after the increasing loosening of restrictions on account of the pandemic. In addition, Realised Decarbonisation Effects from our measures contributed 1,004 kilotonnes of  $\rm CO_2e$  to this decrease; this includes 205 kilotonnes of  $\rm CO_2e$  through the use of sustainable fuels. An additional reduction of 178 kilotonnes of  $\rm CO_2e$  results from the statutory blending of biofuels.

We estimate the amount of the non-logistics-related Scope 3 emissions (Category 1: Purchased goods and services, 2: Capital goods, 7: Employee commuting) to be around 6 million tonnes of CO<sub>2</sub>e, which are not accounted for in our medium-term target.

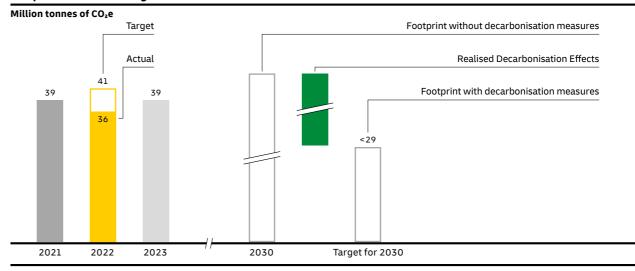
According to our planning for the medium-term 2030 target, despite limited availability we expect a further increase in blending of sustainable fuels in air and ocean freight for the coming reporting year.

#### **GHG emissions (well-to-wheel)**

		2021	2022	+/-%
Total GHG emissions	million tonnes of CO <sub>2</sub> e	39.36	36.46	-7.4
of which Scope 1		7.30	8.30	13.7
Scope 2 <sup>1</sup>		0.20	0.07	-65.0
Scope 3 <sup>2</sup>		31.86	28.09	-11.8
Realised Decarbonisation Effects	kilotonnes of CO <sub>2</sub> e	728	1,004	37.9
Reduction resulting from statutory blending of biofuels	kilotonnes of CO <sub>2</sub> e	172	178	3.5

<sup>&</sup>lt;sup>1</sup> Market-based method. <sup>2</sup> Logistics-related emissions of GHG categories 3, 4 and 6.

#### Our path to the 2030 target



Development of GHG emissions in 2023 will also depend on the development of the global economy. If transport volumes undergo weaker development, we expect GHG emissions to remain approximately at the prior-year level; if the economy proves to be more dynamic, we aim to limit

GHG emissions to a maximum of 39 million tonnes of  $CO_2e$ . This includes decarbonisation effects of 1.3 million tonnes of  $CO_2e$  which we plan to realise in 2023. We continue to expect a significant reduction to not come until the second half of the decade.

#### Using sustainable technologies and fuels

Our focus of our measures is mainly on the modes of transport using the most fuel and generating the most emissions, namely air and ocean freight and road transport, and further increasing the electrification of our fleet of pick-up and delivery vehicles. We also invest in technologies to design our own new buildings to be climate neutral. The share of sustainable fuels is to top 30% in air, ocean and road freight by 2030. In pick-ups and deliveries, 60% of vehicles used are to be electric vehicles. All of the company's new buildings are to be climate-neutral. We also drive decarbonisation with our range of GoGreen Plus products, with which we enable our customers to make use of, among other things, air and ocean freight transports with sustainable fuels, © Company website.

In the year under review, we nearly doubled additional expenditure for decarbonisation measures compared to the previous year to £284 million, and in doing so avoided around 1 million tonnes of  $CO_2e$ .

The share of sustainable fuels increased by 0.5 percentage points to 1.7% (previous year: 1.2%). In pick-ups and deliveries, we increased the number of e-vehicles used in the reporting period by 34% to approximately 27,800 (previous year: 20,700). At 94%, the share of electricity from renewable sources used was well above the level of the previous year (previous year: 86%).

In addition to our reduction measures, we offer our customers offsetting products to compensate for GHG emissions. However, in accordance with the GHG Protocol and for the presentation of the Realised Decarbonisation Effects, this offsetting is not taken into account as an emissions reduction for the calculation of our GHG footprint.

#### **Expenditure for decarbonisation measures**

2021	2022	+/-%
156	284	82.1
28	66	>100
115	179	55.7
13	24	84.6
	15	_
	156 28 115	156 284 28 66 115 179 13 24

#### Examples from the divisions in the year under review

In the year under review, Express was able to conclude further delivery contracts for sustainable aircraft fuels. Moreover, the modernisation of the aircraft fleet was continued and the network of partnerships with transport subcontractors was expanded. In addition, the Alice – the first all-electric aircraft – successfully completed its maiden flight, with the first deliveries of this model scheduled for 2027 to be used for shuttle flights in the United States. Moreover, we continued with the expansion of our international fleet of e-vehicles.

Global Forwarding, Freight expanded its partnerships for insetting with sustainable fuels. Unlike offsetting, insetting offers the ability to specifically implement climate protection in our own supply chain, enabling a positive impact on the achievement of our targets through the direct replacement of fossil fuels. With its Green Carrier Certification, the division creates transparency regarding the sustainability of our subcontractors. Global Forwarding, Freight is one of the first companies in our industry to offer air and ocean freight solutions that make use of sustaina-

ble fuels. The myDHLi customer platform offers real-time GHG reports in all modules and thus supports customers in air and ocean freight in achieving their own sustainability objectives.

Supply Chain is driving the decarbonisation of its supply chains with a portfolio of state-of-the-art, sustainable products for carbon-neutral storage, transport and packaging. In the year under review, the focus was on the expansion of carbon-neutral warehouses and sustainable transport, one example of which is the use of trucks that run on biogas in the United Kingdom.

eCommerce Solutions focused on the expansion of its fleet of e-vehicles and the increased use of electricity from renewable sources. In addition, the division incorporated GoGreen products into its portfolio in further countries.

Post & Parcel Germany continued the expansion of its fleet of electric vehicles and already has some 23,000 electric vehicles in use in pick-ups and deliveries. The use of rail transport for parcels is another measure to promote sustainability. The rail transport service enables private customers to actively opt for rail transport when sending parcels and thus avoid GHG emissions.

#### **Energy consumption and efficiency**

Group-wide energy consumption (Scopes 1 and 2) rose to 34,498 million kWh in the reporting period. We increased the energy used from renewable sources by 24% compared to the previous year. Energy efficiency amounts to 0.4 kWh per euro of revenue.

In our business model, air freight is the most energyintensive mode of transport. With continuous modernisation processes in our own fleet and at our locations, we will have a positive impact on our energy consumption. Moreover, our divisions are increasingly using our own fleet and training the pilots in the use of energy-conserving flight manoeuvres.

# Energy consumption of the company's own fleet and buildings (Scopes 1 and 2)

2021	2022	+/-%
30,486	34,498	13.2
28,660	32,227	12.4
22,484	26,649	18.5
4,486	4,237	-5.6
1,690	1,341	-20.7
1,826	2,271	24.4
175	343	96.0
150	242	61.3
	58	-
1,501²	1,686	12.3
	30,486 28,660 22,484 4,486 1,690 1,826 175 150	30,486 34,498 28,660 32,227 22,484 26,649 4,486 4,237 1,690 1,341 1,826 2,271 175 343 150 242 - 58

<sup>&</sup>lt;sup>1</sup> Includes legally required blending.

# Workforce **\*\***



#### Common DNA as a factor for success

Our corporate culture makes us strong. It is underpinned by common values, convictions and behaviours and is one of the most important factors in our business success. We call it our common DNA, Strategy. It connects us across all business units and operating regions and defines who we are and how we operate. As early as 2006 we defined a Code of Conduct applicable to the whole Group. We value the diversity of our workforce and treat one another with respect, so that we may work together cooperatively and lay the foundation for our company's financial success.

#### Being an employer of choice

Our employees are our most valuable asset. With some 600,000 employees, we are one of the world's largest employers in our sector and aim to be an employer of choice, attracting competent and committed employees, continuously developing them and retaining them over the long term. Only motivated employees deliver excellent service quality, meet our customers' needs satisfactorily and therefore ensure the sustainable profitability of our business activities. For this reason, we want to strengthen and lock in their commitment at a high level. We are dedicated to the principles of diversity, equity, inclusion and belonging to create a work environment free of discrimination where each individual is valued and to guarantee workplaces that promote health.

#### **Employee matters**

Material topic	KPI		2021	2022	2023²	2025²
Employee Engagement	Employee Engagement <sup>1</sup> : Approval rate in the annual survey	%	84	83	At least 80	Maintain at the high level
	Continuing education: Total training hours	million hours	_	3.7	_	_
Diversity and inclusion	Share of women in middle and upper management <sup>2</sup>	%	25.1	26.3	27.7	At least 30%
	Employees with disabilities <sup>3</sup>	headcount	14,652	14,274	_	_
	Employment rate <sup>3</sup>	%	8.0	8.0	_	_
Occupational health and safety	Lost time injury frequency rate (LTIFR) <sup>2,4</sup>		3.9	3.4	3.5	Less than 3.1
	Sickness rate		5.5	6.3	_	

<sup>&</sup>lt;sup>1</sup> Steering- and remuneration-relevant in the year under review. <sup>2</sup> Steering-relevant KPIs. <sup>3</sup> Deutsche Post AG (principal company in Germany), pursuant to section 163 SGB IX. <sup>4</sup> Work-related accidents per 200,000 working hours with at least one working day of absence for the affected person following the accident.

<sup>&</sup>lt;sup>2</sup> Includes consumption by electric vehicles.

#### **Preserving employee interests**

In addition to direct dialogue with their superiors and management representatives, our employees can turn to employee committees, works councils, trade unions and other bodies to indirectly represent their interests. At the global level, we engage in regular, open dialogue with international trade union confederations such as UNI Global Union (UNI) and International Transport Workers' Federation (ITF). At the European level, employee concerns are regularly discussed with our European works council, the Deutsche Post DHL Forum. The Board Member for Human Resources takes part in the discussions twice per year. UNI and the European Transport Workers' Federation are also represented.

In addition, as the largest postal service provider in Europe, the Group is a member of the EU Commission's European Social Dialogue Committee for the Postal Sector and has been the Committee Chair since 2016. The work of this committee involves exchange between the employers and union representatives in the postal sector of European member states on relevant topics in consideration of social matters.

Together with the two trade union confederations, we reviewed and strengthened the joint OECD Protocol from 2019 in the year under review, © Company website. With this agreement, all parties undertake to maintain a continuous dialogue on employment and working relationships for the next three years. During the yearly meeting between the secretaries general of the ITF and UNI and the Board Member for Human Resources, the revised agreement was approved by all parties and then signed by the German National Contact Point for the OECD Guidelines for Multinational Enterprises in Berlin.

# Performance-based remuneration and development of the workforce

We foster employee loyalty and motivation by offering performance-based remuneration in line with market standards. It includes a base salary plus the agreed variable remuneration components such as bonus payments. In many countries, we also provide employees with access to defined benefit and defined contribution retirement plans. We also use neutral job evaluations to prevent discrimination on the basis of personal characteristics. These evaluations focus on the type of job, position in the company and responsibilities assigned. This systematic approach enables an independent and balanced remuneration structure.

In Germany, wages or salaries are generally regulated through either industry-level or company-level collective wage agreements. In many of our subsidiaries throughout Germany, our wage-scale employees also receive a performance-based bonus in addition to their monthly wage or salary. The collectively bargained principles are genderneutral, so the use of collective agreements ensures equity in pay for women and men. Employees of Deutsche Post AG covered by the collective wage agreement may opt to take additional time off in lieu of a pay increase. A total of 18.7% of the workforce there had exercised this option as at 31 December 2022. The remuneration of employees in a non-pay-scale employment relationship (Deutsche Post AG, principal entity in Germany) is bound by existing works agreements.

Moreover, we offer both defined benefit and defined contribution pension plans in which approximately 70% of the Group's employees participate. Our main retirement benefit plans are provided in Germany, the UK, the USA, the

Netherlands and Switzerland, Note 37.1 to the consolidated financial statements.

At €26,035 million, staff costs exceeded the prior-year figure of €23,879 million. Details can be found in Note 15 to the consolidated financial statements.

As at 31 December 2022, we employed 600,278 people around the world, which is 1.4% more than the previous year. Added to this, an average throughout the year of 83,951 external FTEs subject to the control and direction of the Group were employed at our locations.

#### Workforce development

	2021	2022	+/-%
Headcount at year-end¹	592,263	600,278	1.4
Average for the year¹	574,047	589,109	2.6
Full-time equivalents at year-end¹	548,042	554,975	1.3
of which Express	114,134	114,151	0.0
Global Forwarding, Freight	43,840	48,053	9.6
Supply Chain	175,099	182,403	4.2
eCommerce Solutions	33,809	32,721	-3.2
Post & Parcel Germany	168,084	163,904	-2.5
Group Functions	13,076	13,743	5.1
Average for the year <sup>1</sup>	528,079	542,917	2.8
Share of part-time employees (%)	17	17	_
Average age of Group employees (years)	40	40	_
Share of female employees (%)	34.7	34.4	_
Unplanned employee turnover (%)	12	14	_

<sup>&</sup>lt;sup>1</sup> Including trainees.

#### **Employee engagement and motivation**

Each year we measure employee satisfaction and engagement by conducting a Group-wide survey. This important tool helps us determine where we are in our journey toward becoming an employer of choice. We use the analysis of the annual survey to determine the Employee Engagement KPI, which is also included in the remuneration of the Board of Management.

Once again, 75% of employees took the opportunity to express their opinion and provide valuable feedback in the year under review. This is used as the foundation for creating the best possible working conditions at our company, thus corresponding to our strategic goal of being an employer of choice. We once again exceeded the target of more than 80% with an approval score of 83%.

#### Selected results from the Employee Opinion Survey

2021	2022
75	75
84	83
	75

Training and opportunities for professional development can have a positive influence on the motivation of a workforce, which is why all of our employees generally have the option of taking advantage of our training offers digitally or as part of in-person events. Our training offers convey knowledge about our Group strategy and how everyone can make an individual contribution to our success. One example is our Group-wide "Certified" employee motivation and

development programme, which aims to make our employees experts in their respective areas of responsibility. It also creates an atmosphere that places our customers at the heart of our activities and ensures we provide excellent service. In addition to a certified foundation module, we offer our employees a wide range of follow-up modules customised to their specific roles and areas of expertise. We place special emphasis on providing training for management and team leaders to help reinforce employees in their roles and support executives in carrying out their leadership duties. Such training focuses on leadership attributes that are applicable to all Group executives and serve as a behavioural compass. We also offer qualified employees a number of personal development options, such as special training for those with potential and development ambitions in self-management and in participation in interdisciplinary or international projects.

In the year under review, a total of 3.7 million training hours were completed. Moreover, time and money were invested in qualification elements integrated in the job, such as orientation and service training, which are not accounted for in this figure.

#### **Diversity, Equity, Inclusion & Belonging**

Our organisation brings together people from cultures and cultural backgrounds from all over the world who possess a wide range of experiences, abilities and perspectives, with 178 nationalities represented at our German sites alone. The diversity of our employees is not only an asset to the company but also one of its major strengths. Diversity, inclusion and freedom from discrimination are anchored

throughout the Group as part of our Code of Conduct. We expressly reject any and all forms of discrimination.

We take an equal opportunity approach to new hirings, both internally and externally, and look exclusively to a candidate's qualifications when deciding on their suitability.

During the reporting period, we expanded the scope of our diversity management activities to include the topics of equity and belonging. The DEIB (Diversity, Equity, Inclusion & Belonging) Board was also established and is comprised of executives in upper management from various central and divisional functions. The constituent meeting took place in the year under review.

The focus of our measures remains on increasing the share of women in executive positions. By 2025 we aim for women to occupy at least 30% of middle and upper management positions in the Group. The company uses various approaches and programmes to specifically empower female junior staff for the next step in their careers on the way to becoming middle- or upper-level executives, including coaching, mentoring and networks. In the year under review, we managed to exceed our target of women occupying 25.9% of middle- and upper-management positions. This figure came in at 26.3%. We are planning to improve the share to 27.7% for 2023.

Our company's in-house RainbowNet network provides space for LGBTQ+ employees to share their experiences. As a founding member of the PROUT AT WORK Foundation, we are committed to providing a collegial, discrimination-free workplace so that our employees can achieve their individual career goals regardless of their sexual orientation or gender identity.

In line with our inclusive approach, we give disabled individuals professional prospects. In Germany, employers are required by law to ensure that employees with disabilities make up at least 5% of their workforce. At Deutsche Post AG, our principal entity in Germany, 14,274 persons with disabilities were employed in the reporting year, 20 of whom were trainees; that represents 8.0% of the total workforce.

The average age of employees throughout the Group remains at 40 years old. In response to demographic change in Germany as well as for the purpose of ensuring an ageing-friendly workplace, we have established a Generations Pact enabling employees of Deutsche Post AG aged 55 and over to reduce their working hours. The option of early retirement for civil servants with a commitment to undertake voluntary work (engagierter Vorruhestand) is also still in effect. To recruit and retain young, talented employees, we focus in particular on positions with on-thejob training as well as trainee and dual-study programmes. In Germany, we offered a total of around 1,500 spots in our post-secondary educational training and dual-study programmes during the reporting year. We provide college and university graduates with the chance to choose between various post-graduate training programmes.

#### Occupational health and safety

The health and safety of our employees in the workplace is of central importance to us and is therefore embedded in our Codes of Conduct. We comply with the Group's existing occupational health and safety policies, statutory regulations and industry standards.

The Group policy on occupational health and safety defines seven core elements implemented Group-wide in our safety management system. The management system complies with the international ISO 45001 standards, to which various business units are also externally certified. Our Supplier Code of Conduct requires our suppliers and subcontractors to adhere to these same high standards,

#### Corporate governance.

Accident prevention in the workplace is the top priority of our occupational health and safety activities. Some of our biggest challenges are in our pick-up and delivery operations, because external influences can only be managed to a certain extent in this area. Bad weather, road work, complex traffic situations and dealing with animals require employees to pay attention, concentrate and take responsibility for themselves. The most frequent causes of accidents remain slipping, tripping and falling, as well as dropping objects. Accidents are analysed, the respective root causes are identified and measures are introduced which facilitate the continuous improvement of safety for our employees. Solutions proven in practice to reduce or eliminate potential hazards are shared across the Group. Additionally, we hold regular work meetings and workplace inspections and place signage at locations with greater potential hazards to increase the awareness of employees.

To measure the success of our efforts, we use the steering-relevant KPI of lost time injury frequency rate (LTIFR), which we calculate based on the number of work-related accidents per 200,000 working hours resulting in an absence of at least one working day for the affected person. We use the accident investigations to derive measures to

eliminate the respective root causes of these accidents and to avoid reoccurrence.

The lost time injury frequency rate (LTIFR) dropped to 3.4 in the year under review. We thus outperformed our target of an LTIFR of 3.7. Unfortunately, we recorded more accidents with a fatal outcome than in the previous year. We expressly regret this development. We aim to stabilise our LTIFR at 3.5 for 2023. Moreover, we confirm our target for 2025 of lowering the LTIFR to below 3.1.

#### Work-related accident statistics

	2021	2022
Lost time injury frequency rate (LTIFR) <sup>1</sup>	3.9	3.4
of which Express	1.8	1.6
Global Forwarding, Freight	0.7	0.8
Supply Chain	0.5	0.5
eCommerce Solutions	1.8	1.6
Post & Parcel Germany	11.7	10.9
Group Functions	0.2	0.3
Working days lost per accident	18.3	18.2
Number of fatalities due to workplace accidents	5	7
of which as a result of traffic accidents	4	5

Work-related accidents per 200,000 working hours resulting in at least one working day of absence for the affected person following the accident.

We carry out health projects and local initiatives to create a health-promoting work environment and raise awareness of a healthy lifestyle amongst our employees. Incentives are provided to local management to offer health-promoting programmes to employees and their families.

The Chief Medical Officer advises the Board of Management in all matters regarding occupational health – for instance how to deal with physical and psychological diseases in the work environment – as well as how to deal with the circumstances of a pandemic or epidemic. During the year under review, we continued the vaccination and testing of our employees at the locations throughout the Group. The Group-wide sickness rate increased by 0.8 percentage points to 6.3% in the year under review. This development is attributable primarily to the significant increase in respiratory illnesses caused not only by COVID-19, but also by the common cold and flu-like infections.

Some of our employees work in countries that offer insufficient statutory health coverage, or none at all. For this reason, we offer employees and their families in numerous countries high-quality primary or supplementary health insurance coverage at attractive terms through our Group's in-house employee benefits programme. Some 250,000 employees in 100 countries are covered by this programme.

## **Corporate citizenship**

# Contributing to economic development and social progress

We contribute to the socioeconomic development of the regions in which we operate through our sites, our employees and our business partners, thereby making a contribution to social and individual prosperity. As part of our corporate citizenship initiatives, we are leveraging our global network and the expertise of local employees in line with our purpose: Connecting people, improving lives.

#### Partnerships and initiatives

Our initiatives enable us to use our strengths and capabilities to effect change locally and to work together to meet global challenges. We partner with established international organisations to ensure that our initiatives have the greatest impact possible. With GoGreen (environmental protection), GoHelp (disaster management), GoTeach (increasing employability) and GoTrade (promoting trade) we also support SDGs 4, 5, 8, 11, 13 and 17.

We dignify employee engagement through our Global Volunteer Day, the "DHL's Got Heart" initiative and the Improving Lives Fund. Volunteering encourages employees to participate in, and give back to, local communities.

Based on the Group-wide annual survey of employees, we know that corporate citizenship is a relevant factor in determining their overall level of motivation. They want to

contribute to social and environmental objectives not only in their personal lives but also at work, to help society and the environment and to enhance the Group's reputation. We therefore measure the success of our initiatives using the approval rate for the survey question asking whether our employees are proud of Deutsche Post DHL Group's contribution to society. As in the previous year, 79% of all employees responded positively in the year under review.

# Large numbers of employees participate in the Go programmes

Our employees volunteered locally in large numbers once again in the reporting year. One major focus was the war in Ukraine: for the first time, our GoHelp teams were put to use in Europe to carry out the logistics for relief efforts for Ukraine.

But our employees in Ukraine are also directly affected by the war. Thanks to the generosity of donations from our workforce, we were able to provide financial support to those impacted quickly and without a lot of red tape via our internal We Help Each Other relief fund. All donations were matched by the Group, thus doubling our employees' contributions.

We expanded our GoTeach partnerships to additional countries. GoTrade initiated the DHL GoTrade GBSN Fellowship programme, which allows MBA students to support and accompany small and medium-sized enterprises for a year.

#### **Corporate governance**



#### Role model for responsible corporate governance

We intend to serve both as a role model for responsible corporate governance in our sector and as a trustworthy company. Ensuring our interactions with business partners, employees, the capital market and the general public are conducted with integrity and within the bounds of the law is vital to maintaining our reputation and is the basis for sustainable business success. We take steps to guarantee an honest and transparent business practice in compliance with the law by focusing on training executives in compliance-relevant content, building cybersecurity skills, shaping sustainable and stable relationships with business partners and fully integrating ESG metrics into management processes and incentive systems.

The rules for ethical conduct included in our Code of Conduct are further specified in our Human Rights Policy Statement as well as our Anti-Corruption and Business Ethics Standards Policy. Our focus at all times is on preventing potential violations of statutory requirements and internal guidelines.

Corporate Internal Audit evaluates the effectiveness of our risk management system, control mechanisms, management and monitoring processes and compliance with Group policies, contributing to their improvement. It does this by performing independent regular and ad hoc audits at all Group companies and at corporate headquarters with the authority of the Board of Management. The audit teams discuss the audit findings and agree on measures for improvement with the audited organisational units and their management. The Board of Management is regularly informed of the findings. The Supervisory Board is provided with a summary once a year.

#### Corporate governance

Material topic	Key figure		2021	2022	Target for 2023 <sup>1</sup>
Compliance: Train executives (Code of Conduct, fighting corruption and bribery, competition compliance	Training level: Share of valid compliance training certificates in middle and upper management <sup>2</sup>	%	96	98	98
and data protection)			96	98	98
Respecting human rights	Carry out internal audits with regard to human rights	number	19	33	-
	Carry out on-site audits at locations in countries	countries	10	10	_
	Training level in middle and upper management	 %	_	98	_
Standards in the supply chain	Supplier spend covered by an accepted Supplier Code of Conduct	€ billion	_	More than 27	_
	Potential high-risk suppliers assessed	number	_	More than 2,700	_
Cybersecurity	Training level in middle and upper management		98	97	_
	External assessment of our cybersecurity <sup>3</sup>	points	_	700	At least 7104

<sup>&</sup>lt;sup>1</sup> Steering-relevant KPIs. <sup>2</sup> Steering-relevant KPI in the year under review. <sup>3</sup> Steering- and remuneration-relevant from the 2023 financial year. <sup>4</sup> The rating agency announced after the time this report was prepared that it would be making changes to its method which will have an impact on the rating scale and which could influence our results.

#### Trusted business partner thanks to compliance

We render all of our services in compliance with current legislation as well as our corporate values as defined in our Group policies. One important aspect of compliance is the legally required disclosures relating to fighting corruption and bribery matters. We observe all applicable international anti-corruption standards and statutes and are a member of the Partnering Against Corruption initiative of the World Economic Forum.

Ensuring legally compliant conduct in our business activities and in our interactions with employees is an essential task of all Group management bodies. In line with our

objective, participation of executives in middle- and upperlevel management in various types of relevant compliance training is mandatory. We believe one thing: managers have to be well informed to identify potential compliance risks and ensure that such risks are mitigated appropriately.

The foundation to this approach is our compliance training comprising our Core Compliance Curriculum (anti-corruption, competition compliance, Code of Conduct) and training on data protection. All employees who have already completed their training must update their certification every two years. We will use the share of valid training certificates amongst executives in middle- and upper-level management as a steering-relevant KPI.

With our compliance management system (CMS) we have implemented effective measures for the prevention of corruption and bribery throughout the Group. Responsibility for designing the system lies with the Chief Compliance Officer. Uniform minimum standards are laid down in the CMS and accompanied by related activities initiated by the compliance officer in the divisions.

Our Code of Conduct and Anti-Corruption Policy, along with training on these topics, help employees identify situations in which the integrity of the company could be called into question with respect to relevant third parties.

Potential violations can be reported 24/7 – if legally permitted, anonymously – via our professional compliance incident reporting system (whistle-blower hotline). In addition, potential violations can also be reported by telephone, © Company website. The incident reporting system was made available to third parties during the year under review. Reports are reviewed and investigated internally

for potential violations as part of a standardised process. Information on relevant violations is collected and included in the regular compliance reports made to the Board of Management and to the Supervisory Board's Finance and Audit Committee, Report of the Supervisory Board.

In the interest of raising awareness of compliance amongst employees, a Group-wide campaign – Compliance Awareness Week – was carried out in the year under review and rounded out by measures tailored to the specific divisions and regions. The campaign was additionally supported by "tone from the top" statements from the members of the Board of Management to emphasise to each employee the importance of compliance for the Group. To strengthen the internal dialogue, our workforce was made aware of and informed about compliance aspects on an ongoing basis by means of further communication measures and via the compliance channels.

The compliance training certification rate was 98% in middle and upper management in the year under review. We plan to maintain the rate at this high level for 2023.

In the context of its 208 audits, Corporate Internal Audit also reviewed compliance management system processes and the implementation of agreed follow-up measures. Findings from the regular audits facilitate the identification of other compliance risks and the refinement of the compliance programme.

#### Respecting human rights

Our commitment to respect for human rights includes adherence to the principles of the UN Global Compact and the International Labour Organization (ILO), which we have embedded in our Code of Conduct and outlined in greater detail in our Human Rights Policy Statement, © Company website. These stipulate clear responsibilities and requirements for our employees and executives as well as our suppliers and subcontractors, and contribute to the general understanding and implementation of the principles of the UN Global Compact.

Our human rights activities focus on the prevention of child and forced labour, decent working conditions (remuneration, working hours, occupational health and safety) and the right to freedom of association. With the Supplier Code of Conduct, we obligate suppliers and subcontractors to comply with our ethical, social and environmental principles and implement them in their own supply chains.

The implementation of measures for respecting human rights in the workforce and in the supply chain have been monitored by the Supply Chain Due Diligence Act (*Lieferkettensorgfaltspflichtengesetz* – LkSG) Council since the end of the reporting year. The board is made up of executives in upper management from the Group functions Employee Relations, Corporate Development, Corporate Public Affairs, Legal Services and Global Compliance, Corporate Procurement and Corporate Internal Audit.

As part of its audits, Corporate Internal Audit also conducted reviews relating to respect for human rights and verified that the agreed follow-up measures had been implemented. In the reporting year, 33 such reviews took place.

#### Preventing human rights violations in the workforce

With our internal management system, we ensure that our Human Rights Policy Statement is implemented amongst our workforce. In addition, we use the system to monitor compliance with due diligence. Key components are training initiatives and on-site reviews; these reviews are conducted by specially trained and externally certified professionals from the divisions and corporate headquarters. A risk-based approach is applied to select of countries and locations for the on-site reviews based on internal criteria, such as number of employees, as well as external criteria from Verisk Maplecroft (Human Rights Index). Additionally, we consider suggestions from international trade union confederations.

Under the leadership of the HR department, on-site reviews were held at various locations in ten countries as planned in the reporting year. These were again conducted largely as in-person reviews thanks to the loosening of pandemic-related travel restrictions. Once again, some cases of non-compliance with working time regulations and knowledge gaps concerning occupational safety requirements were identified and subsequently rectified by way of a structured action plan in the year under review.

Further employees were certified according to the Sedex Members Ethical Trade Audit (SMETA) standard, so that the annual number of on-site reviews can be increased. Moreover, as planned, the training module we use to raise employees' awareness for respecting human rights was rolled out throughout the Group. Participation is recommended for all employees. Participation is mandatory for

executives in middle and upper management beginning with this reporting year; the certification rate was 98%.

#### Standards in the supply chain

Corporate Procurement selects suppliers that meet our ethical, social and environmental standards. Supplier selection is based on a standardised assessment process which also takes aspects such as diversity and respect for human rights into account, as well as external criteria such as those from Transparency International (Corruption Perceptions Index).

Procurement employees are regularly trained to identify potential supplier-related risks early on. We convey our expectations to our suppliers and subcontractors via our Supplier Portal website and introduce our selection processes. Suppliers can also use our portal to familiarise themselves with our Supplier Code of Conduct, which we make available in numerous languages along with the corresponding training module. From there, they can also access our professional compliance whistle-blower system which they can use to report potential violations of the Code or statutory provisions as well as cybersecurity incidents.

In the year under review, we continued developing a Group-wide risk management system for supplier assessments and adapted the Corporate Procurement Policy accordingly. In addition, we developed and implemented two key figures: supplier spend covered by an accepted Supplier Code of Conduct and the potential high-risk suppliers assessed.

We calculate the potential for risk of suppliers at the level of purchase categories. The risk assessment is influ-

enced by 45 types of risk within eight risk domains (ESG, economic, technical, legal, political and cybersecurity risks) which were evaluated for each individual purchasing category. The ultimate classification of the risk potential is based on the evaluation of the probability and the possible impact. More than 2,700 potential high-risk suppliers were assessed in the year under review.

We use supplier spend covered by an accepted Supplier Code of Conduct to measure the successful implementation of our standards in the supply chain. We record progress regarding the key figure via the central financial systems, report to management on a monthly basis and discuss developments with the CEO and the CFO. In the year under review, supplier spend covered by an accepted Supplier Code of Conduct amounted to more than €27 billion.

#### Cybersecurity

Our cybersecurity management activities protect the information of the Group, our business partners and our employees as well as IT systems from unauthorised access or manipulation and data misuse. In addition, this ensures uninterrupted availability and enables reliable operations. Our internal guidelines and processes are based on ISO 27002 and our data centres are certified in accordance with ISO 27001.

The Group Chief Information Security Officer (Group CISO) reports directly to the Board Member for Global Business Services. The IT Board determines the cybersecurity strategy and defines and manages Group-wide measures for cybersecurity, for protecting systems and data and for

digitalisation processes. The Information Security Committee is made up of the central functions of Group CISO, IT Audit, Legal Services, Data Protection and Corporate Security, as well as the divisional CISOs. The committee assesses potential threats on an ongoing basis, evaluates the potential of new risks and monitors compliance with our security standards.

We limit access to our systems and data such that employees can only access the data they need to perform their duties. All systems and data are backed up on a regular basis, and critical data are replicated across data centres. Additionally, by performing regular software updates, we can fix potential security vulnerabilities and protect system functionality.

A variety of communication measures and training sessions help our workforce become more aware of possible cybersecurity risks. All employees and executives with a corporate email address are continuously made aware of current risks by means of phishing and IT crisis simulations. Participation in Information Security Awareness training is mandatory for all employees with a computer workstation. All participants who have already completed their training must update their certification every two years. In the reporting period, the share of valid training certificates amongst middle- and upper-level management was 97%.

In the year under review, the Board of Management and the Supervisory Board decided to have our cybersecurity evaluated by BitSight, an external rating agency, and to report this rating as a steering- and remuneration-relevant KPI beginning in the coming financial year. This

cybersecurity rating assesses the security situation and brings potential security risks to the attention of the rated company. Assessment of the security situation is carried out by an automated service on a daily basis. Unlike with manual assessments, a cybersecurity rating offers transparency and enables comparison with other companies thanks to standardisation.

The rating amounted to 700 of a possible 900 points as at the end of the year under review. We are striving for a position in the top quartile of our reference group with BitSight for 2023, which means we expect a rating of at least 710 points. The rating agency announced after the time this report was prepared that it would be making changes to its method which will have an impact on the rating scale and which could influence our results.

#### Tax strategy as a standard adhered to worldwide

Our tax strategy is aligned with our Group strategy and must be adhered to throughout the Group. The overarching approach applied by the Group is that taxes are always incidental to and follow business needs. We do not undertake aggressive tax planning or enter into artificial arrangements with the goal of avoiding taxes. Our Group maintains locations in more than 220 countries and territories, including some with lower tax rates than those in Germany. These locations are necessary for carrying out our operational business in those regions. None of our companies was established with the purpose of obtaining tax benefits or is currently used to pursue aggressive tax structuring.

In interpreting and applying tax legislation, we do not merely follow the letter of the law, but also consider its spirit and intended purpose. As a globally active group of companies, our activities necessarily include operations in countries where uncertainty is high. We mitigate this uncertainty through continual dialogue with tax authorities and tax advisers to obtain the greatest possible degree of legal certainty. This allows us to meet tax compliance requirements in the countries in which we operate to the best of our knowledge and belief. Our Group risk management system incorporates a tax risk management framework that enables us to monitor and avoid tax risk as far as possible.

In the year under review, we recognised taxes and social security contributions totalling €5,354 million.

#### Taxes and social security contributions

€m		
	2021	2022
Total	4,566	5,354
Income taxes paid	1,323	1,782
Other business taxes	322	380
of which taxes on capital, real estate and vehicles	133	150
other operating taxes	189	230
Employer's social security contributions	2,921	3,192

#### **EU Taxonomy**

Pursuant to Article 8 of Regulation 2020/852 of the European Parliament and of the Council as well as Delegated Regulation 2021/2178 of the European Commission

We are reporting our contribution to the European Union's environmental objectives of climate change mitigation and climate change adaptation according to the guidelines laid down in the EU Taxonomy regulation and, beginning with this reporting year, are reporting the taxonomy-aligned (aligned) shares of revenue, capital expenditure (capex) and operating expenditure (opex) in addition to the taxonomy-eligible shares thereof.

Taxonomy-eligible economic activities (activities) are considered environmentally sustainable and therefore aligned if they make a substantial contribution to one of the six EU environmental objectives and are not associated with significant harm to one or more other environmental objectives (do-no-significant-harm (DNSH) criteria). In addition, the company complies with required frameworks for minimum safeguards that relate to respecting human rights and social and labour standards, as well as anti-corruption fair competition and taxation, for all activities.

Activities identified as aligned exclusively make a contribution to the EU environmental objective of climate change mitigation. Moreover, they prevent significant harm to the other EU environmental objectives of climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control and the protection and restoration of biodiversity and ecosystems.

In the reporting year, the Group policy for implementing the requirements of the EU Taxonomy was supplemented with the provisions for determining the aligned shares of revenue, capex and opex; the Group-wide financial and controlling systems were adapted accordingly.

#### **Applied evaluation method**

In the year under review, the analysis of the taxonomyeligible activities carried out in the previous year was reviewed and confirmed. We still assign our transport services, including the necessary infrastructure and buildings, to Sector 6 "Transport", whilst real estate not used for transport services is assigned to Sector 7 "Construction and real estate".

The EU Taxonomy does not yet take into account all economic activities which are relevant for our business. Revenue from warehousing (Supply Chain division) in par-

ticular, as well as revenue, capex and opex from air freight (Express division and Global Forwarding business unit), including the associated infrastructure, is therefore not reported as taxonomy-eligible.

Capex generated by the addition of assets can be assigned directly to individual activities, whilst revenue and opex can generally not be directly assigned. In these cases, we primarily use a cost-based allocation logic that reflects the business models of the divisions. We avoid double counting by assigning revenue, capex and opex to only one activity respectively and taking intra-Group relationships into account on a consolidated basis. All taxonomy-eligible activities were reviewed with regard to their alignment. The method applied for the respective technical screening criteria is presented in the following table.

#### Criterion

Substantial contribution to climate change mitigation, prevents significant harm (DNSH) to the EU environmental objectives of the sustainable use and protection of water and marine resources (DNSH 3), the transition to a circular economy (DNSH 4), pollution prevention and control (DNSH 5), the protection and restoration of biodiversity and ecosystems (DNSH 6)

Causes no significant harm (DNSH) to the EU environmental objective of climate change adaptation (DNSH 2)

EU minimum safeguards for the respect for human rights and the preserving of employees' rights, as well as regarding anti-corruption, fair competition and taxation

#### Evaluation method

Carried out on the basis of individual assets or groups of assets, provided that the evaluation of the criteria is possible on a superordinate level by means of uniform Group processes and within the framework of applicable national or EU regulations. These values were assessed as not aligned in all other cases.

The climate-change-related risk assessment was carried out based on the TCFD analysis, which we supplemented with adjustment solutions for physical climate risks,  $\bigcirc$  Environment.

Ensured with our Code of Conduct, the Group policies on anti-corruption and standards for business ethics, the environment and energy, the Competition Compliance Policy, the Human Rights Policy Statement, the corresponding processes and management systems, the regular audits carried out by Corporate Internal Audit and the Group Tax Strategy. Ensured in the supply chain with our Supplier Code of Conduct, the procurement processes and supplier management, Corporate governance. At the time this report was prepared, there were no relevant legal proceedings ongoing in this context, Note 45 to the consolidated financial statements.

If shares of revenue and opex could not be directly assigned to aligned activities, specific allocation keys—such as the percentage of taxonomyaligned vehicles in the entire fleet—were applied which also take special circumstances of the divisions into account.

#### **Determining taxonomy alignment**

In the following, we provide an overview of the aligned assets per activity. The statements are in regard to the associated shares of revenue, capex and opex.

We generate a significant portion of our revenue from transport services (transport sector) in collaboration with suppliers and subcontractors, who render their services on an independent basis from a legal perspective. As a result, these economic activities and the assets associated with them must be evaluated there with regard to alignment

with the EU Taxonomy. At the time this report was prepared, we did not have any information on the meeting of technical criteria for these activities and assets, so we are reporting them as not taxonomy-aligned.

The property, plant and equipment from business combinations were allocated largely to the transport sector; no aligned activities could be identified. Intangible assets from business combinations were classified as taxonomy noneligible, Capex template.

#### Determining taxonomy alignment (EU environmental objective of climate change mitigation)

Activity	Evaluation of alignment
6.4 Operation of personal mobility devices, cycle logistics: devices for personal mobility not subject to permits	Assets within this activity, e.g. bicycles, meet the requirements of the substantial contribution to cycle logistics. Thanks to partnerships with certified recycling companies, compliance with the requirements of DNSH 4 can be ensured and demonstrated.
6.5 Transport by motorbikes, passenger cars and light commercial vehicles: light commercial vehicles <sup>1</sup>	Our electric vehicles operate without emissions and therefore meet the requirements of the substantial contribution.  Compliance with regard to recyclability (DNSH 4) and emissions thresholds (DNSH 5) is a basic requirement for approval of electric vehicles in Europe, which is why we considered these to be met. In addition, the simultaneous meeting of the criteria for fuel efficiency and rolling noise of tyres represents a substantial requirement in accordance with DNSH 5. For this reason, we have determined the respective vehicle- and use-specific requirements of the tyres, including the load coefficients, and identified the highest class containing some products in the EPREL <sup>2</sup> database for each specification as well as checked the tyre classification under DNSH 5 for each vehicle.
6.6 Freight transport services by road <sup>3</sup> : heavy-duty vehicles <sup>4</sup>	Method is analogous to 6.5. Our electric vehicles do not transport any fossil fuels and are evaluated as aligned.
6.15 Infrastructure enabling low-carbon road transport and public transport <sup>3</sup> : infrastructure necessary for transport, <sup>5</sup> for example sorting and distribution centres as well as integral equipment	Sorting and distribution centres, as well as Packstation parcel lockers, enable cargo handling between the modes of transport and therefore fulfil the substantial contribution of this activity. Compliance with the requirements of DNSH 4 could be demonstrated for the construction of new buildings <sup>5</sup> for locations in selected countries in consideration of national waste removal statistics and regulations. The analysis of the location and noise pollution of our sites showed that nearly all of them meet the requirements of DNSH 5 and 6.5
<ul> <li>7.1 Construction of new buildings: Office and administration buildings as well as warehouses</li> <li>7.7 Acquisition and ownership of buildings: Office and administration buildings as well as warehouses</li> </ul>	Alignment could not be evaluated due to a lack of well-founded thresholds for non-residential buildings.

<sup>&</sup>lt;sup>1</sup> EU Taxonomy vehicles classes M1 and N1 (unladen weight of up to 2.8 tonnes and total permitted weight of up to 3.5 tonnes). <sup>2</sup> European Product Registry for Energy Labelling. <sup>3</sup> Not including subcontracted road freight. <sup>4</sup> EU Taxonomy vehicle classes N1 to N3 (unladen weight of more than 2.8 tonnes or total permitted weight of more than 3.5 tonnes). <sup>5</sup> The criteria for recycling requirements for construction and demolition works are not applicable to existing buildings.

#### COMBINED MANAGEMENT REPORT NON-FINANCIAL STATEMENT

#### Template: Proportion of revenue from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022

	-																		
			Substantial contribution criteria DNSH¹ criteria											2022					
Economic activities (1)	Code(s)	Absolute revenue (3) €m	Proportion of revenue (4) %	mitigation	Climate change adaptation (6) %	Water and marine resources (7)	Circular economy (8)	Pollution (9) %		Climate change mitigation (11) Y/N	change	Water and marine resources (13) Y/N	Circular economy (14) Y/N		Biodiversity and ecosystems (16) Y/N	Minimum safeguards (17) Y/N	of revenue (18)	Category (enabling ( activity) (20) E <sup>3</sup>	Catego transition activit (2
A Taxonomy-eligible activities																	<del></del>		
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Transport		11,288	12.0														12.0		
Operation of personal mobility devices, cycle logistics	6.4	2,078	2.2	100.0									Υ				2.2		
Transport by motorbikes, passenger cars and light commercial											<u>_</u>					<u>_</u>			
vehicles	6.5	2,292	2.4	100.0							Υ		Υ	Υ		Υ	2.4		
Freight transport services by road	6.6	188	0.2	100.0							Υ		Y	Y		Y	0.2		
Infrastructure enabling low-carbon road transport and public transport	6.15	6,730	7.2	100.0							Υ	Υ	Y	Υ	Υ	Υ	7.2	Е	
Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1)		11,288	12.0	100.0													12.0		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Transport		38,898	41.1																
Freight rail transport	6.2	92	0.1																
Operation of personal mobility devices, cycle logistics	6.4	49	0.1																
Transport by motorbikes, passenger cars and light commercial																			
vehicles	6.5	8,351	8.8																
Freight transport services by road	6.6	17,371	18.3																
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	6.10	8,029	8.5																
Infrastructure enabling low-carbon road transport and public transport	6.15	5,006	5.3																
Construction and real estate activities		331	0.4																
Construction of new buildings	7.1	330	0.4																
Acquisition and ownership of buildings	7.7	1	0.0																
Revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		39,229	41.5																
Total (A.1 + A.2)		50,517	53.5														53.5	7.2%	0.0%
B Taxonomy-non-eligible activities																			
Revenue of Taxonomy-non-eligible activities (B)		43,919	46.5																
		94,436²	100.0																

<sup>&</sup>lt;sup>1</sup> Do no significant harm. <sup>2</sup> Revenue pursuant to the Income statement. <sup>3</sup> Enabling. <sup>4</sup> Transitional.

#### COMBINED MANAGEMENT REPORT NON-FINANCIAL STATEMENT

#### Template: Proportion of Capex from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

					Sub	stantial cont	ribution crite	eria				DNSH1	criteria				2022		
Economic activities	Code(s)	Absolute Capex	Proportion of Capex		Climate change adaptation	Water and marine	Circular economy	Dellution	Biodiversity and ecosystems	Climate	Climate change adaptation	marine	Circular economy		Biodiversity and ecosystems	Minimum		Category (enabling (	Category transitional activity)
(1)	(2)	(3)	(4)		(6)	resources (7)	(8)	(9)	(10)	(11)	(12)	resources (13)	(14)	(15)	(16)	sareguarus (17)		(20)	(21)
(1)	(2)	(⊃) €m	( <del>4</del> )		(0)	(/) %	(8)	(7) %	(10)	Y/N	(12) Y/N	Y/N	Y/N	(13) Y/N	(10) Y/N			(20) E <sup>10</sup>	(21) T <sup>11</sup>
A Taxonomy-eligible activities																			<u>·</u>
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Transport		2,188	25.2														25.2		
Operation of personal mobility devices, cycle logistics	6.4	12	0.0	100.0												Y	0.0		
Transport by motorbikes, passenger cars and light commercial													<del></del> -						
vehicles	6.5	2123	2.5	100.0							Υ		Υ	Υ		Υ	2.5		
Freight transport services by road	6.6	194	0.2	100.0												Y	0.2		
Infrastructure enabling low-carbon road transport and public													<u>_</u>	<u>_</u>		<u>.</u>			
transport	6.15	1,9565	22.5	100.0							Υ	Υ	Υ	Υ	Υ	Υ	22.5	Е	
Construction and real estate activities		4	0.0														0.0		
Installation, maintenance and repair of energy efficiency																			
equipment	7.3	16	0.0	100.0							Υ			Υ		Υ	0.0	E	
Installation, maintenance and repair of renewable energy																			
technologies	7.6	37	0.0	100.0							Υ					Υ	0.0	Е	
Capex of environmentally sustainable activities																			
(Taxonomy-aligned) (A.1)		2,192	25.2	100.0													25.2		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Transport		1,732	20.0																
Operation of personal mobility devices, cycle logistics	6.4	0	0.0																
Transport by motorbikes, passenger cars and light commercial																			
vehicles	6.5	204	2.3																
Freight transport services by road	6.6	479	5.5																
Infrastructure enabling low-carbon road transport and public																			
transport	6.15	1,049	12.2																
Construction and real estate activities		1,505	17.3																
Construction of new buildings	7.1	8	0.1																
Renovation of existing buildings	7.2	2	0.0																
Installation, maintenance and repair of energy efficiency																			
equipment	7.3	5	0.1																
Installation, maintenance and repair of instruments and devices																			
for measuring, regulation and controlling energy performance																			
of buildings	7.5	1	0.0																
Installation, maintenance and repair of renewable energy																			
technologies	7.6	1	0.0																
Acquisition and ownership of buildings	7.7	1,488	17.1																
Information and communication		10	0.1																
Data processing, hosting and related activities	8.1	10	0.1																
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		3,247	37.4																
Total (A.1 + A.2)		5,439	62.6														62.6	22.5%	0.0%
B Taxonomy-non-eligible activities																			
Capex of Taxonomy-non-eligible activities (B)		3,250	37.4																
Total (A + B)		8.6898,9	100.0																

¹ Do no significant harm. ² Of which property, plant and equipment: €1 million; right-of-use assets: €26 million. ⁴ Of which property, plant and equipment: €1 million; right-of-use assets: €36 million. ⁴ Of which property, plant and equipment: €1 million; right-of-use assets: €1 million; right-of-use assets: €1 million; right-of-use assets: €1 million; right-of-use assets: €26 million. ⁵ Of which property, plant and equipment: €1 million; right-of-use assets: €1 million; right-of-use assets: €1 million; right-of-use assets: €2 million. ⁵ Of which property, plant and equipment: €2 million; right-of-use assets: €2 million. ⁵ Of which property, plant and equipment: €2 million; right-of-use assets: €2 million. ⁵ Of which property, plant and equipment: €2 million; right-of-use assets: €2 million. ⁵ Of which property, plant and equipment: €2 million; right-of-use assets: €2 million. ⁵ Of which property, plant and equipment: €2 million; right-of-use assets: €2 million. ⁵ Of which property, plant and equipment: €2 million; right-of-use assets: €2 million; of which property, plant and equipment: €2 million; right-of-use assets: €2 million; right-of-use assets: €2 million; right-of-use assets: €2 million; of which property, plant and equipment: €2 million; right-of-use assets: €2 million; right-of-use assets: €2 million; right-of-use assets: €2 million; right-of-use assets

#### COMBINED MANAGEMENT REPORT NON-FINANCIAL STATEMENT

#### Template: Proportion of Opex from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022

				Substantial contribution criteria									2022						
Economic activities (1)	Code(s)	Absolute Opex (3) €m	Proportion of Opex (4) %	Climate change mitigation (5)	change	Water and marine resources (7)	Circular economy (8)		Biodiversity and ecosystems (10)	Climate change mitigation (11) Y/N	change	Water and marine resources (13) Y/N	Circular economy (14) Y/N		Biodiversity and ecosystems (16) Y/N	Minimum safeguards (17) Y/N	of Opex (18)	Category (enabling ( activity) (20)	Category transitional activity) (21) T°
A Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Transport		309	11.4														11.4		
Operation of personal mobility devices, cycle logistics	6.4	26²	1.0	100.0							Y		Υ			Y	1.0		
Transport by motorbikes, passenger cars and light commercial			-																
vehicles	6.5	50³	1.8	100.0							Υ		Υ	Υ		Υ	1.8		
Freight transport services by road	6.6	74	0.3	100.0							Υ		Υ	Υ		Υ	0.3		
Infrastructure enabling low-carbon road transport and public transport	6.15	2265	8.3	100.0							Υ	Υ	Υ	Υ	Υ	Υ	8.3	Е	
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		309	11.4	100.0													11.4		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Transport		683	25.2																
Operation of personal mobility devices, cycle logistics	6.4	2	0.1																
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	185	6.8																
Freight transport services by road	6.6	340	12.5																
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	6.10		0.2																
Infrastructure enabling low-carbon road transport and public transport	6.15	151	5.6																
Construction and real estate activities		556	20.5																
Construction of new buildings	7.1	3	0.1																
Acquisition and ownership of buildings	7.7	553	20.4																
Information and communication		22	0.8																
Data processing, hosting and related activities	8.1	22	0.8																
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1,261	46.5																
Total (A.1 + A.2)		1,570	57.9														57.9	8.3%	0.0%
B Taxonomy-non-eligible activities																			
Opex of Taxonomy-non-eligible activities (B)		1,140	42.1																
Total (A + B)		2,7106	100.0																

<sup>1</sup> Do no significant harm. 2 Of which €9 million in costs for maintenance, repairs and replacement parts; €1 million in costs for short-term and low-value leases. 3 Of which €49 million in costs for maintenance, repairs and replacement parts; €1 million in costs for short-term and low-value leases. 4 Of which €6 million in costs for maintenance, repairs and replacement parts. 5 Of which €168 million in expenses for maintenance, repairs and replacement parts; €58 million in costs for short-term and low-value leases. 6 Includes investment-related operating expenditure, in particular costs for maintenance and non-capitalised lease expenses pursuant to Note 14 to the consolidated financial statements. 7 Enabling. 8 Transitional.



# EXPECTED DEVELOPMENTS, OPPORTUNITIES AND RISKS

## **Forecast period**

The information contained in the report on expected developments generally refers to the 2023 financial year.

# **Future economic prospects**

#### Outlook still shaped by uncertainty

The ramifications of the energy crisis in Europe have turned out to be less dramatic than feared last autumn, being mitigated by above-average gas storage levels, a double-digit decline in gas demand by both households and industry and mild winter weather since mid-December. Downward corrections of wholesale energy prices should reduce energy costs guite soon for industrial customers and, in the medium term, also for private households. In addition, China's departure from its zero-COVID policy promises to enable an economic recovery from the second quarter of 2023 onwards. The phase of weak global economic growth during the two quarters saddling the turn of the year 2022/23 nonetheless should weaken average global GDP growth in 2023 anew to 1.9%. This is below pre-pandemic growth rates of more than 3%, which are unlikely to be achieved again for the time being.

For the most important countries and regions, S&P Global predicts the following GDP growth rates in 2023: Chinese economic activity should accelerate markedly to 5.0%, whereas the United States and the eurozone will grow by only 0.5% and 0.2%, respectively. The latest growth forecast for the German economy at 0.3% represents a significant improvement versus a prediction for -1.5% only three months earlier, which is evidence of the major uncertainty in current forecasts.

#### Highly cyclical international express market

Growth in the international express market, particularly in the B2B segment, is highly dependent upon the economic situation. For 2023, we expect below-average growth overall, depending on economic development.

# Air and ocean freight business influenced by the easing of the capacity situation

Particularly with regard to the core business of air and ocean freight, the further development will depend significantly on whether and when the capacity situation eases. In light of the uncertain market situation, this remains difficult to predict, but a recovery in demand is expected in the second half of the year at best. In light of the volatility in capacities and demand, uncertainty with regard to price will remain high.

Of additional significance for the air cargo market is how quickly passenger flights resume, which is also closely linked to how the global economy develops.

In the European road transport market, depending on economic development, we expect moderate volume growth in 2023 following a cautious start, with prices remaining at a consistently high level.

#### Contract logistics market continues to grow

Growth in omnichannel e-commerce will continue to increase the complexity of supply chains. This, together with the apparent vulnerability of traditional supply chains, will increase the demand for flexible and agile solutions, driving outsourcing. Therefore the market for contract logistics is likely to continue growing, yet inflation due to scarcity of labour and capacity represents both an opportunity and a threat.

#### Good growth prospects for eCommerce Solutions

The trend of the increasing share of e-commerce in total retail revenue will continue steadily. We will continue to invest in the expansion of our network and efficient workflows for the last mile so that we remain reliable and affordable for our customers.

#### Stable trends in the relevant post and parcel markets

The German market for paper-based mail communication will decline further as digital communication increases. As part of the digital transformation agenda for Post & Parcel Germany, we will continue to realign our product portfolio to reflect the rise in online communication.

The German advertising market should accelerate slightly in 2023. The shift from paper-based advertising to online marketing will continue.

According to current predictions, the rising number of goods shipments will largely compensate for declining volumes of documents in international business. Whether the compensatory effect is stronger or weaker will depend on developments in cross-border trade restrictions and air freight capacity.



We expect development in e-commerce to stabilise and the German parcel market to grow again in 2023, and are therefore expanding our parcel network and our network of Packstations. We are also expanding our range of electronic communications services, securing our standing as a quality leader and, where possible, making our transport and delivery costs more flexible.

#### **Expected developments**

# Declining income due to the economy still above levels of pre-pandemic years

The 2023 financial year should initially be characterised by economic headwinds: for the development of B2B volumes, at least in the first half of the year, this should mean a continuation of the weak trend from the fourth quarter of 2022. The development of B2C delivery volumes is also likely to be shaped by a certain level of caution on the part of consumers. Overall, the international transport markets should find an equilibrium with prices above those of the last year before the beginning of the pandemic. The start and the momentum behind any potential recovery will be crucial for development in the second half of the year.

To facilitate a better assessment of how an economic recovery in the second half of the year – as expected by many market observers – could impact earnings in 2023, we have considered different scenarios. If there is no significant recovery from the level of the first half of the year, we expect consolidated EBIT of at least €6.0 billion. In the event of only a modest economic recovery in the second

half of the year, we expect consolidated EBIT of around €6.5 billion. A scenario with a dynamic recovery across all markets would result in EBIT of around €7.0 billion.

#### **Expectations for consolidated EBIT**

In the 2023 financial year, we anticipate consolidated EBIT between €6.0 billion and €7.0 billion. The DHL divisions are projected to generate total EBIT between €5.5 billion and €6.5 billion. In the Post & Parcel Germany division, EBIT is forecast to come in at around €1.0 billion. The earnings contributed by Group Functions are expected to amount to around €-0.45 billion.

#### Proposed dividend: €1.85 per share

The Board of Management and the Supervisory Board will propose to the shareholders at the Annual General Meeting on 4 May 2023 a Dividend of €1.85 per share for the 2022 financial year (previous year: €1.80).

#### Group's credit rating remains the same

In consideration of the earnings projections for 2023, we expect no change or even an improvement in our current credit rating by rating agencies as a result.

#### Liquidity remains very solid

Due to the dividend payment for the 2022 financial year in May 2023, our liquidity is expected to decrease up to mid-year 2023. Due to the usually good business development in the second half of the year, the liquidity situation will improve again towards the end of the year.

#### Capital expenditure of €3.4 billion to €3.9 billion intended

Even in the difficult economy at the start of the year, we will make appropriate investments in our strategic targets and future growth and manage spending in accordance with economic development: we plan for capital expenditure (excluding leases) to range between €3.4 billion and €3.9 billion in 2023, whilst focusing on the same areas as in previous years.

#### **Expected EAC and free cash flow**

In view of the expected EBIT development in combination with a predicted increase in the asset charge, we expect the EAC to be down year-on-year. Free cash flow is projected at around €3.0 billion.

#### Limiting greenhouse gas emissions

Development of GHG emissions in 2023 will also depend on the development of the global economy. If transport volumes undergo weaker development, we expect GHG emissions to remain approximately at the prior-year level; if the economy proves to be more dynamic, we aim to limit GHG emissions to a maximum of 39 million tonnes of  $\rm CO_2e$ . This includes decarbonisation effects of 1.3 million tonnes of  $\rm CO_2e$  which we plan to realise in 2023. We continue to expect a significant reduction to not come until the second half of the decade.

#### Continued strong employee engagement

With regard to the Employee Engagement key performance indicator, we are striving for an approval level of more than 80% across the Group in 2023; this level is expected to remain steady until 2025.



#### Increase share of female executives

In 2023, 27.7% of the positions in middle and upper management should be held by women; the share of women should rise to at least 30% by 2025.

#### Reduce LTIFR

We expect to be able to stabilise the LTIFR at 3.5 in 2023; by 2025 this figure should be reduced to less than 3.1.

#### **Conduct compliance-relevant training**

In the reporting year, the share of valid training certificates amongst middle- and upper-level management should remain at the high level and amount to 98%.

#### **External cybersecurity rating**

In the cybersecurity rating from BitSight, we strive for a position in the top quartile of our reference group, which means we expect a rating of at least 710 points. The external rating agency announced after the reporting date that it would be making changes to its method which will have an impact on the rating scale and which could influence our results.

# **Opportunity and risk management**

#### **Uniform reporting standard**

As an internationally operating logistics company, we are facing numerous changes. Our aim is to identify the resulting opportunities and risks at an early stage and take the necessary measures in the specific areas affected in due time to ensure that we achieve a sustained increase in enterprise value. Our Group-wide opportunity and risk management system (RMS) facilitates this aim. Each quarter, executives estimate the impact of future scenarios, evaluate opportunities and risks in their departments and present planned measures as well as those already taken. Queries are made and approvals 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.

We advanced the implementation of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in 2022 and supplemented them with the provisions of the EU Taxonomy. This involves discussing and assessing both transitory and physical risks stemming from climate change using various scenarios. The material risks identified during this process are explained in "Opportunity and risk categories".

Our early-identification process intertwines the RMS throughout the Group into a uniform reporting standard using a proprietary IT application that is constantly updated. Furthermore, we use a Monte Carlo simulation for the purpose of aggregating opportunities and risks in standard evaluations.

The simulation is a stochastic model that takes the probability of occurrence of the underlying risks and oppor-

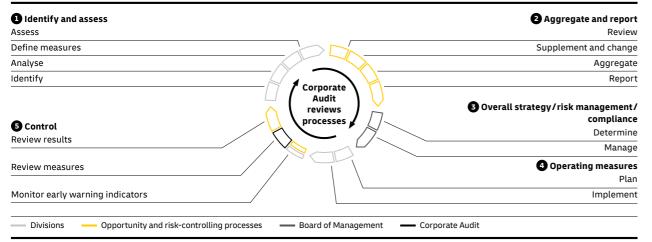
tunities into consideration and is based upon the law of large numbers. Randomly selected scenarios – one for each opportunity and risk – are combined on the basis of the distribution functions for each individual opportunity and risk.

The most important steps in our opportunity and risk management process are:

- Identify and assess: Managers in all divisions and regions evaluate the opportunity and risk situation on a quarterly basis and document the actions taken. They use scenarios to assess best, expected and worst cases. Each identified risk is assigned to at least one risk owner who assesses and monitors the risk, specifies possible procedures for going forward and then files a report. The same applies to opportunities. At least one management process used to measure net risk exposure must be reported for each opportunity or risk. In isolated cases where it is not initially possible to make a quantitative assessment, risks may be assessed on a qualitative basis to ensure that the full scope of all risks is captured. The results are compiled in a database. We also conduct an annual risk workshop for each division with the Divisional Boards, as supplements to the quarterly process. Workshop discussion focuses on opportunities and risks of significance to the whole division. At the same time, newly identified opportunities and risks are subsequently integrated into the quarterly process.
- **Aggregate and report:** The controlling units collect the results, evaluate them and review them for plausibility. If individual financial effects overlap, this is noted in our database and taken into account in the compilation process. After being approved by the division risk owners, all results are passed on to the next level in the hierarchy. The last step is complete when



### Opportunity and risk management process



Corporate Controlling reports to the Group Board of Management and the Supervisory Board on significant opportunities and risks as well as on the potential overall impact each division might experience. For this purpose, opportunities and risks are aggregated for the key organisational levels. We use two methods for this. In the first method, we calculate a possible spectrum of results for the divisions and combine the respective scenarios. The totals for "worst case" and "best case" indicate the total spectrum of results for the respective division. Within these extremes, the total "expected cases" shows current expectations. The second method makes use of a Monte Carlo simulation. the divisional results of which are regularly included in the opportunity and risk reports to the Board of Management and the Supervisory Board.

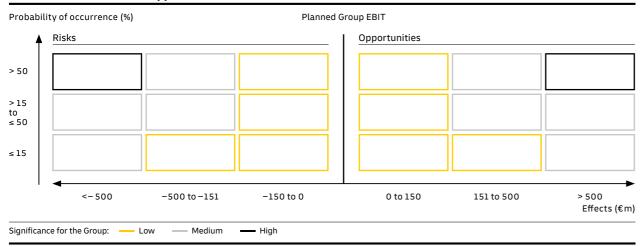
Overall strategy: The Group Board of Management decides on the methodology that will be used to analyse and report on opportunities and risks. The reports created by Corporate Controlling provide the Board of Management with an additional, regular source of information for managing the Group as a whole. The Group Board of Management has defined the thresholds for risk tolerance and risk-bearing ability and uses the Monte Carlo simulation to review the necessity for strategic changes on a quarterly basis. The Board of Management is supported in its duties by a Risk Committee, which analyses individual risks on a quarterly basis and reviews the results from risk reporting. The Risk Committee also regularly discusses adjustments to the opportunity and risk management process.

- Operating measures: The measures to be used to take advantage of opportunities and manage risks are determined within the individual organisational units. They use cost-benefit analyses to assess whether risks can be avoided, mitigated or transferred to third parties.
- Control: With respect to key opportunities and risks, early-warning indicators have been defined that are monitored constantly by the risk owners. Corporate Internal Audit has the task of ensuring that the Board of Management's specifications are adhered to. It also reviews the quality of the entire opportunity and risk management operation. The control units regularly analyse all parts of the process as well as the reports from Corporate Internal Audit and the independent auditor, with the goal of identifying potential for improvement and making adjustments to processes where necessary.

### Reporting and assessing opportunities and risks

In the following, we have reported mainly on those risks and opportunities which, from a current standpoint, could have a significant impact upon the Group during the forecast period beyond the impact already accounted for in the business plan. In addition, we consider both long-term as well as latent opportunities and risks. The risks and opportunities have been assessed in terms of their probability of occurrence and their impact. The assessment is used to classify opportunities and risks as either low, medium or high. Medium and high risks and opportunities are considered significant, and are shown as black or grey in the following table. The following assessment scale is used (measured on a net basis):

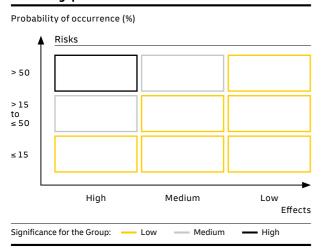
### Classification of risks and opportunities



figures provided in the underlying individual reports exhibit a significant correlation with the performance of the world economy and global economic output. Unless otherwise specified, a low relevance is attached to the individual opportunities and risks within the respective categories. The opportunities and risks generally apply to all divisions, unless indicated otherwise.

The following assessment scale applies to qualitative risk (measured on a net basis):

### Assessing qualitative risk



High-impact risks tend to affect the entire Group, whereas medium-impact risks play out at a divisional level and low-impact risks at a local level. Qualitative risks can be assigned in terms of their impact to financial risk, reputational risk, operational risk and environmental risk.

The opportunities and risks described here are not necessarily the only ones the Group faces or is exposed to. Our business activities could also be influenced by additional factors of which we are currently unaware or which we do not yet consider to be material.

Opportunities and risks are identified and assessed decentrally at Deutsche Post DHL Group. Reporting on possible deviations from projections, as well as long-term and latent opportunities and risks, occurs primarily at the country or regional level. In view of the degree of detail provided in the internal reports, we have combined the decentrally reported opportunities and risks in categories for the purposes of this report. It should be noted that the



### **Opportunity and risk categories**

### Overview of material opportunities and risks

As outlined on the pages that follow and listed in the overview below, we have assigned material opportunities and risks to the following categories:

### Overview of material opportunities and risks

Category	Opportunity/risk	Significance
Corporate strategy	Market pressure on pricing	Medium
Legal and compliance-related	-	_
Capital expenditure and projects	-	_
Operational	Risk of operational restrictions due to climate change	Medium
Human resources	Impact of collective bargaining	Medium
Information technology	IT security incident	Medium
Financial	Currency effects (opportunity and risk)	Medium
Tax-related	-	_
Real estate	-	_
Market- and customer-specific	Inflation Customer insolvencies Development of the global economy Availability of sustainable aviation fuels (SAF) and renewable energy	Medium Medium Medium Medium
Regulation	Regulatory framework of the German post and parcel market Carbon taxation Restriction of greenhouse gas emissions	Medium Medium Medium
Environment, catastrophes and epidemics		_

### Opportunities and risks arising from corporate strategy

Over the past few years, the Group has ensured that its business activities are well positioned in the world's fastest-growing regions and markets. We are also constantly working to create efficient structures in all areas to enable us to flexibly adapt capacities and costs to demand – a condition for lasting, profitable business success. With respect to our strategic orientation, we are focusing upon our core

competencies in the logistics and letter mail businesses with an eye towards growing organically and simplifying our processes for the benefit of our customers. Our earnings projections regularly take account of development opportunities arising from our strategic orientation.

We take action early to counter potential strategic risks. In so doing, it helps that our portfolio of customers and supplier companies are as broad as possible and that we focus on profitable sectors and products, regularly review customer and product performance, practice strict cost management and add surcharges whenever necessary.

In the Express division, our future success depends above all upon general factors such as trends in the competitive environment, costs and quantities transported. Surplus capacities and an increased fixed cost base could lead to market pressure from customers and competitors, which could limit our pricing leeway and which represents a risk of medium significance for us. We plan to keep growing our international business and expect a further increase in shipment volumes over the medium and long term. Based upon this assumption, we are investing in our network, our services, our employees and the DHL brand.

In the Global Forwarding, Freight division, we purchase transport services for customers from airlines, shipping companies and freight carriers rather than providing them ourselves. In the best case, we are able to outsource transport services at such a low rate that we can generate a margin. In the worst-case scenario, we bear the risk of not being able to pass on all price increases to our customers. The extent of our opportunities and risks essentially depends on trends in the supply, demand and pricing of transport services as well as the duration of our contracts.



Comprehensive knowledge in the area of brokering transport services helps us to capitalise on opportunities and minimise risk.

In the Supply Chain division, our success is highly dependent on our customers' business performance. Since we offer companies a widely diversified range of products in different sectors all over the world, we are able to diversify our risk portfolio and thus counteract the incumbent risks. Our future success moreover depends on our ability to continuously improve our existing business, seamlessly integrate new business and grow in our most important markets and segments.

The eCommerce Solutions division is responsible for domestic and international non-time-definite standard parcel delivery services in various countries around the globe. It predominantly serves customers in the fast-growing e-commerce sector. Our goal is to leverage our international resources and services to build a cross-border solutions platform that can be connected to the most cost-efficient networks for last-mile delivery. We want to grow profitably in all sectors and segments. To counteract the fundamental risk of rising cost pressure, we took measures with which we intend to improve network efficiency and cost flexibility.

In the German mail and parcel business, we are responding to the challenges posed by the structural shift from a physical to a digital business and the continual decline in letter mail occurring parallel to the steady increase in volumes of parcels and merchandise mail items. We are counteracting the risk arising from changing demand by expanding our range of services. Due to the rise in e-commerce, we expect our parcel business to continue growing in the coming years and are therefore expand-

ing our network of parcel and Packstations. We are also expanding our range of electronic communications services, securing our standing as a quality leader and, where possible, making our transport and delivery costs more flexible. We follow developments in the market very closely and take them into account in our earnings projections.

We currently do not see any further specific corporate strategy opportunities or risks of material significance, either for the Group or individual divisions.

### Legal and compliance-related opportunities and risks

Legal disputes may arise in case of non-compliance with national or international laws and regulations as well as agreements. Examples are violations of antitrust and competition law or of regulatory, statutory or contractual requirements. Investigations of any such violations may result in considerable costs, penalties and damage to our company's reputation, which could have a disadvantageous impact on the business activities of the Group.

Compliance with external laws, regulations and agreements is a clearly formulated obligation of all employees of the Group, and ensuring this is one of the fundamental tasks of our managers. To support our employees and managers, we have established a corporate compliance unit differentiated according to relevant topics which, on the basis of our risk management system, monitors compliance with Group-wide standards at both Group and divisional level with respect to typical compliance risks. Thus, in addition to our compliance initiative aimed at fighting corruption and violations of cartel and competition law, we have introduced initiatives in all divisions intended to ensure compliance with data protection laws – for example, to ensure adherence to

the provisions of the European Union's General Data Protection Regulation (GDPR). A similar, Group-wide compliance initiative aims to ensure adherence to international and national export controls and embargo regulations. Moreover, our compliance unit supports, co-ordinates and monitors the observance of human rights and the fundamental environmental standards in our own operations as well as in our external supply chain.

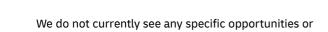
At present, we do not see any specific legal or compliance-related opportunities or risks of material significance.

# Opportunities and risks arising from capital expenditure and projects

The Group invests in maintaining and growing its network, in buildings and technical equipment, in IT solutions and in its fleet of vehicles and freight aircraft. The objective of the investment projects is to strengthen the positioning of our divisions in consideration of aspects related to economic efficiency and ESG.

The risks associated with the investments relate primarily to deviations in costs and timelines as well as to the complexity of the projects and the availability of resources. This can lead to adverse effects on the economic efficiency, continuity and quality of our services.

The aforementioned risks are monitored via ongoing project management and investment controlling so that targeted countermeasures can be taken at an early stage. The status of investment projects is documented on a regular basis and reported to the Group Board of Management and, for larger projects, to the Supervisory Board. Moreover, the Group Board of Management is informed promptly of any critical projects.



risks of significance in the area of investment projects.

### Operational opportunities and risks

Logistics services are generally provided in bulk and require a complex operational and external infrastructure with high quality standards. Any weaknesses with regard to the tendering, sorting, transport, warehousing, customs clearance or delivery of shipments could seriously compromise our competitive position. To consistently guarantee reliability and punctual delivery, processes must be organised so as to proceed smoothly with no technical or personnel-related glitches. We counteract potential operational risks, e.g. through efficient workflows and structures. We also take out insurance policies to guard against potential losses.

Most recently, the war in Ukraine and global pandemic in the past few years have revealed how external factors can restrict our transport routes and means or reduce the availability of our employees, and hence potentially impair our operating performance. For information on the measures we are taking to protect our employees, please refer to the categories titled "Human resources" and "Environment, catastrophes and epidemics".

A large number of internal processes must be aligned so that we can render our services. These include – in addition to our fundamental operating processes – supporting functions such as sales and purchasing. The extent to which we succeed in aligning our internal processes to meet customer needs whilst simultaneously lowering costs correlates with potential positive deviations from the current projections. Our earnings projections already incorporate the expected cost savings.

Increased restrictions imposed by law to combat climate change can be expected in the coming years, including limits on air transport or access to city centres. In certain cases this may also affect our business models. The resulting risk represents a risk of medium significance for us currently.

At this time we do not see any additional specific operational opportunities or risks of material significance.

### Opportunities and risks arising from human resources

It is essential for us to have qualified and motivated employees in order to achieve long-term success. In some markets, however, demographic change and – depending on the region – a tight labour market situation may lead to a scarcity of available workers.

Our work in the area of human resources aims to avoid potential risk that may arise from the changing demographic and social structures. The goal is to motivate our personnel, to provide them with employee development opportunities and to foster their long-term loyalty to the company. Of particular importance in this context is training management and team leaders in our leadership attributes, which are applicable Group-wide and serve as a behavioural compass.

We keep a constant eye on developments in the job market, communicate directly with our employees and endeavour to further enhance our attractiveness to both existing and prospective employees.

The health and safety of our employees are of central importance for Deutsche Post DHL Group. We therefore place high value on health and occupational safety measures. With respect to occupational health, we make use of

initiatives tailored to local requirements and by co-operating across divisions in the management of healthcare initiatives, such as app-supported health and exercise programmes, options to have check-ups performed on-site and a Group-wide employee benefits programme. In addition, we address risk in the area of mental health using a new system for assessing risks associated with mental stresses.

With approximately 600,000 employees (headcount as at 31 December 2022) in over 220 countries and territories, upholding human rights is an important priority also reflected in our own Human Rights Policy Statement. If infringements are reported, we will take appropriate measures for clarification.

Thanks to a targeted and coordinated approach, we were able to limit some of the remaining effects of the pandemic in the year under review without generating any significant repercussions for our Group-wide sickness rate. We foresee similar results for 2023, should the situation require it.

The development of staff costs is a key factor for us due to the large number of employees. The impact of the current collective bargaining in Germany in particular is to be considered a risk of medium significance. Overall, we do not currently see any additional specific personnel-related opportunities or risks of material significance.

### Opportunities and risks arising from information technology

The security of our information systems is particularly important to us. The goal is to ensure continuous IT system operation and prevent unauthorised access to our systems and databases. To this end, we have defined guidelines,



standards and procedures based upon ISO 27001, the international standard for information security management. In addition, IT risks are monitored and assessed on an ongoing basis by Group Risk Management, Corporate Internal Audit, Data Protection and Corporate Security.

For our business processes to run smoothly at all times, the essential IT systems must be continuously available. We have therefore designed our systems to protect against complete system failure. All of our software is updated regularly to address potential bugs, close gaps in security and increase functionality. We employ a patch management process—a defined procedure for managing software upgrades—to control risks that could arise from outdated software or from software upgrades.

We limit access to our systems and data such that employees can only access the data they need to perform their duties. All systems and data are backed up on a regular basis, and critical data are replicated across data centres. In addition to outsourced data centres, we operate central data centres in the Czech Republic, Malaysia and the United States. Our systems are thus geographically separate and can be replicated locally.

To assess risks in the area of information security, we take a uniform Group-wide approach that factors in risks from the lack of availability, manipulation, misuse, spying and infection of data and information, as well as physical damage to IT facilities. In total, these represent a latent risk of medium significance.

We also take continuous action to minimise risk, such as holding regular training courses for our employees and monitoring all of our networks and IT systems globally via our Cyber Defence Centre, along with regular information security incident simulations.

We currently do not see any other specific IT-related opportunities or risks of material significance.

### Financial opportunities and risks

As a global operator, we are exposed to financial opportunities and risks arising from fluctuating foreign exchange rates, interest rates and commodities prices, as well as the Group's capital requirements. Changes in pension obligations also impact our business. We attempt to reduce the volatility of our financial performance due to financial risk by implementing both operational and financial management measures.

With respect to currencies, opportunities and risks result from scheduled foreign currency transactions as well as those budgeted for the future. Any significant currency risks arising from budgeted transactions are quantified as a net position over a rolling 24-month period. Highly correlated currencies are consolidated in blocks. At the Group level, the most important net surpluses are budgeted for the US dollar block as well as for the pound sterling, the Japanese yen and the Australian dollar. The Czech koruna is the only currency with a considerable net deficit. As at the reporting date, there were no significant currency hedges for scheduled foreign currency transactions.

Any general depreciation of the euro presents an opportunity as regards the Group's earnings position. The main risk to the Group's earnings position would be a general appreciation of the euro.

We currently assess the aggregate effect of all foreign currency gains and losses both as an opportunity and a risk of medium relevance for the Group.

As a logistics group, our biggest commodity price risks result from changes in fuel prices (kerosene, diesel

and marine fuels). In the DHL divisions, most of these risks are passed on to customers via operating measures (fuel surcharges).

The key control parameters for liquidity management are the centrally available liquidity reserves. The Group's liquidity is secured over the short and medium terms. Moreover, the Group enjoys open access to the capital markets on account of its good ratings within the industry and is well positioned to ensure that long-term capital requirements are fulfilled. We therefore see no significant risk to the Group at present in the area of liquidity.

Further information on the Group's financial position and finance strategy as well as on the management of financial risks can be found in the Report on economic position and in Note 43 to the consolidated financial statements. Detailed information on risks in relation to the Group's defined benefit retirement plans can be found in Note 37 to the consolidated financial statements.

Risk may also arise from our financial and managerial accounting processes and our budgetary processes. We monitor those processes continuously to prevent such risk from materialising.

We do not currently see any other significant financial opportunities or risks.

### Tax-related opportunities and risks

Due to the international scope of our operations, we are subject to a variety of tax regimes. Opportunities and risks arise from the introduction of new types of taxes, legislative changes and judicial rulings.

We mitigate this risk through continual dialogue with taxation authorities and tax advisors to obtain the greatest possible degree of legal certainty. This allows us to meet



tax compliance requirements in the countries in which we operate to the best of our knowledge and belief. Our Group risk management system incorporates a tax risk management framework that enables us to monitor and avoid tax risk as far as possible.

Currently, we have not identified any significant taxrelated opportunities or risks.

### Opportunities and risks related to real estate transactions

Deutsche Post DHL Group is one of the world's largest corporate users of industrial properties. A large portion of the Group's industrial real estate portfolio consists of leased properties. Ownership solutions have additionally been implemented for a number of especially strategic properties. Our business may be impacted by opportunities and risks arising from the lease, purchase, sale, construction or use of real estate. A global team of real estate professionals manages the Group portfolio and ensures that any opportunities or risks are identified at an early stage and a suitable response is selected.

We negotiate suitable solutions early with our lessors, analyse real estate markets and identify suitable properties for expanding or optimising the current portfolio based on our divisions' business strategies and operational location planning. The main objective is to secure the availability of properties needed for our core business.

We do not currently see any specific opportunities or risks of significance in the area of real estate.

### Market- and customer-specific opportunities and risks

Macroeconomic and sector-specific conditions are a key factor in determining the success of our business. In addition to the development of the global economy, growth in the logistics market and its interaction with our stakeholders – our customers, suppliers and competitors – is of particular importance in this regard. Changes in demand present both opportunities and risks.

As a provider of choice, our business is based on our customers' needs. Our customers are likewise exposed to macroeconomic trends that impact growth in their respective sectors. We monitor market developments on an ongoing basis and review the potential financial effects of relationships with business partners and suppliers at regular intervals to enable us to avert any risk that could arise from potential insolvencies, for example, at an early stage. Our Customer Solutions & Innovation unit uses a risk dashboard for this purpose. Due to the current economic situation, potential customer bankruptcies represent a risk of medium significance.

Global trade weakened significantly due to economic developments, the war in Ukraine, the energy crisis and the corresponding high levels of inflation. In addition, the easing of the previously heavily used market capacities for transport services is leading to a normalisation of freight rates. We expect moderate business performance in 2023. In spite of the expected weakening of global economic growth, we will see opportunities for growth, for instance through structural growth in e-commerce. The general trend of businesses outsourcing processes continues as well. In addition, our DHL divisions are benefitting from rising demand for complex and integrated

logistics solutions thanks to our position as the global market leader.

Our strong position in all the regions in which we operate allows us to compensate for declines in certain trade lanes based on growth in others. Cyclical risks can affect our divisions differently depending on their magnitude and point in time, which could mitigate the total effect. Moreover, we have taken measures in recent years to make costs more flexible and to allow us to respond quickly to changes in market demand. However, a weakening of global economic growth beyond what is expected represents a risk of medium significance.

Deutsche Post and DHL are in competition with already-established companies, as well as new entrants to the market. Such competition can significantly impact our customer base as well as the levels of prices and margins in our markets. In the logistics and letter mail business, the key factors for success are quality, confidence and competitive prices. Thanks to the high quality we offer, along with the cost savings we have generated in recent years, we believe that we shall be able to remain competitive and keep any negative effects at a low level.

As a logistics concern, we are additionally exposed to the effects of fluctuations in market prices on Group profit. The current rise in inflation represents a risk of medium significance.

The availability of renewable energy is of central importance for us to achieve our sustainability goals. In line with our ESG Roadmap, we aim to have more than 30% of the total fuel we use for air freight come from sustainable sources (sustainable aviation fuel – SAF) by 2030. The possibility that the market supply of renewable energy and SAF



may not be sufficient therefore represents a risk of medium significance.

In addition, no significant opportunities or risks are seen at present in this risk category.

### Opportunities and risks arising from political, regulatory or legal conditions

Our business is fundamentally intertwined with the political and legal environment in which we operate. The stability and security of international transport routes represent the first line in this framework, and they could be critically disrupted by events ranging from geopolitical developments to military conflicts such as the war in Ukraine. A number of the indirect effects of the war in Ukraine, such as the development of the global economy and inflation, have been taken into account for the corresponding risks. The remaining direct effects in Russia and Ukraine currently represent a risk of low significance.

In addition, the international transport of goods is subject to the import, export and transit regulations of more than 220 countries and territories as well as their applicable foreign trade laws. In recent years, not only has the number but also complexity of such laws and regulations increased significantly (including their extraterritorial application). Violations are also being pursued more aggressively by the competent authorities, with stricter penalties imposed. We have implemented, on the one hand, ongoing monitoring of the regulatory and legislative developments in the markets most relevant for us and, on the other, a Group-wide compliance programme in response to this development. This comprises the legally prescribed checking of all senders, recipients, suppliers and employees against current

embargo lists. In addition, this includes in particular the legally required review of shipments for the purpose of enforcing applicable export restrictions as well as country sanctions and embargos. Deutsche Post DHL Group also co-operates with the responsible authorities, both in working to prevent violations as well as in assisting in the investigation of any infringements in order to avoid or limit potential sanctions.

A number of risks arise primarily from the fact that the Group provides some of its services in regulated markets. Many of the postal services rendered by Deutsche Post AG and its subsidiaries (particularly the Post & Parcel Germany division) are subject to sector-specific regulation by the German federal network agency (Bundesnetzagentur). The German federal network agency approves or reviews prices, formulates the terms of downstream access, has special supervisory powers to combat market abuse and guarantees the provision of universal postal services. This general regulatory risk could lead to a decline in revenue and earnings in the event of negative decisions.

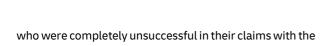
The German federal government agreed in the coalition agreement that the Postal Act would again be amended. The aim is to further enhance social and environmental standards and strengthen fair competition. Depending upon the structure of the new regulatory framework and its application by the German federal network agency, opportunities and risks may arise for the company's regulated areas.

Revenue and earnings risk can arise in particular from the price cap procedure used to determine the rates for individual pieces of letter mail. Approval of the rates for the period from 1 January 2022 to 31 December 2024

was issued by the German federal network agency on 29 April 2022. The German federal network agency is expected to carry out the approval procedure for the rates applicable from 2025 in 2024 on the basis of the version of the German Postal Act (*Postgesetz*) applicable at the time.

An association from the CEP sector has filed an action with the Cologne Administrative Court against the price cap approval of the German federal network agency for the years 2022 to 2024. The proceedings are still pending.

The same CEP association, postal service providers and other customers had previously filed an action with the Cologne Administrative Court against the pricing approval granted as part of the price cap procedure for the years 2019 to 2021. In a ruling issued on 17 August 2022, the Cologne Administrative Court overturned the approval for the years 2019 to 2021 in relation to the association as well as the postal service providers as a result of a ruling of the Federal Administrative Court from 27 May 2020 due to a formal legal error in the context of the underlying legal ordinance. This formal legal error was rectified by the German government through an amendment to the German Postal Act which took effect in March 2021. The Cologne Administrative Court denied the claims of two customers because they had expired. The Cologne Administrative Court has not yet ruled on the claims of four further major customers, because the proceedings have been adjourned. The association's additional application to be granted a new approval for the years 2019 to 2021 was also denied by the Cologne Administrative Court. The association has filed an appeal to this ruling with the Federal Administrative Court, as have the two customers



Cologne Administrative Court; the appeals with the Federal

Administrative Court are still pending.

The rulings of the Cologne Administrative Court from 17 August 2022 are only applicable to the legal relationships with the respective plaintiffs and have no legal impact vis-à-vis other consumers.

One postal service provider, which had also filed an action against the pricing approval for the years 2019 to 2021 with the Cologne Administrative Court, also filed a civil suit for repayment of allegedly excessive conveyance fees for standard letters delivered in 2017. The action is based primarily on the claim that Deutsche Post charged postage whose approval is unlawful pursuant to the ruling of the Federal Administrative Court from 27 May 2020. The action was denied by the Cologne District Court in a ruling from 17 June 2021. The cartel court of the Düsseldorf Higher Regional Court denied the appeal of this ruling on 6 April 2022 and did not permit any further appeals of the ruling. On 2 May 2022, the plaintiff submitted an appeal against non-permission with Germany's Federal Court of Justice to have its appeal allowed.

It cannot currently be ruled out that the effects on existing pricing approvals, or on future price cap procedures, of the court's decisions, the change in the regulatory framework or the actions currently pending could be negative for Deutsche Post. According to current assessments, this represents a medium risk.

We describe other significant legal proceedings in Note 45 to the consolidated financial statements.

The fight against climate change can result in increased regulatory and legal changes in the coming years. An

increase in, or stepped up introduction of, carbon taxes and levies, certification regulations and other direct costs in conjunction with  ${\rm CO_2}$  emissions represents a risk of medium importance for us, as do increased restrictions on GHG emissions. We have implemented ongoing monitoring of the regulatory and legislative developments in the markets most relevant for us in response to this risk, but above all we constantly work to reduce our greenhouse gas emissions and have also set ourselves verified targets from the Science Based Targets Initiative to this end.

We have not identified any other significant opportunities or risks associated with the political, regulatory or statutory environment.

# Opportunities and risks arising from the environment, catastrophes and epidemics

Our business operations can be both positively and negatively impacted by natural disasters, epidemics and ecological factors, also including physical risks caused by climate change such as floods and storms.

The year 2022 was again shaped by the consequences of the COVID-19 pandemic. Measures aimed at containing the pandemic still led to economic restrictions and uncertainty about how the global economy as a whole and our business in particular will fare going forward. Our focus at all times was, and continues to be, on safeguarding the health of our employees. We are therefore making a collective effort to continue to contain the effects of the virus and thus confront the current situation by improving hygiene protocols, enabling mobile working and holding virtual meetings. Currently, the virological development can be given a rather more optimistic outlook. We nevertheless

examine the impact of the pandemic on our operations in the individual regions at regular intervals. In our assessment, COVID-19 is currently a manageable risk and therefore no longer a risk of material significance. This could change if more virulent variants arise.

Overall, we do not currently see any specific opportunities or risks of material significance in this area.

### **Internal control system**

### Structure of the internal control system (ICS)

Our internal control system (ICS) was designed to follow the internationally recognised COSO framework for internal control systems (COSO: Committee of Sponsoring Organizations of the Treadway Commission) and is continuously updated and improved.

A Group-wide guideline sets out the main principles and objectives of the ICS and specifies the structure of the ICS and the underlying role concept for the self-assessment.

The scope of the control objectives to be covered by the ICS is derived from a detailed risk analysis. Based on the risks identified and control objectives, minimum requirements are defined which must be covered through the implementation of suitable controls in the control frameworks of the divisions.

All companies are a part of our ICS. The scope of the activities to be carried out by each entity differs and depends on, amongst other things, the materiality of the entity for the consolidated financial statements and the specific risks which are associated with the entity. All companies are analysed on the basis of quantitative and



qualitative aspects and categorised into companies material to the ICS in consideration of relevant financial figures and functional KPIs.

### Internal control system in the functions

□ Disclosures unrelated to the management report (unaudited), Reporting practice

The ICS of Deutsche Post DHL Group takes the Finance, Human Resources (HR), Compliance and IT functions into account as part of the functional design of the Group-wide risk landscape.

The Group-wide risk landscape is supplemented for the respective function as part of an extended risk analysis and regularly reviewed, also including the consideration of sustainability-related targets within the ESG Roadmap. Risks and controls in this regard are identified and assigned to the respective functions and covered by the control frameworks of the divisions. Self-assessments are carried out in all functions, documented and prepared in a central reporting tool.

From 2023, the Operations function will also be integrated into the ICS throughout the Group. The goal of taking all functions of the Group into account is to ensure compliance with applicable standards and internal Group regulations as well as divisional and local provisions in all business transactions and the core processes.

The compliance management system (CMS) is a major component of the monitoring system of Deutsche Post DHL Group. The CMS was established with the goal of creating rules, standards and processes for conduct compliant with laws and guidelines as well as measurable self-commitments.

It therefore serves to protect Deutsche Post DHL Group from financial risks and damage to its reputation, to minimise personal liability risks of governing bodies, managers and other employees, and to avoid competitive disadvantages.

The CMS is organised according to divisions. The Compliance Committee acts as a joint decision-making body chaired by the Chief Compliance Officer. The Compliance Committee facilitates the exchange of information on developments in compliance management in the individual divisions, co-ordinates fundamental strategic questions related to the CMS and ensures consistent implementation in the divisions.

Compliance management at Deutsche Post DHL Group is based on a values-oriented Code of Conduct which sets out a uniform Group-wide commitment to ethical, responsible and legally compliant conduct in business. Our managers act as role models and should set a good example to promote compliance. Deutsche Post DHL Group uses targeted communication and regular training sessions to help its employees and business partners understand and adhere to the compliance guidelines and regulations.

At Deutsche Post DHL Group, compliance risks are identified and assessed on a regular basis and systematically across all divisions. The identified risks are assessed and analysed according to qualitative criteria and, if necessary, supplemented by further risk minimisation measures.

Our compliance programme comprises the preventive elements of guidelines, training sessions and business partner reviews. In addition, detective elements such as violation reporting and case processing management contribute to ensuring the business integrity of Deutsche Post DHL Group.

### Accounting-related internal control system

The accounting-related ICS is an integral part of the accounting and financial reporting process of the companies included in the Group. The accounting-related ICS aims to ensure the compliance of (Group) accounting and financial reporting with generally accepted principles. Specifically, it is intended to ensure that all transactions are recorded promptly, accurately and in a uniform manner on the basis of the applicable norms, accounting standards and internal Group regulations. Accounting errors are to be avoided in principle and material misrepresentations errors detected promptly.

Within the framework of the ICS, we take organisational and process-related measures which involve all companies in the Group. Centrally standardised accounting guidelines govern the reconciliation of the single-entity financial statements and ensure that international financial reporting standards (EU IFRSs) are applied in a uniform manner throughout the Group. In addition, German generally accepted accounting principles (GAAP) have been established for Deutsche Post AG and the other Group companies subject to HGB reporting requirements. A standard chart of accounts is required to be applied by all Group companies. We immediately assess new developments in international accounting for relevance and announce their implementation in a timely manner, for example in monthly newsletters. Often, accounting processes are pooled in a shared service centre in order to centralise and standardise them. The IFRS financial statements of the individual Group companies are recorded in a standard, SAP-based system and then processed at a central location where one-step consolidation is performed. Other quality assurance components include



automatic plausibility reviews and system validations of the accounting data. In addition, regular, manual checks are carried out centrally at the Corporate Center by Corporate Accounting & Controlling, Taxes and Corporate Finance. If necessary, we call in outside professionals with the requisite expertise. Finally, the Group's standardised process of preparing financial statements by using a centrally administered financial statements calendar guarantees a structured and efficient accounting process.

Both preventive and detective control mechanisms are used to ensure that existing risks are addressed and minimum requirements are met along with all division-specific and local requirements. To maintain the system's effectiveness and implement continuous improvements, the ICS is subjected to regular reviews. To this end, self-assessments are carried out using the dual-control principle and documented in a central IT application. If a self-assessment results in the finding of inadequate control implementation, an action plan must be created and the successful execution thereof must be confirmed by the person responsible for the process.

The results of the self-assessments are documented in a central reporting tool. The Supervisory Board, Board of Management and the functional bodies are regularly informed of the findings. In addition, this information is analysed with regard to potential improvements.

### **Regular monitoring by Corporate Internal Audit**

Over and above the ICS and risk management, Corporate Internal Audit is an essential component of the Group's control and monitoring system. Using risk-based auditing procedures, Corporate Internal Audit regularly examines the processes related to financial reporting and reports its results to the Board of Management.

### Statement on the appropriateness and effectiveness of the RMS and ICS

□ Disclosures unrelated to the management report (unaudited), Reporting practice

Based on the regular reporting on the RMS and ICS, the analysis of the underlying results of the self-assessments and the appraisal of the reports from the internal audit department, the Board of Management is not aware of any circumstances which would cause it to believe that the design of the risk management system and the internal control system is not appropriate and effective for the risk situation of Deutsche Post DHL Group.

It should, however, always be taken into consideration that no ICS, regardless of how well designed, can offer absolute certainty that all material accounting misstatements will be avoided or detected.

### **Overall assessment**

In the 2023 financial year, we anticipate consolidated EBIT between €6.0 billion and €7.0 billion. The DHL divisions are projected to generate total EBIT between €5.5 billion and €6.5 billion. In the Post & Parcel Germany division, EBIT is forecast to come in at around €1.0 billion. The earnings contributed by Group Functions are expected to amount to around €-0.45 billion. In view of the expected EBIT development in combination with a predicted increase in the asset charge, we expect the EAC to be down year-on-year. Free cash flow is projected at around €3.0 billion.

The current business planning has not identified any significant changes in the Group's overall opportunity and risk situation compared with last year's risk report. No new risks with a potentially critical impact upon the Group's result have been identified according to current assessments. Based upon the Group's early warning system and in the estimation of its Board of Management, there were no identifiable risks for the Group in the current forecast period which, individually or collectively, cast doubt upon the Group's ability to continue as a going concern. Nor are any such risks apparent in the foreseeable future. The stable to positive outlook projected for the Group is moreover reflected in our Credit rating.



### **GOVERNANCE**

# Annual Corporate Governance Statement

pursuant to Sections 289f and 315d HGB with respect to Deutsche Post AG and Deutsche Post DHL Group.

### Declaration of Conformity with the German Corporate Governance Code

Deutsche Post AG complied with the suggestions and recommendations of the German Corporate Governance Code in the year under review. This did not include the reserved limitation with regard to the CEO's chairmanship of the supervisory board of Deutsche Telekom AG. The Board of Management and Supervisory Board intend to comply with all suggestions and recommendations in the future. In December 2022, they issued the following declaration of conformity:

The Board of Management and the Supervisory Board of Deutsche Post AG declare that all recommendations of the Government Commission German Corporate Governance Code in the version dated 16 December 2019 have also been complied with after issuance of the Declaration of Conformity in December 2021 – except for the reserved partial restriction regarding recommendation C.5. In the future, all recommendations of the code in the version dated 28 April 2022 shall be complied with.

Dr Frank Appel is permitted to chair the supervisory board of Deutsche Telekom AG until he leaves the company in May 2023.

You can view the current Declaration of Conformity and the Annual Corporate Governance Statement along with the Declarations of Conformity for the past five years on the Company's website.

### Corporate governance principles and shared values

Our business relationships and activities are based upon responsible business practices that comply with applicable laws, international guidelines and ethical standards, and this also forms part of the Group's strategy. Equally, we require our suppliers to act in this way. We encourage relationships with our employees, customers and other stakeholders, as well as the shareholders, whose decisions to select Deutsche Post DHL Group as an employer, supplier or investment are increasingly also based upon the requirement that we apply good corporate governance criteria.

With the Code of Conduct, we have laid out the requirements of the conduct of our employees. It is applicable across all divisions and regions. In the Code of Conduct, we commit ourselves in particular to the principles set out in the United Nations (UN) Global Compact, comply with the principles of the Universal Declaration of Human Rights and follow additional recognised legal standards, including the applicable anti-corruption legislation and agreements. In addition, we take the International Labour Organization (ILO) Declaration on Fundamental Principles

and Rights at Work and the OECD Guidelines for Multinational Enterprises into account. As a long-standing partner of the United Nations, we also support the UN's Sustainable Development Goals (SDGs).

The Code of Conduct also describes our understanding of diversity and inclusion. This understanding and mutual respect promote co-operation within the Group and thus contribute to economic success. The criteria for the recruitment and professional development of our employees are exclusively their skills and qualifications. The members of the Board of Management and the Supervisory Board support the diversity measures, with a particular focus on the Group's goal of increasing the number of women in management.

Doing business includes using our expertise as a service provider in the mail services and logistics sector for the benefit of society and the environment, and we motivate our employees to engage personally in this regard.

Ensuring that our interactions with business partners, shareholders and the public are conducted with integrity and within the bounds of the law is vital to maintaining our reputation. This is also the foundation of Deutsche Post DHL Group's lasting business success. Our compliance management system (CMS) is designed to promote ethical conduct as well as to prevent corruption and anti-competitive conduct in particular. Insights gained from compliance audits and reported violations are also used to continually improve and upgrade the CMS system, Corporate Governance.



### Co-operation between the Board of Management and the Supervisory Board, remuneration, retirement ages

As a listed German public limited company, Deutsche Post AG has a two-tier board structure comprising the Board of Management and the Supervisory Board.

Members of the Board of Management are responsible for the management of the company. The Board of Management's principles governing its internal organisation, management and representation, as well as co-operation between its individual members are set out in rules of procedure. The members of the Board of Management manage their board departments independently, except where decisions of particular significance and consequence for the company or the Group must be made by all members of the Board of Management. They are obligated to subordinate the interests of their individual board departments to the collective interests of the company and to inform the full Board of Management about significant developments in their departments. The Board of Management ensures compliance with statutory provisions and internal guidelines within the company (compliance). The internal control system and the risk management system comprise a CMS aligned with the risk situation of the company and also include risks related to sustainability.

The CEO conducts Board of Management business, aligns board department activities with the company's collective goals and plans, and ensures that corporate policy is carried out. When making decisions, members of the Board of Management may not act in their own personal interest or exploit corporate business opportunities for their own

benefit. Any conflicts of interest must be disclosed to the chairs of the Supervisory Board and the Board of Management without delay; the other Board of Management members must also be informed.

The members of the Supervisory Board appoint, advise and oversee the Board of Management. They propose the remuneration system for Board of Management members to the Annual General Meeting, and – together with the Board of Management – are jointly responsible for the long-term succession planning for the Board of Management.

The retirement age for Board of Management members defined by the Supervisory Board is generally the year in which the Board of Management member reaches the age of 65. The Supervisory Board defined the retirement age for members of the Supervisory Board in such a way that, for nominations for the election of members of the Supervisory Board, attention shall be paid to the fact that the term of office shall end no later than the close of the Annual General Meeting after the Supervisory Board member reaches the age of 72. As a general rule, Supervisory Board members should not serve more than three terms of office.

The company's D&O (directors and officers) insurance for the members of the Board of Management provides for a deductible as set out in the AktG.

The principles governing the Supervisory Board's internal organisation, a catalogue of Board of Management transactions requiring approval and the work of the Supervisory Board committees are governed by the rules of procedure, which are available on the @ Company's website. The Chair elected by the members of the Supervisory Board

from their ranks co-ordinates the work of the Supervisory Board and represents the Supervisory Board publicly. The Chair holds talks with investors on topics relevant to the Supervisory Board. The Supervisory Board represents the company in respect of the Board of Management members. Members of the Supervisory Board receive a fixed annual remuneration of €100,000. The remuneration for each of the chairs (plenary and committees) increases by 100%, for the Deputy Chair of the Supervisory Board and for committee members by 50%. The report on remuneration of Board of Management and Supervisory Board members can be accessed along with the Auditor's Report on the @ Company's website. There are no contracts between the company and Supervisory Board members apart from those governing their Supervisory Board activities and the employment contracts with the employee representatives.

The Supervisory Board meets at least twice each half-year, regularly also without the Board of Management present. Extraordinary Supervisory Board meetings are held whenever decisions need to be made at short notice or particular issues require discussion. In the 2022 financial year, Supervisory Board members held four plenary meetings, 22 committee meetings and one closed meeting. The meetings took place in person, with some members joining virtually, as described in the Report of the Supervisory Board. Not all members were able to participate in two plenary and four committee meetings. In all cases, votes were submitted in writing in advance. The overall attendance rate of 96% is broken down by member in the Report of the Supervisory Board.

The Board of Management and the Supervisory Board regularly discuss the Group's strategy, the divisions' objectives and strategies, the financial position and performance of the company and the Group, key business transactions, the progress of acquisitions and investments, compliance and compliance management, risk exposure and risk management, and all material business planning and related implementation issues.

The Board of Management informs the Supervisory Board promptly and in full about all issues of significance. The Chair of the Supervisory Board and the CEO maintain close contact about current issues; the Chair of the Finance and Audit Committee regularly discusses important matters with the Board member responsible for Finance, even outside of meetings.

Supervisory Board decisions are prepared in advance in separate meetings of the shareholder representatives and the employee representatives, and by the relevant committees. Each plenary Supervisory Board meeting includes a detailed report regarding the committees' work and the decisions made. Supervisory Board members are personally responsible for ensuring they receive training and professional development measures. They receive appropriate support from the company in the process. The core elements are the so-called Directors' Days, which took place in June and September 2022 and which centred around the topic of data analytics at Deutsche Post DHL Group, a follow-up presentation on the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz), the EU Taxonomy and the Corporate Sustainability Reporting Directive (CSRD).

### Succession planning for the Board of Management

The search for suitable Board of Management members is primarily the responsibility of the Executive Committee. In the event of an upcoming vacancy, the Executive Committee selects suitable candidates for personal interviews, taking into account specific requirements for experience and qualifications to be met by the members and the composition of the Board of Management as a whole and, after discussing this list of candidates, submits it to the Supervisory Board.

Potential successors from within the Group are generally given the opportunity to give a presentation on topics from their own areas of responsibility before the Supervisory Board. In this way, the Supervisory Board continuously maintains an overview of promising managers within the Group. When appointing new members to the Board of Management, the Supervisory Board ensures that the different skills and experiences of the members supplements the Board of Management and that its membership is thus diverse. Great store is set by experience in various countries in addition to industry experience. The initial term of service for members of the Board of Management generally runs for three years.

### Independence of shareholder representatives on the Supervisory Board

All Supervisory Board members are independent within the meaning of the German Corporate Governance Code. This exceeds the target of filling at least 60% of mandates on the shareholder side with independent members.

The largest shareholder in the company, KfW Bankengruppe, currently holds 20.49% of the shares in Deutsche Post AG and therefore does not exercise control. Accordingly, Luise Hölscher and Stefan B. Wintels are also independent.

The term of Stefan Schulte, who has been a member of the board for over twelve years, does not affect his independence; it also falls within the framework of the membership limit determined by the Supervisory Board of three terms. When determining independence, the assessment must also include consideration of the term length, along with an overall view of the personality and the duties of the Supervisory Board member, and the conclusion may be reached that other aspects balance out a comparatively longer term of office. A determining factor for the Supervisory Board in considering this overall view remains how Stefan Schulte contributes his considerable expertise and experience to the benefit of the company and, as the Chair of the Financial and Audit Committee, engages the Board of Management in differentiated and critical discussions.

Lawrence Rosen's responsibility for the Finance board department ended more than six years ago and therefore does not impair his independence. At the same time, his profound knowledge of the company and the industry make it possible for him to support the Board of Management as an experienced and expert advisor and to perform the monitoring duties of the Supervisory Board in particular.

No Supervisory Board member exceeds the maximum age limit of 72, holds seats on governing bodies of the Group's main competitors or provides consultancy

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services to, or maintains other personal relationships with, such competitors.

### Effectiveness of the Supervisory Board's advisory and monitoring duties

The Supervisory Board carries out an annual review to determine how effectively it performs its duties. This review is carried out in intensive discussions of all relevant aspects as part of a Supervisory Board meeting, without the Board of Management, and is based upon a questionnaire at least once every three years. Suggestions made by individual members of the Supervisory Board are also taken up and implemented during the year. In the year under review, the Supervisory Board reviewed the effectiveness of its activities in its September meeting. One focus of the discussions was on ensuring and expanding the skills of the Supervisory Board with respect to digitalisation, cybersecurity and sustainability. As a result of these discussions, the Supervisory Board concluded that it had performed its monitoring and advisory duties effectively and efficiently. Constructive collaboration within the Supervisory Board and with Board of Management members in an atmosphere of trust enables duties to be performed in a proper and professional manner.

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

In addition to legal requirements (notably Sections 100 and 107 AktG), the composition of the Supervisory Board is guided by recommendations C.1 and C.6 of the German Corporate Governance Code (DCGK). Overall, the Supervisory Board set the following targets for its composition which also reflect the skills profile it aspires to have:

- When proposing candidates to the Annual General Meeting for election as Supervisory Board members, the Supervisory Board is to be guided purely by the best interests of the company. Subject to this requirement, the Supervisory Board aims to ensure that the independent group of shareholder representatives as defined in C.6 of the German Corporate Governance Code is to account for at least 60% of the Supervisory Board, and that at least 30% of Supervisory Board members are women.
- The company's international activities are already adequately reflected in the current composition of the Supervisory Board. The Supervisory Board strives to maintain this and, for its future proposals to the Annual General Meeting, will consider candidates whose origins, education or professional experience equip them with particular international knowledge and experience.
- The Supervisory Board should collectively serve as a competent advisor to the Board of Management on future issues, in particular digital transformation and sustainability issues.

- The Supervisory Board should collectively have sufficient expertise in the areas of accounting and financial statement audits. This includes knowledge of international developments in the field of accounting. Additionally, the Supervisory Board believes that the independence of its members helps guarantee the integrity of the accounting process and ensure the independence of the auditors.
- Conflicts of interest affecting Supervisory Board members are an obstacle to providing independent efficient advice to, and supervision of, the Board of Management. The Supervisory Board will decide how to deal with potential or actual conflicts of interest on a case-by-case basis, in accordance with the law and giving due consideration to the German Corporate Governance Code.
- In accordance with the age limit adopted by the Supervisory Board and laid down in the rules of procedure for the Supervisory Board, proposals for the election of Supervisory Board members must ensure that their term of office ends no later than the close of the next Annual General Meeting to be held after the Supervisory Board member reaches the age of 72. As a general rule, Supervisory Board members should not serve more than three terms of office.

The current Supervisory Board meets these targets and fulfils this skills profile. The Supervisory Board took targets and the skills profile into account in the election proposals it made to this year's Annual General Meeting.



# Qualification matrix pursuant to C.1 of the German Corporate Governance Code

Skills and qualifications of the individual Supervisory Board members can be found in the following overview.

### **Qualification matrix**

	Dr Nikolaus	Dr Mario	Ingrid	Dr Heinrich	Prof. Dr Luise	Simone	Lawrence	Dr Stefan	Prof. Dr-Ing.	Stefan B.
	von Bomhard	Daberkow	Deltenre	<u>Hiesinger</u>	<u>Hölscher</u>	<u>Menne</u>	Rosen	Schulte	Katja Windt	<u>Wintels</u>
Member since/appointed until	2016/2025	2018/2023	2016/2025	2019/2024	2022/2026	2014/2024	2020/2025	2009/2024	2011/2023	2022/2026
Independence <sup>1</sup>	•	•	•	•	•	•	•	•	•	•
No overboarding <sup>1</sup>	•	•	•	•	•	•	•	•	•	•
Gender	Male	Male	Female	Male	Female	Female	Male	Male	Female	Male
Year of birth	1956	1969	1960	1960	1971	1960	1957	1960	1969	1966
Nationality	German	German	Dutch/Swiss	German	German	German	US American	German	German	German
International experience	•	•	•	•	•	•	•	•	•	•
Educational background	Legal expert	Mathematician	Journalist and educational researcher	Engineer	Business administration	Business administration	Economist	Business administration	Engineer	Business administration
Accounting	•	•			•	•	•	•		•
Financial expert in accordance with Section 100(5) AktG	•	•			•	2	2	2		•
Risk management	•	•	•	•		•	•	•	•	•
Logistics						•	•	•	•	•
Strategy	•	•	•	•	•	•	•	•	•	•
Sustainability	•			•	•	•		•	•	•
Corporate governance/controlling	•	•	•	•	•	•	•	•	•	•
Digitalisation, IT		•	•	•	•		•	•	•	•
Cybersecurity and IT security		•		•	•	•	•		•	
Human resources	•		•	•	•				•	•

<sup>1</sup> In accordance with the German Corporate Governance Code. 2 Expert in the fields of accounting and financial statement auditing within the meaning of Sections 100(5) and 107(4) AktG.

### **Board of Management and Supervisory Board** committees

Business review meetings are held on a quarterly basis for each division, attended by representatives of management, once with the entire Board of Management and the other three times with the CEO and CFO. Additionally, quarterly review meetings are held for the cross-divisional functions with the CEO and CFO as well as representatives of management.

The review meetings involve discussions of strategic initiatives, operational matters and the budgetary situation in the divisions. In addition, all departments have Board committees where decisions are made on the fundamental strategic orientation of the respective department and prominent topics. Finally, the responsible Board departments resolve on investment, real estate and M&A plans within certain threshold limits using defined decision-making and approval processes.

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

The Executive Committee prepares the resolutions to be taken in the plenary meetings regarding the appointment of members to the Board of Management, preparation of their service agreements (including remuneration), the system for remunerating Board of Management members, the establishment of variable remuneration targets, the establishment of variable remuneration according to degrees of target achievement, the review of the appropriateness of

### Committees of the Supervisory Board

#### **Executive Committee**

Dr Nikolaus von Bomhard (Chair)

Andrea Kocsis (Deputy Chair)

Ingrid Deltenre

Thomas Held

Prof. Dr Luise Hölscher (since 6 April 2022)

Thorsten Kühn

Dr Jörg Kukies (until 9 March 2022)

#### **Personnel Committee**

Andrea Kocsis (Chair)

Dr Nikolaus von Bomhard (Deputy Chair)

Ingrid Deltenre

Mario Jacubasch

#### **Finance and Audit Committee**

Dr Stefan Schulte (Chair, independent and expert in the areas of accounting and auditing of financial statements as defined in Sections 100(5) and 107(4) AktG and D.3 of the German Corporate Governance Code)

Stephan Teuscher (Deputy Chair)

Jörg von Dosky (since 22 March 2022)

Prof. Dr Luise Hölscher (since 6 April 2022)

Dr Jörg Kukies (until 9 March 2022)

Simone Menne (independent and expert in the areas of accounting and auditing of financial statements as defined in Sections 100(5) and 107(4) AktG and D.3 of the German Corporate Governance Code)

Yusuf Özdemir

Lawrence Rosen (since 22 March 2022, independent and expert in the areas of accounting and auditing of financial statements as defined in Sections 100(5) and 107(4) AktG and D.3 of the German Corporate Governance Code)

Stefanie Weckesser

#### Strategy and Sustainability Committee

Dr Nikolaus von Bomhard (Chair)

Andrea Kocsis (Deputy Chair)

Dr Günther Bräunig (until 6 May 2022)

Thomas Held

Dr Heinrich Hiesinger

Stephan Teuscher

Stefan B. Wintels (since 6 May 2022)

#### **Nomination Committee**

Dr Nikolaus von Bomhard (Chair)

Ingrid Deltenre

Prof. Dr Luise Hölscher (since 6 April 2022)

Dr Jörg Kukies (until 9 March 2022)

### Mediation Committee (pursuant to Section 27(3) German Co-determination Act)

Dr Nikolaus von Bomhard (Chair)

Andrea Kocsis (Deputy Chair)

Dr Heinrich Hiesinger

Thorsten Kühn

Board of Management remuneration and the remuneration report to be prepared annually. In addition, it regularly focuses on long-term succession planning for the Board of Management.

The Finance and Audit Committee reviews the company's accounts, including sustainability reporting, and oversees its accounting process and the effectiveness of the internal control system, the risk management system and the internal audit system, as well as the audit of the annual financial statements, in particular with respect to audit quality and the independence of the auditors. Consultation with the auditor also takes place without the Board of Management members being present. The Finance and Audit Committee prepares the proposals of the Supervisory Board to be made to the Annual General Meeting concerning the choice of the audit firm and is responsible for carrying out the selection process. As an exception, the 2023 Annual General Meeting will not make a proposal for the appointment of an auditor for the financial year, as the 2022 Annual General Meeting has already appointed Deloitte GmbH Wirtschaftsprüfungsgesellschaft (Deloitte), Munich, as the auditors of the company and the Group for the 2023 financial year and for the audit review of interim financial reports which are compiled from 1 January 2023 until the 2024 Annual General Meeting. Following a selection process in 2020, Deloitte was proposed to the Supervisory Board as the preferred new audit firm by the Finance and Audit Committee. The Supervisory Board followed this recommendation in its proposal to the 2022 Annual General Meeting.

If the auditor is to be engaged to perform non-audit services, the Finance and Audit Committee must also approve any such engagement. It examines corporate compliance and discusses the half-yearly financial reports and the quarterly statements with the Board of Management prior to their publication. Based upon its own assessment, the committee submits proposals for the approval of the annual and consolidated financial statements to the Supervisory Board. As required, the Finance and Audit Committee is also responsible for issuing findings on the required Supervisory Board approvals of significant transactions between the company and related parties.

As previously described, the Chair of the Finance and Audit Committee, Stefan Schulte, is independent and, on account of his many years of experience as the CFO and CEO of Fraport AG and as Chair of the Finance and Audit Committee of Deutsche Post AG, an expert both in accounting as well as in the auditing of financial statements. Of the members of the Finance and Audit Committee, Simone Menne and Lawrence Rosen also have comprehensive expertise in accounting and the auditing of financial statements thanks to their many years of service as board members for finance of Deutsche Lufthansa AG (Menne) as well as Deutsche Post AG and Fresenius Medical Care AG & Co. KGaA (Rosen). In the year under review, two members were added to the Finance and Audit Committee, bringing the total number of members to eight.

An agreement has been reached with the auditor that the Chair of the Supervisory Board and the Chair of the Finance and Audit Committee will be informed without delay of any potential grounds for exclusion or for impairment of the auditors' independence that arise during the audit, to the extent that any such grounds for exclusion or impairment are not immediately remedied. In addition, it has been agreed that the auditor will inform the Supervisory Board without delay of all material findings and incidents occurring in the course of the audit. Furthermore, the auditor must inform the Supervisory Board if, whilst conducting the financial statement audit, any facts are found leading to the Declaration of Conformity issued by the Board of Management and Supervisory Board being incorrect. The Finance and Audit Committee regularly reviews the quality of the financial statement audit. Both in the meeting of the Finance and Audit Committee held in preparation for the financial statements meeting as well as in the meeting of the plenary where the company and consolidated financial statements are approved, the members of the Supervisory Board closely examine the contents and the processes of the financial statement audit.

The Strategy and Sustainability Committee prepares the Supervisory Board's strategy discussions and regularly discusses implementation of the strategy and the competitive position of the enterprise as a whole and of the divisions. In addition, it does preparatory work on corporate acquisitions and divestitures that require the Supervisory Board's approval and takes an in-depth look at ESG topics relevant to the company. These include primarily the implementation of the sustainability strategy, in particular with regard to the goals of reducing CO<sub>2</sub> emissions, the safety and satisfaction of employees, the promotion of the share of women in executive positions and the strengthening of compliance. The corresponding

expertise on the Supervisory Board can be found in the Qualification matrix.

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

The Personnel Committee discusses human resources principles and material topics for the Group, such as safety, recruiting and equal opportunities.

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

Further information about the work of the Supervisory Board and its committees in the 2022 financial year is contained in the Report of the Supervisory Board. The members of the Board of Management and all additional offices held by them as well as the members of the Supervisory Board and all additional offices held by them can be found in Boards and committees. The Board members' curriculum vitae, information about their qualifications and the terms of their current appointments are also published on our Website. The website also has current curriculum vitae of the shareholder representatives on the Supervisory Board along with information on their professional occupation, their membership on the Supervisory Board and their current term of office.

#### Diversity

During succession planning and the selection of members for the Board of Management, the Supervisory Board pays close attention to ensuring that they complement each other in terms of their qualifications, skills and experience. Long-term succession planning in all divisions guarantees that there will be sufficient qualified internal candidates to fill Board of Management positions in future. The early promotion of women in the company also plays a key role. With two women on the Board of Management, the company has exceeded the minimum number applicable since August 2022 under Section 76(3a) AktG, which stipulates that listed companies to which the German Co-determination Act applies with more than three board of management members include at least one woman and one man on the board.

In addition, the target set by the Supervisory Board of a 25% share of women on the Board of Management, which exceeds the statutory participation requirement, to be reached by the end of 2024 will be achieved when Frank Appel leaves the company upon the conclusion of the 2023 Annual General Meeting.

For the period beginning 1 January 2020, the Board of Management set a target of 30% for the percentage of women at Deutsche Post AG at both executive tiers below the Board of Management. We aim to meet these targets by 31 December 2024. The two executive tiers are defined on the basis of their reporting lines: Tier 1 comprises executives assigned to the N-1 reporting line and tier 2 comprises executives from the N-2 reporting line. The share of women in both tiers was 31.7% as at 31 December 2022.

The company intends to increase the share of women in management globally and has therefore set itself the goal of increasing the percentage of women in middle and upper management to at least 30% by 2025. This figure has risen continually in recent years and stood at 26.3% as at 31 December 2022.

The diversity criteria important to the Supervisory Board when considering its own composition are outlined in the list of its goals (skills profile). With a proportion of women of 40%, the Supervisory Board has exceeded its own target of 30%, which also reflects the minimum statutory requirement.

### Shareholders and Annual General Meeting

Shareholders exercise their rights, and in particular their right to receive information and to vote, at the Annual General Meeting. Each share in the company entitles the holder to one vote. The agenda with the proposed resolutions for the Annual General Meeting and additional information will be made available on the company website shortly after the Annual General Meeting is convened. A CV, which provides information about their relevant knowledge, skills and functional experience and contains an overview of their essential duties in addition to the Supervisory Board, is published for each Supervisory Board candidate put forth for election. Moreover, the Qualification matrix offers an overview of the skills and qualifications of the Supervisory Board members.

We assist our shareholders in exercising their voting rights not only by making it possible to submit postal votes but also by appointing company proxies, who cast their votes solely as instructed by the shareholders. Additionally, shareholders can authorise company proxies and submit postal votes via the online service offered by the company. Due to the pandemic, the 2022 Annual General Meeting was also held online in line with the applicable statutory provisions. Shareholders were able to submit their questions online up to one day prior to the AGM. They were able to vote either by absentee ballot or by authorising a company proxy to vote in their place. In addition, beyond the legal requirements, shareholders had the opportunity to ask questions and submit statements regarding the agenda in advance of the Annual General Meeting. The 2023 Annual General Meeting is planned as an in-person event.

The remuneration system applied to Board of Management members must be presented to the Annual General Meeting for approval in the event of significant changes, or at least every four years; the four-year interval also applies to the remuneration of the Supervisory Board members. The 2021 Annual General Meeting approved the Board of Management remuneration system with 93.39% and the Supervisory Board remuneration with 99.46% of the votes cast in favour. The resolution proposed to the Annual General Meeting on the remuneration of the members of the Supervisory Board for 2022 was passed with an approval rate of 99.07%. The Board of Management remuneration system and the resolutions of the Annual General Meeting on the remuneration of Supervisory Board members can also be accessed on the @ Company's website. Information regarding the remuneration of the individual members of the Board of Management and the Supervisory Board can be found in the remuneration reports available there.

### Disclosures required by takeover law

Disclosures required under Sections 289a and 315a HGB and explanatory report.

### Composition of issued capital, voting rights and transfer of shares

As at 31 December 2022, the company's share capital totalled €1,239,059,409 and was composed of the same number of no-par-value registered shares. Each share carries the same rights and obligations stipulated by law and/or in the company's Articles of Association and entitles the holder to one vote at the Annual General Meeting (AGM). There are no shares with special rights conveying powers of control.

The exercise of voting rights and the transfer of shares are based upon statutory provisions and the company's Articles of Association, which places no restrictions on the exercise of voting rights or transfer of shares. Under the Employee Share Plan share-based remuneration programme, stocks are subject to time-related trading restrictions during the two-year holding period. As at 31 December 2022, Deutsche Post AG held a total of 40,320,726 treasury shares, which are excluded from rights for the company in accordance with Section 71b AktG.

### Shareholdings exceeding 10% of voting rights

KfW Bankengruppe (KfW), Frankfurt am Main, is our largest shareholder, holding 20.49% of the share capital. The Federal Republic of Germany holds an indirect stake in Deutsche Post AG via KfW.

# Appointment and replacement of members of the Board of Management

The members of the Board of Management are appointed and replaced in accordance with the relevant statutory provisions (cf. Sections 84 and 85 AktG and Section 31 MitbestG). Article 6 of the Articles of Association stipulates that the Board of Management must have at least two members. Beyond that, the number of Board members is determined by the Supervisory Board. If the Board of Management is comprised of more than three persons, at least one woman and at least one man must be members of the board, cf. Section 76 (3a) AktG.

#### Amendments to the Articles of Association

In accordance with Section 119 (1), Number 6, and Section 179 (1), Sentence 1, AktG, amendments to the Articles of Association are adopted by resolution of the AGM. In accordance with Article 21 (2) of the Articles of Association in conjunction with Sections 179 (2) and 133 (1) AktG, such amendments generally require a simple majority of the votes cast and a simple majority of the share capital represented on the date of the resolution. In such instances where the law requires a greater majority for amendments to the Articles of Association, that majority is decisive.

### Board of Management authorisation, particularly regarding the issue and buy-back of shares

The Board of Management is authorised, subject to the consent of the Supervisory Board, to issue up to 130,000,000 new no-par-value registered shares (2021 Authorised Capital). Details may be found in Article 5 (2) of the Articles of Association. The Articles of Association can be accessed on the Company's website or in the electronic company register. They may also be viewed in the commercial register of the Bonn Local Court.

The Board of Management has furthermore been authorised by resolution of the AGMs of 28 April 2017 (agenda item 7), 24 April 2018 (agenda item 6), 27 August 2020 (agenda item 7) and 6 May 2022 (agenda items 8 and 9) to issue Performance Share Units (PSUs). The authorisation resolutions are included in the notarised minutes of the AGM, which can be viewed in the commercial register. In order to service both current PSUs and those yet to be issued, the AGM approved contingent capital increases. Details may be found in Article 5 of the Articles of Association. As at 31 December 2022, the PSUs already issued conferred rights to up to 28,410,813 Deutsche Post AG shares, assuming the conditions are met. Under the authorisations granted, up to 57,197,508 additional PSUs may still be issued.

The AGM of 6 May 2021 authorised the company to buy back shares on or before 5 May 2026 up to an amount not to exceed 10% of the share capital existing as at the date of adoption of the resolution. Further details, including the option of using the treasury shares acquired on that basis or on the basis of a preceding authorisation, may be

found in the authorisation resolution adopted by the AGM of 6 May 2021 (agenda item 8). In addition, the AGM of 6 May 2021 authorised the Board of Management to buy back shares within the scope specified in agenda item 8, including through the use of derivatives (agenda item 9). The company repurchased 29,608,323 shares in the financial year based upon the authorisation resolution.

# Significant agreements that are conditional upon a change of control following a takeover bid and agreements with members of the Board of Management or employees providing for compensation in the event of a change of control

Deutsche Post AG holds a syndicated credit facility with a volume of €2 billion under an agreement entered into with a consortium of banks. If a change of control within the meaning of the agreement occurs, each member of the bank consortium is entitled, under certain conditions, to cancel its share of the credit facility as well as its share of any outstanding loans and to request repayment. The terms and conditions of the bonds issued under the Debt Issuance Programme established in March 2012 and those of the convertible bond issued in December 2017 also contain change-of-control clauses. In the event of a change of control within the meaning of those terms and conditions, creditors are, under certain conditions, granted the right to demand early redemption of the respective bonds.

In the event of a change of control, any member of the Board of Management is entitled to resign their office for good cause within a period of six months following the change of control after giving three months' notice to the

end of a given month, and to terminate their Board of Management contract (right to early termination). This is not associated with a severance payment claim. With regard to the Annual Bonus Plan with Share Matching for executives. the holding period for the shares will become invalid with immediate effect in the event of a change of control of the company. The participating executives will receive the total number of matching shares corresponding to their investment (or a cash equivalent) in due course. In such a case, the employer will be responsible for any tax disadvantages resulting from a reduction of the holding period. Taxes normally incurred after the holding period are exempt from this provision. Under the Employee Share Plan, if a change of control occurs, any amounts that have already been invested and for which shares have yet to be delivered are reimbursed. Effective immediately, the holding period is waived for shares that have already been granted.



### **INCOME STATEMENT**

### 1 January to 31 December

€m			
	Note	2021	2022
Revenue	11	81,747	94,436
Other operating income	12	2,291	2,925
Changes in inventories and work performed and capitalised	13	348	511
Materials expense	14	-43,897	-53,473
Staff costs	15	-23,879	-26,035
Depreciation, amortisation and impairment losses	16	-3,768	-4,177
Other operating expenses	17	-4,896	-5,712
Net income/expenses from investments accounted for using the equity method	25	32	-39
Profit from operating activities (EBIT)		7,978	8,436
Financial income		191	427
Finance costs		-746	-847
Foreign currency result		-64	-105
Net finance costs	18	-619	-525
Profit before income taxes		7,359	7,911
Income taxes	19	-1,936	-2,194
Consolidated net profit for the period		5,423	5,717
attributable to Deutsche Post AG shareholders		5,053	5,359
attributable to non-controlling interests		370	358
Basic earnings per share (€)	20	4.10	4.41
Diluted earnings per share (€)	20	4.01	4.33

### **STATEMENT OF COMPREHENSIVE INCOME**

### 1 January to 31 December

€m			
	Note	2021	2022
Consolidated net profit for the period		5,423	5,717
Items that will not be reclassified to profit or loss			
Change due to remeasurements of net pension provisions	37	2,005	2,236
Reserve for equity instruments without recycling		16	Ģ
Income taxes relating to components of other compre- hensive income	19	-79	-51
Total, net of tax		1,942	2,194
Items that may be reclassified subsequently to profit or loss Hedging reserves Changes from unrealised gains and losses		27	89
Changes from realised gains and losses			-15
Currency translation reserve Changes from unrealised gains and losses		925	149
Changes from realised gains and losses	<del></del>	0	(
Income taxes relating to components of other comprehensive income	19	-6	-22
Share of other comprehensive income of investments accounted for using the equity method, net of tax		6	2
Total, net of tax		954	20!
Other comprehensive income, net of tax		2,896	2,399
Total comprehensive income		8,319	8,116
attributable to Deutsche Post AG shareholders		7,915	7,759
attributable to non-controlling interests		404	357



### **BALANCE SHEET**

€m			
	Note	31 Dec. 2021	31 Dec. 2022
ASSETS			
Intangible assets	22	12,076	14,096
Property, plant and equipment	23	24,903	28,688
Investment property	24	48	22
Investments accounted for using the equity method	25	111	76
Non-current financial assets	26	1,190	1,216
Other non-current assets	27	587	581
Deferred tax assets	28	1,943	1,440
Non-current assets		40,858	46,119
Inventories	29	593	927
Current financial assets	26	3,088	1,355
Trade receivables	30	11,683	12,253
Other current assets	27	3,588	3,551
Income tax assets	·	230	283
Cash and cash equivalents	31	3,531	3,790
Assets held for sale	32	21	0
Current assets		22,734	22,159
TOTAL ASSETS		63,592	68,278

	Note	31 Dec. 2021	31 Dec. 2022
EQUITY AND LIABILITIES			
Issued capital	33	1,224	1,199
Capital reserves	34	3,533	3,543
Other reserves		-733	-518
Retained earnings	34	15,013	19,012
Equity attributable to Deutsche Post AG shareholders	35	19,037	23,236
Non-controlling interests	36	462	467
Equity		19,499	23,703
Provisions for pensions and similar obligations	37	4,185	1,936
Deferred tax liabilities	28	137	336
Other non-current provisions	38	1,946	1,901
Non-current financial liabilities	39	16,614	17,659
Other non-current liabilities	40	304	321
Non-current provisions and liabilities		23,186	22,153
Current provisions	38	1,208	1,159
Current financial liabilities	39	3,283	4,159
Trade payables		9,556	9,933
Other current liabilities	40	6,138	6,512
Income tax liabilities		717	659
Liabilities associated with assets held for sale	32	5	0
Current provisions and liabilities		20,907	22,422
TOTAL EQUITY AND LIABILITIES		63,592	68,278



### **CASH FLOW STATEMENT**

### 1 January to 31 December

	7		·
€m			
	Note	2021	2022
Consolidated net profit for the period		5,423	5,717
Income taxes		1,936	2,194
Net finance costs		619	525
Profit from operating activities (EBIT)		7,978	8,436
Depreciation, amortisation and impairment losses		3,768	4,177
Net income from disposal of non-current assets		-20	-51
Non-cash income and expense		22	-31
Change in provisions		31	78
Change in other non-current assets and liabilities		-37	-86
Dividend received		4	9
Income taxes paid		-1,323	-1,782
Net cash from operating activities before changes in working capital		10,423	10,750
Changes in working capital Inventories		-137	-301
Receivables and other current assets	<del></del>	-3,317	-102
Liabilities and other items	<del></del>	3,024	618
Net cash from operating activities	42	9,993	10,965
ner cash non operating activities		7,773	10,703
Subsidiaries and other business units		13	69
Property, plant and equipment and intangible assets		190	112
Investments accounted for using the equity method and other investments		1	4
Other non-current financial assets		156	330
Proceeds from disposal of non-current assets		360	515
Subsidiaries and other business units		0	-1,613
Property, plant and equipment and intangible assets		-3,736	-3,912
Investments accounted for using the equity method and other investments		-2	0
Other non-current financial assets		-29	-13
Cash paid to acquire non-current assets		-3,767	-5,538
Interest received		91	180
Current financial assets		-1,508	1,664
Net cash used in investing activities	42	-4,824	-3,179
-		· · · · · ·	



	Nata	2021	2022
	Note Note	2021	2022
Proceeds from issuance of non-current financial liabilities		131	1
Repayments of non-current financial liabilities		-2,903	-3,169
Change in current financial liabilities		16	-41
Other financing activities		111	100
Cash paid for/proceeds from transactions with non-controlling interests		-16	2
Dividend paid to Deutsche Post AG shareholders		-1,673	-2,205
Dividend paid to non-controlling interest holders		-225	-366
Purchase of treasury shares		-1,115	-1,099
Interest paid		-550	-634
Net cash used in financing activities	42	-6,224	-7,411
Net change in cash and cash equivalents		-1,055	375
Effect of changes in exchange rates on cash and cash equivalents		104	-107
Changes in cash and cash equivalents associated with assets held for sale		0	-8
Changes in cash and cash equivalents due to changes in consolidated group		0	-1
Cash and cash equivalents at beginning of reporting period		4,482	3,531
Cash and cash equivalents at end of reporting period	31	3,531	3,790



### **STATEMENT OF CHANGES IN EQUITY**

### 1 January to 31 December

€m									
		_		Other reserves					
	Issued capital	Capital reserves	Hedging reserves	Reserve for equity instruments without recycling	Currency translation reserve	Retained earnings	Equity attributable to Deutsche Post AG shareholders	Non-controlling interests	Total equity
Note	33	34				34	35	36	
Balance as at 1 January 2021	1,239	3,519	-17	-27	-1,622	10,685	13,777	301	14,078
Dividend						-1,673	-1,673	-219	-1,892
Transactions with non-controlling interests			0	0	1	-1	0	-24	-24
Changes in non-controlling interests due to changes in consolidated group							0	0	0
Capital increase/decrease	-15	14				-981	-982	0	-982
Total comprehensive income Consolidated net profit for the period						5,053	5,053	370	5,423
Currency translation differences	<del></del>		·	<del></del>	894		894	37	931
Change due to remeasurements of net pension provisions	<del></del>			<del></del>		1,930	1,930	-3	1,927
Other changes	<del></del>		23	15		0	38		38
Total							7,915	404	8,319
Balance as at 31 December 2021	1,224	3,533	6	-12	-727	15,013	19,037	462	19,499
Balance as at 1 January 2022		3,533	6	-12	<del>-727</del>	15,013	19,037	462	19,499
Dividend						-2,205	-2,205	-371	-2,576
Transactions with non-controlling interests			0	0		-145	-145	6	-139
Changes in non-controlling interests due to changes in consolidated group							0	12	12
Capital increase/decrease		10				-1,195	-1,210	1	-1,209
<b>Total comprehensive income</b> Consolidated net profit for the period						5,359	5,359	358	5,717
Currency translation differences					154		154	-1	153
Change due to remeasurements of net pension provisions						2,185	2,185	0	2,185
Other changes			52	9		0	61	0	61
Total							7,759	357	8,116
Balance as at 31 December 2022	1,199	3,543	58	-3	-573	19,012	23,236	467	23,703



### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF DEUTSCHE POST AG

### **Company information**

Deutsche Post DHL Group is a global mail and logistics group. The Deutsche Post and DHL corporate brands represent a portfolio of logistics (DHL) and communication (Deutsche Post) services. The financial year of Deutsche Post AG and its consolidated subsidiaries is the calendar year. Deutsche Post AG, whose registered office is in Bonn, Germany, is entered in the commercial register of the Bonn Local Court under HRB 6792.

### **Basis of preparation**

As a listed company, Deutsche Post AG prepared its consolidated financial statements in accordance with Section 315e Handelsgesetzbuch (HGB – German Commercial Code) ("consolidated financial statements in accordance with International Financial Reporting Standards") in compliance with International Financial Reporting Standards (IFRSs) and related Interpretations of the International Accounting Standards Board (IASB) as adopted in the European Union in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the European Council on the application of international accounting standards.

### 1 Basis of accounting

The requirements of the standards applied have been satisfied in full, and the consolidated financial statements therefore provide

a true and fair view of the Group's net assets, financial position and results of operations.

The consolidated financial statements consist of the income statement and the statement of comprehensive income, the balance sheet, the cash flow statement, the statement of changes in equity and the notes. In order to improve the clarity of presentation, various items in the balance sheet and in the income statement have been combined. These items are disclosed and explained separately in the notes. The income statement has been classified in accordance with the nature-of-expense method.

The accounting policies and the explanations and disclosures in the notes to the IFRS consolidated financial statements for the 2022 financial year are generally based on the same accounting policies used in the 2021 consolidated financial statements. Exceptions to this are the changes in international financial reporting under the IFRSs described in Note 5 that have been required to be applied by the Group since 1 January 2022. The accounting policies are explained in Note 7.

These consolidated financial statements were authorised for issue by a resolution of the Board of Management of Deutsche Post AG dated 17 February 2023.

The consolidated financial statements are prepared in euros ( $\in$ ). Unless otherwise stated, all amounts are given in millions of euros ( $\in$  million,  $\in$ m).

### 2 Consolidated group

The consolidated group includes all companies controlled by Deutsche Post AG. Control exists if Deutsche Post AG has decision-making powers, is exposed, and has rights, to variable returns, and is able to use its decision-making powers to affect the amount of the variable returns. The Group companies are consolidated from the date on which Deutsche Post DHL Group is able to exercise control.

When Deutsche Post DHL Group holds less than the majority of voting rights, other contractual arrangements may result in the Group controlling the investee.

DHL Sinotrans International Air Courier Ltd. (Sinotrans), China, is a significant company that has been consolidated despite Deutsche Post DHL Group not having a majority of voting rights. Sinotrans provides domestic and international express delivery and transport services and has been assigned to the Express segment. The company is fully integrated into the global DHL network and operates exclusively for Deutsche Post DHL Group. Due to the arrangements in the Network Agreement, Deutsche Post DHL Group is able to prevail in decisions concerning Sinotrans' relevant activities. Sinotrans has therefore been consolidated although Deutsche Post DHL Group holds no more than 50% of the company's share capital.

The complete list of the Group's shareholdings in accordance with Section 313(2), Nos. 1 to 6, and (3) HGB may be viewed in the ② List of shareholdings.

The number of companies consolidated with Deutsche Post AG is shown in the following table:

#### Consolidated group

	2021	2022
Number of fully consolidated companies (subsidiaries)		
German	83	83
Foreign	636	711
Number of joint operations German	1	1
Foreign	0	0
Number of investments accounted for using the equity method		
German	1	1
Foreign	16	16

The increase in the number of companies included in the consolidated group results mainly from the acquisition of ocean freight specialist J.F. Hillebrand Group, including its around 90 fully consolidated companies. In addition to companies being formed, merged and liquidated, further changes resulted from the acquisitions of the Australia-based Glen Cameron Group with



four companies, and the Netherlands-based Monta B.V. Group with a total of 21 companies.

### 2.1 Acquisitions in 2022

The following significant acquisitions occurred in the 2022 financial year:

Name	Country	Segment	Equity interest	Acquisition date
J.F. Hillebrand Group (Hillebrand)	Germany (headquarters)	Global Forwarding, Freight	100	March 2022
Glen Cameron Group (Cameron)	Australia	Supply Chain	100	August 2022
Monta B.V. Group (Monta)	Netherlands	Supply Chain	51	October 2022

### **Hillebrand Group**

At the end of March 2022, Deutsche Post DHL Group acquired Hillebrand, including its around 90 companies. Hillebrand is a global service provider specialised in the ocean freight forwarding, transport and logistics of beverages, non-hazardous bulk liquids and other products that require special care. The acquisition enables Global Forwarding, Freight to expand its business in this market segment. Following the clearance of the transaction by the responsible competition authorities, the purchase price of €1,452 million was paid in full at the end of March 2022.

The final purchase price allocation resulted in non-tax-deductible goodwill of €1,211 million, which is allocated to the Global Forwarding, Freight division. It is mainly attributable to the synergies and network effects expected from the dynamic ocean freight forwarding market. The customer relationships are amortised over a period of 20 years and the brand name over a period of 30 years. The software has a useful life of five years. Current assets include trade receivables of €332 million. There was a difference of €21 million between the gross amount and the carrying amount.

### Opening balance of Hillebrand

	Final fair value
Non-current assets	672
of which Customer relationship	417
Brand name	60
Software	87
Current assets	484
Cash and cash equivalents	72
ASSETS	1,228
Non-current provisions and liabilities	488
of which Deferred taxes	171
Current provisions and liabilities	488
EQUITY AND LIABILITIES	976
Net assets	252
Purchase price paid in cash	1,452
Difference	1,200
Non-controlling interests	
Goodwill	1,211

#### **Cameron Group**

In August 2022, Deutsche Post DHL Group acquired the Australiabased Glen Cameron Group (Cameron). Cameron is a specialist for road freight and contract logistics. The acquisition strengthens the logistics core business of DHL Supply Chain. Current assets include trade receivables of €37 million. There was a difference of €1 million between the gross amount and the carrying amount. The final purchase price allocation resulted in non-tax-deductible goodwill of €28 million. It is mainly attributable to the synergies and network effects expected in road freight and in contract logistics in Australia.

### Opening balance of Cameron

€m	
	Final fair value
Non-current assets	109
Current assets	39
Cash and cash equivalents	6
ASSETS	154
Non-current provisions and liabilities	48
Current provisions and liabilities	18
EQUITY AND LIABILITIES	66
Net assets	88
Purchase price paid in cash	116
Difference	28
Non-controlling interests	0
Goodwill	



### **Monta Group**

DHL Supply Chain acquired a majority holding of 51% in the Netherlands-based e-commerce specialist Monta Group in October 2022. This partnership can support small and mediumsized online shops in e-fulfilment and online sales and, thanks to the international roll-out of Monta's logistics services, Deutsche Post DHL Group can better respond to the specific needs of SMEs and smaller web shops. The measurement of the assets acquired and liabilities assumed has not yet been completed due to time restrictions. The acquisition resulted in preliminary goodwill, which currently amounts to €92 million and cannot be deducted from tax. It is mainly attributable to the synergies and network effects expected from the e-commerce market in the Netherlands. There is an option to purchase the remaining 49% of shares which can be exercised at any time. Current assets include trade receivables of €16 million. There was no difference between the gross amount and the carrying amount. The final purchase price allocation will be presented at a later date.

### Preliminary opening balance of Monta

€m	
····	Preliminary
	fair value
Non-current assets	62
Current assets	18
Cash and cash equivalents	3
ASSETS	83
Non-current provisions and liabilities	51
Current provisions and liabilities	31
EQUITY AND LIABILITIES	82
Net assets	1
Purchase price paid in cash	103
Difference	102
Fair value of the option	
Non-controlling interests	0
Preliminary goodwill	92

€m			
	Hillebrand	Cameron	Monta
Group revenue since			
consolidation	1,640	111	26
Group EBIT since consolidation	79	1	2
Transaction costs			
(reported under other			
operating expenses)	21	1	2

If the companies had already been consolidated as at 1 January 2022, Hillebrand would have additionally generated revenue of €437 million and EBIT of €20 million, Cameron revenue of €155 million and EBIT of €2 million and Monta revenue of €131 million and EBIT of €12 million.

### 2.2 Disposal and deconsolidation effects

The following companies were sold in the 2022 financial year:

### Disposals in 2022

Name	Country	Segment	Equity interest %	Date of disposal
Significant disposals				
StreetScooter companies	Germany, Japan, Switzerland	Group Functions	100	January 2022
Insignificant disposals				
Greenplan GmbH	Germany	Group Functions	100	January 2022
Véron Grauer AG	Switzerland	Global Forwarding, Freight	100	March 2022
DHL Global Forwarding Cote d'Ivoire S.A.	Ivory Coast	Global Forwarding, Freight	100	June 2022
DHL Global Forwarding (Senegal) S.A.	Senegal	Global Forwarding, Freight	100	June 2022



On 3 January 2022, Deutsche Post DHL Group sold the production rights and the complete ownership of the intangible assets for the production of StreetScooter electric vans, as well as all shares in StreetScooter Japan K.K. and StreetScooter Schweiz AG, to ODIN Automotive S.àr.l., Luxembourg. The assets and liabilities had previously been reported under assets held for sale and liabilities associated with assets held for sale. Street-Scooter GmbH, which remains within the Group, continues to serve as a supplier of vehicle parts and batteries and focuses on repairing and maintaining the existing fleet.

€m	
	StreetScooter
Non-current assets	15
Current assets	-
Cash and cash equivalents	2
ASSETS	17
Non-current provisions and liabilities	1
Current provisions and liabilities	5
EQUITY AND LIABILITIES	6
Net assets	11
Consideration	67
Equity interest in ODIN	10
Deconsolidation gain	66

In addition, the sale of Greenplan GmbH, Germany, a provider of route-planning solutions, resulted in income of  $\ensuremath{\mathfrak{C}}$ 3 million, whilst the sale of Véron Grauer AG, a provider of shipment services, generated income of  $\ensuremath{\mathfrak{C}}$ 5 million. These gains are reported under other operating income. The sale of the two African companies led to a loss of less than  $\ensuremath{\mathfrak{C}}$ 1 million reported under other operating expenses.

### 2.3 Joint operations

Joint operations are consolidated in accordance with IFRS 11, based on the interest held.

Aerologic GmbH (Aerologic), Germany, a cargo airline domiciled in Leipzig, is the only joint operation in this regard. Aerologic has been assigned to the Express segment. It was jointly established by Lufthansa Cargo AG and Deutsche Post Beteiligungen Holding GmbH, which each hold 50% of its capital and voting rights. Aerologic's shareholders are simultaneously its customers, giving them access to its freight aircraft capacity. Aerologic mainly serves the DHL Express network from Monday to Friday, and flies for the Lufthansa Cargo network at weekends. Individual aircraft are also used exclusively by the two respective shareholders. In contrast to its capital and voting rights, the company's assets and liabilities, as well as its income and expenses, are allocated based on this user relationship.

### 3 Significant transactions

In addition to the business combinations and disposals of share-holdings mentioned under Note 2, the following significant transactions occurred in the 2022 financial year:

### Share buy-back of up to €3 billion

In February 2022, the Board of Management of Deutsche Post AG resolved a share buy-back programme for up to 50 million shares at a total purchase price of up to €2 billion. The repurchased shares will either be retired, used to service long-term executive remuneration plans and any future employee participation programmes or used to meet potential obligations if rights accruing under the 2017/2025 convertible bond are exercised. The repurchase via the stock exchange started on 8 April 2022 and will end no later than in December 2024. The buy-back programme is based on the authorisation resolved by the company's Annual General Meeting on 6 May 2021, Note 33 and 34.

On 14 February 2023, the Board of Management resolved to expand the current share buy-back programme so that a total of up to 105 million treasury shares are to be purchased at a price of now up to €3 billion through the end of 2024. The purposes remain unaffected.

#### **Business in Russia**

In the first half of the year, the Board of Management decided that the Group would fully cut ties with the businesses in Russia, which resulted in impairment losses for the Russian assets. Due to subsequent changes to the general conditions, however, the intended sale of the companies was no longer possible. It was therefore decided to discontinue business in the Global Forwarding, Freight division entirely, which had almost been completed as at year end. Liquidation of the companies has been planned. For the Express division, discontinuation of business within Russia has been decided, along with restricting shipments to Russia to exclusively humanitarian and diplomatic shipments. This resulted in total one-off effects on EBIT of  $\bigcirc$ 10 million for the Express division and of  $\bigcirc$ 25 million for the Global Forwarding, Freight division from impairment losses,  $\bigcirc$  Note 16, and later reversals of impairment losses,  $\bigcirc$  Note 12, as well as restructuring expenses.

### 4 Adjustment of prior-year figures

There were no adjustments of prior-year figures in the 2022 financial year.



### 5 New developments in international accounting under IFRSs

### New accounting standards effective in the 2022 financial year

The following standards, changes to standards and interpretations must be applied from 1 January 2022:

Standard	Subject matter and significance
Amendment to IFRS 3, Reference to the Conceptual Framework	The amendments contain an update to IFRS 3 so that it refers to the 2018 revision of the Conceptual Framework. Additionally, it stipulates that, for transactions within the
Amendment to trk3 3, Reference to the Conceptual Framework	scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 to identify liabilities assumed in a business combination instead of the Conceptual Framework. Contingent liabilities are excluded from this requirement. IFRS 3 continues to prohibit recognition of contingent assets. The consolidated financial statements were not materially affected.
Amendments to IAS 16, Property, Plant and Equipment – Proceeds	The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced whilst bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended. The consolidated financial statements were not materially affected.
Amendments to IAS 37, Onerous Contracts – Cost of Fulfilling a Contract	The amendment defines the cost of fulfilling a contract. All costs that relate directly to the contract must be included when assessing whether a contract is onerous. The consolidated financial statements were not materially affected.
Annual Improvements to IFRSs (2018–2020 Cycle)	The amendments relate to IFRS 1, First-Time Adoption of International Financial Reporting Standards, IFRS 9, Financial Instruments, IFRS 16, Leases, and IAS 41, Agriculture. The consolidated financial statements were not materially affected.

# New accounting standards adopted by the EU but only effective in future periods

The following standards, changes to standards and interpretations have already been endorsed by the EU. However, they will only be required to be applied in future periods.

Standard	Subject matter and significance
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies (issued on 12 February 2021 and applicable for financial years beginning on or after 1 January 2023)	The amendments serve to assist entities with deciding which accounting policies to disclose in their financial statements. The amendment of IAS 1 explains and requires that a disclosure of "material" rather than "significant" accounting policies must be made. To support this approach, the amendments to IFRS Practice Statement 2 demonstrate the application of the concept of materiality to accounting policy disclosures. The effects on the consolidated financial statements are being assessed.
Amendments to IAS 8, Definition of Accounting Estimates (issued on 12 February 2021 and applicable for financial years beginning on or after 1 January 2023)	The amendments introduced a new definition of accounting estimates and explain how entities should distinguish changes in accounting estimates from changes in accounting policies. The effects on the consolidated financial statements are being assessed.
Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021 and applicable for financial years beginning on or after 1 January 2023)	The amendment limits the exemption from the (initial) recognition of deferred tax in that it no longer applies to transactions for which entities recognise both an asset and a liability (e.g. leases and decommissioning obligations). In future, deferred tax assets and liabilities must be recognised for such transactions to the extent that equal amounts of deductible and taxable temporary differences arise. Application is not expected to have a material effect on the consolidated financial statements.
FRS 17, Insurance Contracts (issued on 18 May 2017), including amendments to IFRS 17 (issued on 25 June 2020 and applicable for financial years beginning on or after 1 January 2023)	The standard will replace IFRS 4, Insurance Contracts, in future. It outlines the principles governing the recognition, measurement, presentation and disclosure of insurance contracts. The objective of the standard is to ensure that the reporting entity provides relevant information that faithfully represents the effect that insurance contracts have on an entity's net assets, financial position, results of operations and cash flows. Application is not expected to have a material effect.
Amendments to IFRS 17, First-Time Adoption of IFRS 17, and IFRS 9, Comparative Information (issued on 9 December 2021 and applicable for financial years beginning on or after 1 January 2023)	The narrow-scope amendment to IFRS 17 permits entities to apply an optional classification overlay, if certain conditions are met, with the aim of providing useful comparative information on financial instruments for 2022. The amendment was issued because the initial application of IFRS 9 is not required to be retroactive, whereas this is the case for IFRS 17. This can result in accounting mismatches for financial instruments. Application is not expected to have a material effect.



### New accounting standards not yet adopted by the EU (endorsement procedure)

The IASB and the IFRIC issued further standards, amendments to standards and interpretations in the 2022 financial year and in previous years whose application is not yet mandatory for the 2022 financial year. The application of these IFRSs is dependent on their adoption by the EU.

Standard	Subject matter and significance
Amendments to IAS 1, Classification of Liabilities as Current or Non-current (issued on 23 January 2020 and applicable for financial years beginning on or after 1 January 2024) and Deferral of the Effective Date	The amendments to IAS 1 relate solely to the presentation of debt and other liabilities in the statement of financial position. They clarify that a liability must be classified as non-current if the entity has a substantial right at the reporting date to defer settlement of the liability for at least 12 months after the reporting date. The determining factor is that such a substantial right exists; no intention to exercise that right is required. No material effects on the consolidated financial statements are expected. The effective date was deferred to 1 January 2024 due to the COVID-19 pandemic.
Amendments to IAS 1, Non-Current Liabilities with Covenants (issued on 31 October 2022 and applicable for financial years beginning on or after 1 January 2024)	The supplementary amendment to IAS 1 clarifies that, if the right to defer payment is subject to compliance with conditions to be met within 12 months of the reporting date, these conditions do not affect the presentation as either current or non-current. Further information on liabilities classified as non-current with covenants is required for risk assessment. No material effects on the consolidated financial statements are expected.
Amendments to IFRS 16, Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and applicable for financial years beginning on or after 1 January 2024)	This amendment adds provisions governing the subsequent measurement of a lease liability in the case of a sale-and-leaseback transaction to the standard. The lease liability is to be measured so that no profit or loss on the right-of-use asset retained results from subsequent measurement. The effects on the consolidated financial statements are being assessed.

### **6** Currency translation

The financial statements of consolidated companies prepared in foreign currencies are translated into euros (€) in accordance with IAS 21 using the functional currency method. The functional currency of foreign companies is determined by the primary economic environment in which they mainly generate and use cash. Within the Group, the functional currency is predominantly the local currency. In the consolidated financial statements, assets and liabilities are therefore translated at the closing rates, whilst periodic income and expenses are generally translated at the monthly

closing rates. The resulting currency translation differences are recognised in other comprehensive income. In the 2022 financial year, currency translation differences amounting to €153 million (previous year: €931 million) were recognised in other comprehensive income, see the statement of comprehensive income.

Goodwill arising from business combinations after 1 January 2005 is treated as an asset of the acquired company and therefore carried in the functional currency of the acquired company.



The exchange rates for the currencies that are significant for the Group were as follows:

			Closing rates		Average rates
Currency	Country	2021 1 EUR =	2022 1 EUR =	2021 1 EUR =	2022 1 EUR =
AUD	Australia	1.5622	1.5723	1.5781	1.5157
CNY	China	7.2024	7.3823	7.6120	7.0875
GBP	United Kingdom	0.8401	0.8866	0.8581	0.8549
HKD	Hong Kong	8.8351	8.3317	9.1859	8.2241
INR	India	84.2390	88.2947	87.3248	82.7138
JPY	Japan	130.4249	140.8789	130.3173	138.1186
SEK	Sweden	10.2528	11.1005	10.1551	10.6552
USD	United States	1.1328	1.0686	1.1816	1.0502

The carrying amounts of non-monetary assets recognised at significant consolidated companies operating in hyperinflationary economies are generally indexed in accordance with IAS 29 and thus reflect the current purchasing power at the reporting date. Turkey has met the criteria regarding a cumulative inflation rate of more than 100% over a period of three years since the beginning of 2022. As a result of the insignificant effects on the consolidated financial statements, it was decided also not to apply the principles of financial reporting in hyperinflationary economies for Turkish companies.

In accordance with IAS 21, receivables and liabilities in the financial statements of consolidated companies that have been prepared in local currencies are translated at the closing rate as at the reporting date. Currency translation differences are recognised in other operating income and expenses in the income statement. In the 2022 financial year, gains from sale-and-leaseback transactions came in at €696 million (previous year: €336 million) and expenses from currency translation

differences at €673 million (previous year: €321 million). In contrast, currency translation differences relating to net investments in a foreign operation are recognised in other comprehensive income.

### 7 Accounting policies

Uniform accounting policies are applied to the annual financial statements of the entities included in the consolidated financial statements. The consolidated financial statements are prepared under the historical cost convention, except for items that are required to be recognised at their fair value.

### Revenue and expense recognition

Deutsche Post DHL Group's normal business operations consist of the provision of logistics services comprising express delivery, freight transport, supply chain management, e-commerce solutions and letter and parcel dispatch in Germany. All income relating to normal business operations is recognised as revenue

in the income statement. All other income is reported as other operating income.

Revenue is recognised when control over the goods or services transfers to the customer, i.e. when the customer has the ability to control the use of the transferred goods or services provided and generally derive their remaining benefits. There must be a contract with enforceable rights and obligations and. amongst other things, the receipt of consideration must be likely, taking into account the customer's credit quality. Revenue corresponds to the transaction price to which the Group is expected to be entitled. Variable consideration is included in the transaction price when it is highly probable that a significant reversal in the amount of revenue recognised will not occur and to the extent that the uncertainty associated with the variable consideration no longer exists. The Group does not expect to have contracts where the period between the transfer of the promised goods and/or services to the customer and payment by the customer exceeds one year. Accordingly, the promised consideration is not adjusted for the time value of money. For each performance obligation, revenue is either recognised at a point in time or over time. The obligation to perform transport services is fulfilled over time and revenue is recognised over the performance period.

The revenue generated by providing other logistics services is recognised in the reporting period in which the service was rendered.

Whenever third parties are involved in the performance of a service, a distinction must be drawn between the principal and agent. If Deutsche Post DHL Group serves as the principal, then the gross amount of revenue is recognised. If the Group acts as the agent, the net amount is recognised. The transaction price for this specific service is limited to the amount of the commission to be received. Deutsche Post DHL Group is generally the principal when transport services are provided.

Operating expenses are recognised in profit or loss when the service is utilised or when the expenses are incurred.



### **Intangible assets**

Intangible assets, which comprise internally generated and purchased intangible assets and purchased goodwill, are measured at amortised cost.

Internally generated intangible assets are recognised at cost if it is probable that their production will generate an inflow of future economic benefits and the costs can be reliably measured. In the Group, this concerns internally developed software. If the criteria for capitalisation are not met, the expenses are recognised immediately in income in the year in which they are incurred. In addition to direct costs, the production cost of internally developed software includes an appropriate share of allocable production overhead costs. Any borrowing costs incurred for qualifying assets are included in the production cost. Value added tax arising in conjunction with the acquisition or production of intangible assets is included in the cost to the extent that it cannot be deducted as input tax.

Intangible assets (excluding goodwill) are amortised using the straight-line method over their useful lives. Impairment losses are recognised in accordance with the principles described in the Impairment section. The useful lives of significant intangible assets are as follows:

#### **Useful lives**

	Years¹
Software	5 to 15
Licences	up to 5
Customer relationships	up to 20

<sup>&</sup>lt;sup>1</sup> The useful lives indicated represent maximum amounts specified by the Group. The actual useful lives may be shorter due to contractual arrangements or other specific factors such as time and location.

Intangible assets with uncertain useful lives are not amortised but are tested for impairment annually or whenever there are indications of impairment. This includes goodwill almost exclusively. Impairment testing is carried out in accordance with the principles described in the Impairment section.

### Property, plant and equipment

Property, plant and equipment is carried at cost, reduced by accumulated depreciation and valuation allowances. In addition to direct costs, production cost includes an appropriate share of allocable production overhead costs. Borrowing costs that can be allocated directly to the purchase, construction or manufacture of property, plant and equipment are capitalised. Value added tax arising in conjunction with the acquisition or production of items of property, plant or equipment is included in the cost to the extent that it cannot be deducted as input tax. Depreciation is charged using the straight-line method. The estimated useful lives applied to the major asset classes are presented in the table below:

#### **Useful lives**

	Years <sup>1</sup>
Buildings	20 to 50
Technical equipment and machinery	10 to 20
Aircraft	15 to 25
IT equipment	4 to 10
Transport equipment and vehicle fleet	5 to 20
Other operating and office equipment	7 to 10
	<del></del>

¹ The useful lives indicated represent maximum amounts specified by the Group. The actual useful lives may be shorter due to contractual arrangements or other specific factors such as time and location.

If there are indications of impairment, an impairment test must be carried out; see the Impairment section.

### Impairment losses

At each reporting date, the carrying amounts of intangible assets, property, plant and equipment and investment property are reviewed for indications of impairment. If there are any such indications, an impairment test is carried out. This is done by determining the recoverable amount of the relevant asset and comparing it with the carrying amount.

In accordance with IAS 36, the recoverable amount is the asset's fair value less costs to sell or its value in use (present value of the pre-tax free cash flows expected to be derived from the asset in future), whichever is higher. The discount rate used for the value in use is a pre-tax rate of interest reflecting current market conditions. If the recoverable amount cannot be determined for an individual asset, the recoverable amount is determined for the smallest identifiable group of assets to which the asset in question can be allocated and which independently generates cash flows (cash generating unit - CGU). If the recoverable amount of an asset is lower than its carrying amount, an impairment loss is recognised immediately in respect of the asset. If it can be determined, the fair value or value in use of the individual assets represents their minimum carrying amount. If, after an impairment loss has been recognised, a higher recoverable amount is determined for the asset or the CGU at a later date, the impairment loss is reversed up to a carrying amount that does not exceed the recoverable amount. The increased carrying amount attributable to the reversal of the impairment loss is limited to the carrying amount that would



have been determined (net of amortisation or depreciation) if no impairment loss had been recognised in the past. The reversal of the impairment loss is recognised in the income statement. Impairment losses recognised in respect of goodwill may not be reversed. Since January 2005, goodwill has been accounted for using the impairment-only approach in accordance with IFRS 3. This stipulates that goodwill must be subsequently measured at cost, less any cumulative adjustments from impairment losses. Purchased goodwill is therefore no longer amortised and instead is tested for impairment annually in accordance with IAS 36, regardless of whether any indication of possible impairment exists, as in the case of intangible assets with an indefinite useful life. In addition, the obligation remains to conduct an impairment test if there is any indication of impairment. Goodwill resulting from company acquisitions is allocated to the CGUs or groups of CGUs that are expected to benefit from the synergies of the acquisition. These groups represent the lowest reporting level at which the goodwill is monitored for internal management purposes. The carrying amount of a CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the unit may be impaired. Where impairment losses are recognised in connection with a CGU to which goodwill has been allocated, the existing carrying amount of the goodwill is reduced first. If the amount of the impairment loss exceeds the carrying amount of the goodwill, the difference is allocated to the remaining non-current assets in the CGU.

#### Leases

A lease is a contract in which the right to use an asset (the leased asset) is granted for an agreed-upon period in return for compensation.

#### Lessee

In accordance with IFRS 16, the Group as lessee has recognised at present value assets for the right of use received and liabilities for the payment obligations entered into for all leases in the balance sheet. Lease liabilities include the following lease payments:

- fixed payments, less lease incentives offered by the lessor:
- variable payments linked to an index or interest rate;
- expected residual payments from residual-value guarantees:
- the exercise price of call options when exercise is estimated to be sufficiently likely; and
- contractual penalties for the termination of a lease if the lease term reflects the exercise of a termination option.

Lease payments are discounted at the interest rate implicit in the lease to the extent that this can be determined. Otherwise, they are discounted at the incremental borrowing rate of the respective lessee.

Right-of-use assets are measured at cost, which comprises the following:

- lease liability:
- lease payments made at or prior to delivery, less lease incentives received:
- · initial direct costs: and
- restoration obligations.

Right-of-use assets are subsequently measured at amortised cost. They are depreciated over the term of the lease using the straight-line method.

The Group makes use of the relief options provided for leases of low-value assets and short-term leases (shorter than twelve months) and expenses the payments in the income statement using the straight-line method. Additionally, the requirements do not apply to leases of intangible assets. The

Group also exercises the option available for contracts comprising both lease and non-lease components to not separate these components, except in the case of real estate and aircraft leases. In addition, under IFRS 8, intra-Group leases – in line with internal management – are generally presented as operating leases in segment reporting.

Extension and termination options exist for a number of leases, particularly for real estate. Such contract terms offer the Group the greatest possible flexibility in doing business. In determining lease terms, all facts and circumstances offering economic incentives for exercising extension options or not exercising termination options are taken into account. Changes due to the exercise or non-exercise of such options are considered in determining the lease term only if they are sufficiently probable.

#### Lessor

For operating leases, the Group reports the leased asset at amortised cost as an asset under property, plant and equipment where it is the lessor. The lease payments received in the period are recognised under other operating income or revenue if they belong to ordinary business activities.

Where the Group is the lessor in a finance lease, it recognises the assets as lease receivables in the amount of the net investment in the balance sheet. Certain subleases embedded in customer contracts are still reported as finance leases at the lessor.

### Investments accounted for using the equity method

Investments accounted for using the equity method cover associates and joint ventures. These are recognised using the equity method in accordance with IAS 28, Investments in Associates and Joint Ventures. Based on the cost of acquisition at the time of



purchase of the investments, the carrying amount of the investment is increased or reduced annually to reflect the share of earnings, dividends distributed and other changes in the equity of the associates and joint ventures attributable to the investments of Deutsche Post AG or its consolidated subsidiaries. An impairment loss is recognised on investments accounted for using the equity method, including the goodwill in the carrying amount of the investment, if the recoverable amount falls below the carrying amount. Gains and losses from the disposal of investments accounted for using the equity method are recognised in other operating income or other operating expenses. Impairment losses and their reversal are recognised in net income/loss from investments accounted for using the equity method.

#### Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets include in particular cash and cash equivalents, trade receivables, originated loans and receivables, and derivative financial assets. Financial liabilities include contractual obligations to deliver cash or another financial asset to another entity. These mainly comprise trade payables, liabilities to banks, liabilities arising from bonds and leases, and derivative financial liabilities.

#### Measurement

The Group measures financial assets at fair value plus the transaction costs directly attributable to the acquisition of these assets on initial recognition if they are not subsequently measured at fair value through profit or loss. The transaction costs of assets measured at fair value through profit or loss are recognised as expenses. For financial liabilities measured according to the fair value option, the part of the change in fair value resulting from

changes in the Group's own credit risk is recognised in other comprehensive income rather than in the income statement.

#### Classification

Financial assets are classified in the measurement categories below. The classification of debt instruments depends on the business model used to manage the financial assets and their contractual cash flows.

#### **DEBT INSTRUMENTS AT AMORTISED COST**

Debt instruments that are assigned to the "hold to collect contractual cash flows" business model and whose cash flows exclusively comprise interest and principal are measured and recognised at amortised cost. Interest income from these financial assets is reported in financial income using the effective interest method.

### DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

Debt instruments assigned to the "hold to collect and sell" business model must be measured and recognised at fair value. Gains and losses from fair value measurement are recognised in other comprehensive income. Cumulative gains and losses are reclassified to the income statement when the financial asset is derecognised.

### DEBT INSTRUMENTS, DERIVATIVES AND EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Debt instruments, derivatives and equity instruments acquired to maximise their cash flows by selling them in the short to medium term are assigned to the "sell" business model. They are measured at fair value. The resulting measurement gains and losses are reported in the income statement.

#### **EQUITY INSTRUMENTS CLASSIFIED AS FVOCI**

Most of the equity instruments that the Group invests in for strategic reasons are assigned to the FVOCI measurement category. They are measured at fair value. The effects of any change in the fair value of these equity instruments are recognised in other comprehensive income. On derecognition, these effects are not reclassified to the income statement. Dividends from such instruments are reported in other income in the income statement.

#### **Impairment losses**

The Group makes a forward-looking assessment of the expected credit losses associated with its debt instruments (expected-credit-loss model).

Expected credit loss (ECL) within the meaning of IFRS 9 is an estimate of credit loss over the expected lifetime of a financial instrument, weighted for the probability of default. A credit loss is the difference between the contractual cash flows to which the Group is entitled and the cash flows expected by the Group. The expected credit loss takes into account the amount and timing of payments. Accordingly, a credit loss may also occur if the Group expects payment to be made in full, but later than the contractually agreed date.

The Group distinguishes between two types of financial assets, both of which are subject to the ECL model: trade receivables and contract assets, on the one hand, and debt instruments measured at amortised cost, on the other. Cash and cash equivalents are also subject to the IFRS 9 impairment rules. However, the impairment loss identified is not material.

ECL is generally measured at the level of individual items; in exceptional cases, such as groups of receivables with the same credit risk characteristics, it is measured collectively at portfolio level. The Standard stipulates the three-stage general approach



to determining credit loss for this process. This does not include trade receivables and contract assets.

In accordance with the three-stage model, debt instruments measured at amortised cost are initially recognised in Stage 1. The expected loss is equal to the loss that may occur due to possible default events in the 12 months following the reporting date. Financial assets that have experienced a significant increase in counterparty credit risk since initial recognition are transferred from Stage 1 to Stage 2. A significant increase includes situations in which debtors are no longer able to meet their payment obligations at short notice or when it appears that the debtor has experienced an actual or expected deterioration in business performance. The credit risk can then be measured using the probability of default (PD) over the instrument's lifetime (lifetime PD). The impairment loss is equivalent to the loss that may occur due to possible default events during the remaining term of the financial asset. Assets must be transferred from Stage 1 to Stage 2 when the contractual payments are more than 30 days past due. If there is objective evidence that a financial asset is impaired, it must be transferred to Stage 3. In cases where payments are more than 90 days past due, there is reason to believe that the debtor is experiencing significant financial difficulties. This constitutes objective evidence of a credit loss. The financial asset must therefore be transferred to Stage 3.

All debt instruments measured at amortised cost are considered to be at low risk of default. The impairment loss recognised in the period was therefore limited to the 12-month expected credit loss. Management considers listed bonds to meet the criteria for a low risk of default when they have been assigned an investment-grade rating by at least one major rating agency. Other instruments qualify for the low-default-risk category if the risk of non-performance is low and the debtor is at all times in a position to meet contractual payment obligations at short notice.

Trade receivables and contract assets are generally short term in nature and contain no significant financing components. According to the simplified impairment approach in IFRS 9, a loss allowance in an amount equal to the lifetime expected credit losses must be recognised for all instruments, regardless of their credit quality. The Group calculates the expected loss using impairment tables for the individual divisions. The loss estimate, documented by way of loss rates, encompasses all of the available information, including historical data, current economic conditions and reliable forecasts of future economic conditions (macroeconomic factors).

Impairment losses on trade receivables and contract assets are offset against gains on the reversal of impairment losses.

Further details are presented in Note 43.

#### **Derivatives and hedges**

The Group began to apply the IFRS 9 hedge accounting requirements as at 1 January 2020. Derivative hedging instruments are used to minimise variations in earnings due to payments in foreign currencies and variable-rate borrowing. The gains and losses from the underlying and hedging transactions are recognised simultaneously in profit or loss (hedge accounting). Depending on the type of risk, the Group uses fair value hedges and cash flow hedges.

A fair value hedge hedges the fair value of recognised assets and liabilities. Changes in the fair value of both the derivatives and the hedged item are recognised in profit or loss simultaneously.

A cash flow hedge hedges the fluctuations in future cash flows from recognised assets and liabilities (in the case of interest rate risks), highly probable forecast transactions as well as unrecognised firm commitments that entail a currency risk. The effective portion of a cash flow hedge is recognised in the

hedging reserve in equity. Ineffective portions resulting from changes in the fair value of the hedging instrument are recognised directly in income. The gains and losses generated by the hedging transactions are initially recognised in equity and are then reclassified to profit or loss in the period in which the financial asset acquired or financial liability assumed affects profit or loss. If a hedge of a firm commitment subsequently results in the recognition of a non-financial asset, the gains and losses recognised directly in equity are included in the initial carrying amount of the asset (basis adjustment).

Net investment hedges in foreign entities are treated in the same way as cash flow hedges. The gain or loss from the effective portion of the hedge is recognised in other comprehensive income, whilst the gain or loss attributable to the ineffective portion is recognised directly in the income statement. The gains or losses recognised in other comprehensive income remain there until the disposal or partial disposal of the net investment.

# **Recognition and derecognition**

Regular-way purchases and sales of financial assets are recognised at the settlement date, with the exception of derivatives in particular. A financial asset is derecognised when the rights to receive the cash flows from the asset have expired or have been transferred, and the Group has transferred essentially all risks and opportunities of ownership. Financial liabilities are derecognised if the payment obligations arising from them have expired.

#### Offsetting

Financial assets and liabilities are offset on the basis of netting agreements (master netting arrangements) only if there is an enforceable right of offset and settlement on a net basis is intended as at the reporting date.



If the right of offset is not enforceable in the normal course of business, the financial assets and liabilities are recognised in the balance sheet at their gross amounts as at the reporting date. The master netting arrangement then creates only a conditional right of offset.

# **Investment property**

In accordance with IAS 40, investment property is property held to earn rentals or for capital appreciation or both, rather than for use in the supply of services, for administrative purposes or for sale in the normal course of the company's business. It is measured in accordance with the cost model. Depreciable investment property is depreciated over a period of between 20 and 50 years using the straight-line method. The fair value is determined on the basis of expert opinions. Impairment losses are recognised in accordance with the principles described in the Impairment section.

# **Inventories**

Inventories are assets that are held for sale in the ordinary course of business, are in the process of production or are consumed in the production process or in the rendering of services. They are measured at the lower of cost or net realisable value. Valuation allowances are charged for obsolete inventories and slow-moving goods.

#### **Government grants**

In accordance with IAS 20, government grants are recognised at their fair value only when there is reasonable assurance that the conditions attached to them will be complied with and that the grants will be received. The grants are reported in the income statement and are generally recognised as income over the periods in which the costs they are intended to compensate for are

incurred. Where the grants relate to the purchase or production of assets, they are reported as deferred income and recognised in the income statement over the useful lives of the assets. Such deferred income is presented in other operating income.

# Assets held for sale and liabilities associated with assets held for sale

Assets held for sale are assets available for sale in their present condition and whose sale is highly probable. The sale must be expected to qualify for recognition as a completed sale within one year of the date of classification. Assets held for sale may consist of individual non-current assets, groups of assets (disposal groups), components of an entity or a subsidiary acquired exclusively for resale (discontinued operations). Liabilities intended to be disposed of together with the assets in a single transaction form part of the disposal group or discontinued operation and are also reported separately as liabilities associated with assets held for sale. Assets held for sale are no longer depreciated or amortised, but are recognised at the lower of their fair value less costs to sell and the carrying amount. Gains and losses arising from the remeasurement of individual non-current assets or disposal groups classified as held for sale are reported in profit or loss from continuing operations until the final date of disposal. Gains and losses arising from the measurement at fair value less costs to sell of discontinued operations classified as held for sale are reported in profit or loss from discontinued operations. This also applies to the profit or loss from operations and the gain or loss on disposal of these components of an entity.

# Cash and cash equivalents

Cash and cash equivalents comprise cash, demand deposits and other short-term liquid financial assets with an original maturity

of up to three months; they are carried at their principal amount. Overdraft facilities used are recognised in the balance sheet as amounts due to banks.

# **Non-controlling interests**

Non-controlling interests are the proportionate minority interests in the equity of subsidiaries and are recognised at their carrying amount. If an interest is acquired from, or sold to, other shareholders without affecting the existing control relationship, this is presented as an equity transaction. The difference between the proportionate net assets acquired from, or sold to, other shareholders and the purchase price is recognised in other comprehensive income. If non-controlling interests are increased by the proportionate net assets, no goodwill is allocated to the proportionate net assets.

#### Share-based payments to executives

Equity-settled share-based payment transactions are measured at fair value at the grant date. The fair value of the obligation is recognised in staff costs over the vesting period. The fair value of equity-settled share-based payment transactions is determined using internationally recognised valuation techniques.

Cash-settled, share-based payments (stock appreciation rights, SARs) are measured on the basis of an option pricing model in accordance with IFRS 2. The stock appreciation rights are measured on each reporting date and on the settlement date. The amount determined for stock appreciation rights that will probably be exercised is recognised pro rata in income under staff costs, to reflect the services rendered as consideration during the vesting period (lock-up period). A provision is recognised for the same amount. Changes in value due to share price movements occurring after the grant date are recognised as other finance costs in net finance costs.



## Retirement benefit plans

There are arrangements (plans) in many countries under which the Group grants post-employment benefits to its employees. These benefits include pensions, lump-sum payments on retirement and other post-employment benefits and are referred to in these disclosures as retirement benefits, pensions and similar benefits, or pensions. A distinction must be made between defined benefit and defined contribution plans.

#### THE GROUP'S DEFINED BENEFIT RETIREMENT PLANS

Defined benefit obligations are measured using the projected unit credit method prescribed by IAS 19. This involves making certain actuarial assumptions. Most of the defined benefit retirement plans are at least partly funded via external plan assets. The remaining net liabilities are funded by provisions for pensions and similar obligations; net assets are presented separately as pension assets. Where necessary, an asset ceiling must be applied when recognising pension assets. With regard to the cost components, the service cost is recognised in staff costs, net interest cost in net finance costs and the remeasurements outside the income statement in other comprehensive income. Any rights to reimbursement are reported separately in financial assets.

# DEFINED CONTRIBUTION RETIREMENT PLANS FOR CIVIL SERVANT EMPLOYEES IN GERMANY

In accordance with statutory provisions, Deutsche Post AG pays contributions for civil servants employees in Germany to retirement plans which are defined contribution retirement plans for the company. These contributions are recognised in staff costs.

Under the provisions of the Gesetz zum Personalrecht der Beschäftigten der früheren Deutschen Bundespost (PostPersRG – Former Deutsche Bundespost Employees Act), Deutsche Post AG provides retirement benefits and assistance benefits through the

Postbeamtenversorgungskasse (PVK – Postal civil servant pension fund) at the Bundesanstalt für Post und Telekommunikation (BAnst PT – German federal post and telecommunications agency) to retired employees or their surviving dependants who are entitled to benefits on the basis of a civil service appointment. The amount of Deutsche Post AG's payment obligations is governed by Section 16 PostPersRG. This act obliges Deutsche Post AG to pay into the PVK an annual contribution of 33% of the gross compensation of its active civil servants and the notional gross compensation of civil servants on leave of absence who are eligible for a pension.

Under Section 16 PostPersRG, the federal government makes good the difference between the current payment obligations of the PVK on the one hand, and the funding companies' current contributions or other return on assets on the other, and guarantees that the PVK is able at all times to meet the obligations it has assumed in respect of its funding companies. Insofar as the federal government makes payments to the PVK under the terms of this guarantee, it cannot claim reimbursement from Deutsche Post AG.

# DEFINED CONTRIBUTION RETIREMENT PLANS FOR THE GROUP'S HOURLY WORKERS AND SALARIED EMPLOYEES

Defined contribution retirement plans are in place for the Group's hourly workers and salaried employees, particularly in the United Kingdom, the United States and the Netherlands. The contributions to these plans are also reported in staff costs.

This also includes contributions to certain multi-employer plans which are basically defined benefit plans, especially in the United States and the Netherlands. However, the relevant institutions do not provide the participating companies with sufficient information to use defined benefit accounting. The plans are therefore accounted for as if they were defined contribution plans.

Regarding these multi-employer plans in the United States. contributions are made based on collective agreements between the employer and the local union, with the involvement of the pension fund. There is no employer liability to any of the plans beyond the bargained contribution rates except in the event of a withdrawal meeting specified criteria, which could then include a liability for other entities' obligations as governed by US federal law. The expected employer contributions to the funds for 2023 are €77 million (actual employer contributions in the reporting period: €81 million, in the previous year: €66 million). Some of the plans in which Deutsche Post DHL Group participates are underfunded according to information provided by the funds. No information is available to the Group that would indicate any change from the contribution rates set by current collective agreements. Deutsche Post DHL Group does not represent a significant level to any fund in terms of contributions, with the exception of one fund where the Group represents the largest employer in terms of contributions.

Contribution rates for one multi-employer retirement plan in the Netherlands are determined each year by the management body of the pension fund with the involvement of the central bank of the Netherlands, based on cost coverage. These contribution rates are the same for all employers and employees involved. There is no liability for the employer towards the fund beyond the contributions set, even in the case of withdrawal or obligations not met by other entities. Any subsequent underfunding ultimately results in the rights of members being cut and/or no indexation of their rights. The expected employer contributions to the fund for 2023 are €35 million (actual employer contributions in the reporting period: €31 million, in the previous year: €28 million). As at 31 December 2022, the coverage degree of plan funding was above a required minimum of approximately 105%, according to information provided by



the fund. Deutsche Post DHL Group does not represent a significant portion of the fund in terms of contributions.

# Other provisions

Other provisions are recognised for all legal or constructive obligations to third parties existing at the reporting date that have arisen as a result of past events, that are expected to result in an outflow of future economic benefits and whose amount can be measured reliably. They represent uncertain obligations that are carried at the best estimate of the expenditure required to settle the obligation. Provisions with more than one year to maturity are discounted at market rates of interest that reflect the region and time to settlement of the obligation. The discount rates used in the financial year were between -0.00% and 10.75% (previous year: -0.30% to 10.00%). The effects arising from changes in interest rates are recognised in net financial income/net finance cost.

Provisions for restructurings are only established in accordance with the aforementioned criteria for recognition if a detailed, formal restructuring plan has been drawn up and communicated to those affected.

The technical reserves (insurance) consist mainly of outstanding loss reserves and IBNR (incurred but not reported claims) reserves. Outstanding loss reserves represent estimates of obligations in respect of actual claims or known incidents expected to give rise to claims, which have been reported to the company but which have yet to be finalised and presented for payment. Outstanding loss reserves are based on individual claim valuations carried out by the company or its ceding insurers. IBNR reserves represent estimates of obligations in respect of incidents taking place on or before the reporting date that have not been reported to the company. Such reserves also include provisions for potential errors in settling outstanding

loss reserves. The company carries out its own assessment of ultimate loss liabilities using actuarial methods and also commissions an independent actuarial study of these each year in order to verify the reasonableness of its estimates.

#### Financial liabilities

Financial liabilities are carried at fair value less transaction costs on initial recognition. The price determined in an efficient and liquid market or a fair value determined using the treasury risk management system deployed within the Group is taken as the fair value. Financial liabilities are measured at amortised cost in subsequent periods. Any differences between the amount received and the amount repayable are recognised in the income statement over the term of the loan using the effective interest method.

Disclosures on financial liabilities under leases can be found in the Leases section.

#### CONVERTIBLE BOND ON DEUTSCHE POST AG SHARES

The convertible bond on Deutsche Post AG shares is split into an equity and a debt component, in line with the contractual arrangements. The debt component, less the transaction costs, is reported under financial liabilities (bonds), with interest added back up to the issue amount over the term of the bond using the effective interest method (unwinding of the discount). The value of the call option, which allows Deutsche Post AG to redeem the bond early if a specified share price is reached, is attributed to the debt component in accordance with IAS 32.31. The conversion right is classified as an equity derivative and is reported in capital reserves. The carrying amount is calculated by assigning to the conversion right the residual value that results from deducting the amount calculated separately for the debt component from the fair value of the instrument as a whole. The transaction costs are deducted on a proportionate basis.

#### Liabilities

Trade payables and other liabilities are carried at amortised cost. Most of the trade payables have a maturity of less than one year. The fair value of the liabilities corresponds more or less to their carrying amount.

#### **Deferred taxes**

In accordance with IAS 12, deferred taxes are recognised for temporary differences between the carrying amounts in the IFRS financial statements and the tax accounts of the individual entities. Deferred tax assets also include tax reduction claims which arise from the expected future utilisation of existing tax loss carryforwards and which are likely to be realised. The recoverability of the tax reduction claims is assessed on the basis of each entity's earnings projections, which are derived from the Group projections and take any tax adjustments into account. The planning horizon is five years.

In compliance with IAS 12.24(b) and IAS 12.15(b), deferred tax assets or liabilities were only recognised for temporary differences between the carrying amounts in the IFRS financial statements and in the tax accounts of Deutsche Post AG where the differences arose after 1 January 1995. No deferred tax assets or liabilities are recognised for temporary differences resulting from initial differences in the opening tax accounts of Deutsche Post AG as at 1 January 1995.

In accordance with IAS 12, deferred tax assets and liabilities are calculated using the tax rates applicable in the individual countries at the reporting date or announced for the time when the deferred tax assets and liabilities are realised. The tax rate applied to German Group companies is unchanged at 30.5%. It comprises the corporation tax rate plus the solidarity surcharge, as well as a municipal trade tax rate that is calculated as the average of the different municipal trade tax rates. Foreign



Group companies use their individual income tax rates to calculate deferred tax items. The income tax rates applied for foreign companies amount to up to 38% (previous year: 38%).

#### Income taxes

Income tax assets and liabilities are recognised when they are probable. They are measured at the amounts for which repayments from, or payments to, the tax authorities are expected to be received or made. If uncertain tax items are recognised because they are probable, they are measured at their most likely amount. Tax-related fines are recognised in income taxes if they are included in the calculation of income tax liabilities, due to their inclusion in the tax base and/or tax rate. All income tax assets and liabilities are current and have maturities of less than one year.

# **Contingent liabilities**

Contingent liabilities represent possible obligations whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the control of the enterprise. Contingent liabilities also include certain obligations that will probably not lead to an outflow of resources embodying economic benefits, or where the amount of the outflow of resources embodying economic benefits cannot be measured with sufficient reliability. In accordance with IAS 37, contingent liabilities are not recognised in the balance sheet.

# 8 Exercise of judgement in applying the accounting policies

The preparation of IFRS-compliant consolidated financial statements requires the exercise of judgement by management. All estimates are reassessed on an ongoing basis and are based on historical experience and expectations with regard to future events that appear reasonable under the given circumstances. For example, this applies to assets held for sale. In this case, management must determine whether the assets are available for sale in their present condition and whether their sale is highly probable. If that is the case, the assets and associated liabilities must be measured and recognised as assets held for sale or liabilities associated with assets held for sale.

# Estimates and assessments made by management

The preparation of the consolidated financial statements in accordance with IFRSs requires management to make certain assumptions and estimates that may affect the amounts of the assets and liabilities included in the balance sheet, the amounts of income and expenses, and the disclosures relating to contingent liabilities. Examples of the main areas where assumptions, estimates and the exercise of management judgement occur are the recognition of provisions for pensions and similar obligations, the calculation of discounted cash flows for impairment testing and purchase price allocations, taxes and legal proceedings. Disclosures regarding the assumptions made in connection with the Group's defined benefit retirement plans can be found in Note 37.

The Group has operating activities around the globe and is subject to local tax laws. Management can exercise judgement when calculating the amounts of current and deferred taxes in the relevant countries. Although management believes that it has made a reasonable estimate relating to tax matters that are inherently uncertain, there can be no guarantee that the actual outcome of these uncertain tax matters will correspond exactly to the original estimate made. Any difference between actual events and the estimate made could have an effect on tax liabilities and deferred taxes in the period in which the matter is finally decided. The amount recognised for deferred tax assets could be reduced if the estimates of planned taxable income or

changes to current tax laws restrict the extent to which future tax benefits can be realised.

Goodwill is regularly reported in the Group's balance sheet as a consequence of business combinations. When an acquisition is initially recognised in the consolidated financial statements, all identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. One of the important estimates this requires is the determination of the fair values of these assets and liabilities at the date of acquisition. Land, buildings and office equipment are generally valued by independent experts, whilst securities for which there is an active market are recognised at the quoted exchange price. If intangible assets are identified in the course of an acquisition, their measurement can be based on the opinion of an independent external expert valuer, depending on the type of intangible asset and the complexity involved in determining its fair value. The independent expert determines the fair value using appropriate valuation techniques, normally based on expected future cash flows. In addition to the assumptions about the development of future cash flows, these valuations are also significantly affected by the discount rates used.

Impairment testing for goodwill is based on assumptions about the future. The Group carries out these tests annually and also whenever there are indications that goodwill has become impaired. The recoverable amount of the CGU must then be calculated. This amount is the higher of fair value less costs to sell and value in use. Determining value in use requires assumptions and estimates to be made with respect to forecast future cash flows and the discount rate applied. Although management believes that the assumptions made for the purpose of calculating the recoverable amount are appropriate, possible unforeseeable changes in these assumptions – e.g. a reduction in the EBIT margin, an increase in the asset charge or a decline in the



long-term growth rate – could result in an impairment loss that could negatively affect the Group's net assets, financial position and results of operations.

Pending legal proceedings in which the Group is involved are disclosed in Note 45. The outcome of these proceedings could have a significant effect on the net assets, financial position and results of operations of the Group. Management regularly analyses the information currently available about these proceedings and recognises provisions for probable obligations including estimated legal costs. Internal and external legal advisors participate in making this assessment. In deciding on the necessity for a provision, management takes into account the probability of an unfavourable outcome and whether the amount of the obligation can be estimated with sufficient reliability. The fact that an action has been launched or a claim asserted against the Group, or that a legal dispute has been disclosed in the notes, does not necessarily mean that a provision is recognised for the associated risk.

It is possible that climate change will give rise to uncertainties and risks for the net assets, financial position and results of operations of the Group. Increased restrictions imposed by law to combat climate change are expected in the coming years, including limits on air transport or access to city centres. In certain cases this may also affect our existing business models and our ability to operate optimally. Moreover, Deutsche Post DHL Group considers itself to be exposed to an increasingly complex and uncertain macroeconomic and geopolitical environment. This includes potential increases in fuel, energy and gas prices, which can be at least partially compensated for or passed on to customers through strict cost management and the established levers such as price increases and price surcharge mechanisms. In addition, strong volatility is still expected on the goods and financial markets and in exchange rates, driven by rising interest

and inflation rates. Moreover, the risk of a potential decline in global economic growth, which could lead to an increased number of customer bankruptcies, can be observed.

All assumptions and estimates are based on the circumstances prevailing and assessments made at the reporting date. For the purpose of estimating the future development of the business, a realistic assessment was also made at that date of the economic environment likely to apply in the future to the different sectors and regions in which the Group operates. In the event of developments in these economic parameters that diverge from the assumptions made, the actual amounts may differ from the estimated amounts. In such cases, the assumptions made and, where necessary, the carrying amounts of the relevant assets and liabilities are adjusted accordingly.

At the date of preparation of the consolidated financial statements, there is no indication that any significant change in the assumptions and estimates made will be required, so that on the basis of the information currently available it is not expected that there will be significant adjustments in the 2023 financial year to the carrying amounts of the assets and liabilities recognised in the financial statements.

#### 9 Consolidation methods

The consolidated financial statements are based on the IFRS financial statements of Deutsche Post AG and the subsidiaries, joint operations and investments accounted for using the equity method included in the consolidated financial statements and prepared in accordance with uniform accounting policies as at 31 December 2022.

Acquisition accounting for subsidiaries included in the consolidated financial statements uses the purchase method of accounting. The cost of the acquisition corresponds to the fair value of the assets given up, the equity instruments issued and

the liabilities assumed at the transaction date. Acquisition-related costs are recognised as expenses. Contingent consideration is recognised at fair value at the date of initial consolidation.

The assets and liabilities, as well as income and expenses, of joint operations are included in the consolidated financial statements in proportion to the interest held in these operations, in accordance with IFRS 11. Accounting for the joint operators' share of the assets and liabilities, as well as recognition and measurement of goodwill, use the same methods as applied to the consolidation of subsidiaries.

In accordance with IAS 28, joint ventures and companies on which the parent can exercise significant influence (associates) are accounted for in accordance with the equity method using the purchase method of accounting. Any goodwill is recognised under investments accounted for using the equity method.

In the case of step acquisitions, the equity portion previously held is remeasured at the fair value applicable at the acquisition date, and the resulting gain or loss is recognised in the income statement.

Intra-Group revenue, other operating income, and expenses as well as receivables, liabilities and provisions between companies that are consolidated or proportionately consolidated are eliminated. Intercompany profits or losses from intra-Group deliveries and services not realised by sale to third parties are eliminated. Unrealised gains and losses from business transactions with investments accounted for using the equity method are eliminated on a proportionate basis.

# Segment reporting disclosures

# 10 Segment reporting

# Seaments by division

€m			Global Fo	rwarding,			eC	Commerce	Po	st & Parcel						
		Express		Freight	Su	pply Chain		Solutions		Germany	Group	Functions	Cor	solidation¹		Group
																1
1 January to 31 December	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
External revenue	23,704	26,986	21,553	28,770	13,760	16,333	5,792	6,004	16,895	16,309	44	35	-1	-1	81,747	94,436
Internal revenue	513	606	1,280	1,442	104	98	136	138	550	470	1,750	1,846	-4,333	-4,600	0	0
Total revenue	24,217	27,592	22,833	30,212	13,864	16,431	5,928	6,142	17,445	16,779	1,794	1,881	-4,334	-4,601	81,747	94,436
Profit/loss from operating activities (EBIT)	4,220	4,025	1,303	2,311	705	893	417	389	1,747	1,271	-413	-451	-1	-2	7,978	8,436
of which: net income from investments																
accounted for using the equity method	-2	3			2		0	0	0	0	33		0	0	32	-39
Segment assets	18,806	20,748	11,536	13,158	8,386	10,063	2,212	2,593	6,902	7,727	5,645	5,795	-72	-64	53,415	60,020
of which: investments accounted for using																
the equity method	6	8	20	19	15	9	0	0	0	0	71	40		0	111	76
Segment liabilities	5,233	5,437	5,012	5,157	3,505	4,003	876	896	2,631	2,673	1,718	1,772	-53	-55	18,922	19,883
Net segment assets	13,573	15,311	6,524	8,001	4,881	6,060	1,336	1,697	4,271	5,054	3,927	4,023	-19	-9	34,493	40,137
Capex (assets acquired)	1,707	1,528	132	159	483	504	245	431	883	1,043	445	459	0	-1	3,895	4,123
Capex (right-of-use assets)	1,246	1,860	215	281	667	900	178	135	14	27	760	536	0	0	3,080	3,739
Total capex	2,953	3,388	347	440	1,150	1,404	423	566	897	1,070	1,205	995	0	-1	6,975	7,862
Depreciation and amortisation	1,511	1,666	245	311	756	848	179	198	334	354	744	753	-2	0	3,767	4,130
Impairment losses	0	24	0	7	0	11	0	0	0	0	0	5	1	0	1	47
Total depreciation, amortisation and																
impairment losses	1,511	1,690	245	318	756	859	179	198	334	354	744	758		0	3,768	4,177
Other non-cash income (-) and expenses (+)	524	386	158	215	245	270	5	24	302	263	51	107	0	1	1,285	1,266
Employees <sup>2</sup>	108,896	113,735	42,348	46,718	167,666	178,585	32,099	31,715	164,429	158,770	12,641	13,393			528,079	542,917

<sup>&</sup>lt;sup>1</sup> Including rounding. <sup>2</sup> Average FTEs.

# Information about geographical regions

€m				Europe								
		Germany	(excluding	Germany)		Americas	Į.	Asia Pacific	Middle E	ast/Africa		Group
1 January to 31 December	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
External revenue	21,554	21,870	23,740	27,704	17,487	22,318	15,736	18,383	3,230	4,161	81,747	94,436
Non-current assets	11,043	12,485	11,308	13,061	8,943	10,781	5,213	5,985	686	720	37,193	43,032
Capex	2,347	2,392	1,746	1,932	2,085	2,321	606	1,023	191	194	6,975	7,862



#### 10.1 Segment reporting disclosures

Deutsche Post DHL Group reports five operating segments for the 2022 financial year; these are managed independently by the responsible segment management bodies in line with the products and services offered and the brands, distribution channels and customer profiles involved. Components of the entity are defined as a segment on the basis of the existence of segment managers with bottom-line responsibility who report directly to Deutsche Post DHL Group's top management.

External revenue is the revenue generated by the divisions from non-Group third parties. Internal revenue is revenue generated with other divisions. If comparable external market prices exist for services or products offered internally within the Group, these market prices or market-oriented prices are used as transfer prices (arm's-length principle). The transfer prices for services for which no external market exists are generally based on incremental costs.

The expenses for services provided in the IT service centres are allocated to the divisions by their origin. The additional costs resulting from Deutsche Post AG's universal postal service obligation (nationwide retail outlet network, delivery every working day), and from its obligation to assume the remuneration structure as the legal successor to Deutsche Bundespost, are allocated to the Post & Parcel Germany division.

In keeping with internal reporting, capital expenditure (capex) is disclosed. Additions to intangible assets net of good-will and to property, plant and equipment, including right-of-use assets, are reported in the capex figure. Depreciation, amortisation and impairment losses relate to the segment assets allocated to the individual divisions. Other non-cash income and expenses relate primarily to expenses from the recognition of provisions.

The profitability of the Group's operating divisions is measured as profit from operating activities (EBIT).

# 10.2 Segments by division

Reflecting the Group's predominant organisational structure, the primary reporting format is based on the divisions. The Group distinguishes between the following divisions:

#### **Express**

The Express division offers time-definite courier and express services to business and private customers. The division comprises the Europe, Middle East and Africa, Americas and Asia Pacific regions.

#### Global Forwarding, Freight

The Global Forwarding, Freight division comprises international air, ocean and overland freight forwarding services. The division's business units are Global Forwarding and Freight.

#### Supply Chain

The Supply Chain division delivers customised supply chain solutions to its customers based on globally standardised modular components including warehousing, transport and value-added services. The division comprises the Europe, Middle East and Africa, Americas and Asia Pacific regions.

#### **eCommerce Solutions**

The eCommerce Solutions division is home to the Group's international parcel delivery business. The core business activities are domestic parcel delivery in selected countries in Europe, the United States and Asia and non-TDI cross-border services.

# **Post & Parcel Germany**

The Post & Parcel Germany division transports, sorts and delivers documents and goods in and outside of Germany. Its business units are called Post Germany, Parcel Germany and International.

In addition to the reported segments shown above, segment reporting comprises the following categories:

#### **Group Functions**

Group Functions includes Corporate Center, Global Business Services (GBS) and Customer Solutions & Innovation (CSI). The profit/loss generated by GBS is allocated to the operating segments, whilst its assets and liabilities remain with GBS (asymmetrical allocation).

#### Consolidation

The data for the divisions is presented following consolidation of interdivisional transactions. The transactions between the divisions are eliminated in the Consolidation column.

## 10.3 Information about geographical regions

The main geographical regions in which the Group is active are Germany, Europe (excluding Germany), the Americas, Asia Pacific and Middle East and Africa. External revenue, non-current assets and capex are disclosed for these regions. Revenue, assets and capex are allocated to the individual regions on the basis of the domicile of the reporting entity. Non-current assets comprise intangible assets, property, plant and equipment and other non-current assets (excluding pension assets).

# 10.4 Reconciliation of segment amounts to consolidated amounts

The following table shows the reconciliation of Deutsche Post DHL Group's total assets to the segment assets. Financial asset components, income tax assets, deferred taxes, cash and cash equivalents and other asset components are deducted.



# **Reconciliation to segment assets**

€m		
	2021	2022
Total equity and liabilities	63,592	68,278
Investment property	-48	-22
Non-current financial assets	-1,006	-1,040
Other non-current assets	-421	-355
Deferred tax assets	-1,943	-1,440
Income tax assets	-230	-283
Receivables and other current assets	-9	-15
Current financial assets	-2,989	-1,313
Cash and cash equivalents	-3,531	-3,790
Segment assets	53,415	60,020
of which Group Functions	5,645	5,795
total for reported segments	47,842	54,289
Consolidation <sup>1</sup>	-72	-64

<sup>&</sup>lt;sup>1</sup> Including rounding.

The following table shows the reconciliation of Deutsche Post DHL Group's total liabilities to the segment liabilities. Components of the provisions and liabilities as well as income tax liabilities and deferred taxes are deducted.

# **Reconciliation to segment liabilities**

€m		
€m		
	2021	2022
Total equity and liabilities	63,592	68,278
Equity	-19,499	-23,703
Consolidated liabilities	44,093	44,575
Non-current provisions and liabilities	-21,513	-20,402
Current provisions and liabilities	-3,658	-4,290
Segment liabilities	18,922	19,883
of which Group Functions	1,718	1,772
total for reported segments	17,257	18,166
Consolidation	-53	

The following table shows the reconciliation of the segment amounts to the income statement:

# Reconciliation to the income statement

€m	Total	for reported segments	Reconciliation to Group/ Group Functions Consolidation <sup>1</sup>				Consolid	ated amount
		segments	- 6101	up runctions		Jonsonanon	Consoliu	ateu amount
	2021	2022	2021	2022	2021	2022	2021	2022
External revenue	81,704	94,402	44	35	-1	-1	81,747	94,436
Internal revenue	2,583	2,754	1,750	1,846	-4,333	-4,600	0	0
Total revenue	84,287	97,156	1,794	1,881	-4,334	-4,601	81,747	94,436
Other operating income	2,236	2,836	1,607	1,856	-1,552	-1,767	2,291	2,925
Changes in inventories and work performed and capitalised	214	386	134	125	0	0	348	511
Materials expense	-46,955	-56,768	-1,325	-1,436	4,383	4,731	-43,897	-53,473
Staff costs	-22,778	-24,860	-1,112	-1,182	11	7	-23,879	-26,035
Depreciation, amortisation and								
impairment losses	-3,025	-3,419		-758	1	0	-3,768	-4,177
Other operating expenses	-5,586	-6,438	-800	-902	1,490	1,628	-4,896	-5,712
Net expenses/income from investments accounted for using the equity method	-1	-4	33	-35	0	0	32	-39
Profit/loss from operating activities (EBIT)	8,392	8,889	-413	-451	-1	-2	7,978	8,436
Net finance costs							-619	-525
Profit before income taxes							7,359	7,911
Income taxes							-1,936	-2,194
Consolidated net profit for the period							5,423	5,717
of which attributable to								
Deutsche Post AG shareholders							5,053	5,359
Non-controlling interests							370	358

<sup>&</sup>lt;sup>1</sup> Including rounding.



# **Income statement disclosures**

# 11 Revenue by business unit

€m		
	2021	2022
Express	23,704	26,986
Global Forwarding, Freight	21,553	28,770
Global Forwarding	17,795	24,523
Freight	3,758	4,247
Supply Chain	13,760	16,333
eCommerce Solutions	5,792	6,004
Post & Parcel Germany	16,895	16,309
Post Germany	7,952	7,844
Parcel Germany	6,756	6,388
International	2,036	1,936
Other	151	141
Group Functions/Consolidation	43	34
Total revenue	81,747	94,436

The total amount includes revenue from performance obligations in the amount of €47 million (previous year: €45 million) settled in prior periods. The following table shows the factors affecting revenue:

## Factors affecting revenue, 2022

€m	
Organic growth	7,946
Portfolio changes	1,786
Currency translation effects	2,957
Total	12,689

The allocation of revenue to geographical regions is presented in the segment reporting.

# 12 Other operating income

€m		
	2021	2022
Income from currency translation	336	696
Insurance income	301	340
Income from the remeasurement of liabilities	195	284
Income from the reversal of provisions	274	214
Income from the disposal of assets	85	175
Operating lease income	130	150
Income from fees and reimbursements	112	133
Sublease income	74	87
Subsidies	96	72
Income from prior-period billings	61	54
Income from loss compensation	30	47
Income from the derecognition of liabilities	25	40
Reversals of impairment losses on receivables and other assets	16	39
Recoveries on receivables previously written off	18	16
Income from derivatives	6	8
Miscellaneous	532	570
Total	2,291	2,925

The increase in income from currency translation results from the volatility on the currency markets. This income is offset by corresponding expenses. Income from the disposal of assets includes, amongst other items, the gain on the disposal of the StreetScooter business.

The reversals of impairment losses on receivables and other assets amounting to €34 million relate to write-ups of non-current non-financial assets, €22 million of which is attributable to the Express division and relates to Russian business, Note 3. A further €8 million is attributable to Group Functions.

Income from operating leases was attributable mainly to leasing of the aircraft fleet's cargo space.

Miscellaneous other operating income includes a large number of smaller individual items.

# 13 Changes in inventories and work performed and capitalised

2021	2022
66	229
282	282
348	511
	66

Changes in inventories are attributable largely to real estate development projects. Work performed and capitalised relates primarily to IT projects.



# 14 Materials expense

€m		
	2021	2022
Cost of raw materials, consumables and supplies, and of goods purchased and held for resale		
Aircraft fuel	1,833	3,808
Fuel	762	1,253
Packaging material	401	466
Goods purchased and held for resale	302	443
Spare parts and repair materials	150	165
Branch and office expenses	96	85
Other expenses	250	313
	3,794	6,533
Cost of purchased services		
Transport costs	32,434	38,783
Cost of temporary staff and services	2,559	2,704
Maintenance costs	1,586	1,887
IT services	773	850
Lease expenses Short-term leases	506	535
Leases (incidental expenses)	110	249
Low-value asset leases	74	98
Variable lease payments	21	24
Commissions paid	637	622
Other purchased services	1,403	1,188
-	40,103	46,940
Materials expense	43,897	53,473

The increase in materials expense resulted mainly from a rise in transport costs in the Global Forwarding, Freight division, higher aircraft fuel costs in the Express division and price increases in heating and fuels.

The other expenses item includes furthermore a large number of individual items.

# 15 Staff costs/employees

€m		
	2021	2022
Wages, salaries and compensation	18,987	20,794
Social security contributions	2,921	3,192
Retirement benefit expenses	1,031	1,027
Cost of other services for employees	940	1,022
Staff costs	23,879	26,035

Staff costs relate mainly to wages, salaries and compensation, as well as all other benefits paid to employees of the Group for their services in the financial year. The rise was due largely to salary increases and new hires, as well as the acquisitions of companies in the financial year.

Social security contributions relate, in particular, to statutory social security contributions paid by employers.

Retirement benefit expenses include the service cost related to the defined benefit retirement plans, Note 37. These expenses also include contributions to defined contribution retirement plans for civil servants in Germany in the amount of €308 million (previous year: €347 million), as well as for the Group's hourly workers and salaried employees, totalling €470 million (previous year: €410 million), Note 7.

The average number of Group employees in the reporting period, broken down by employee group, was as follows:

# **Employees**

	2021	2022
Headcount (annual average)		
Hourly workers and salaried employees	547,889	564,843
Civil servants	21,203	19,202
Trainees	4,955	5,064
Total	574,047	589,109
Full-time equivalents <sup>1</sup>		
As at 31 December	548,042	554,975
Average for the year	528,079	542,917

Including trainees.

The employees of companies acquired or disposed of during the financial year were included rateably. The number of full-time equivalents at joint operations included in the consolidated financial statements as at 31 December 2022 amounted to 523 on a proportionate basis (previous year: 527).



# 16 Depreciation, amortisation and impairment losses

€m		
	2021	2022
Amortisation of and impairment losses on intangible assets (excluding goodwill), of which impairment losses: 1 (previous year: 0)	201	230
Depreciation of and impairment losses on property, plant and equipment acquired, of which impairment losses: 22 (previous year: 0)		
Land and buildings	235	256
Technical equipment and machinery	401	449
Transport equipment	311	354
Aircraft	459	502
IT equipment	147	145
Operating and office equipment	95	99
	1,648	1,805
Depreciation of and impairment losses on right-of-use assets, of which impairment losses: 24 (previous year: 0)		
Land and buildings	1,347	1,513
Technical equipment and machinery	43	48
Transport equipment	223	259
Aircraft	296	320
IT equipment	1	1
Investment property	9	1
	1,919	2,142
Impairment of goodwill	0	0
Depreciation, amortisation and		
impairment losses	3,768	4,177

The increase in depreciation, amortisation and impairment losses is due directly to capital expenditure on the one hand and, on the other, the result of the business combinations in the financial year, Note 22 and 23.

The impairment losses are spread amongst the various asset classes and segments as follows:

# Impairment losses

€m		
	2021	2022
Express	0	24
Intangible assets	0	1
Acquired property, plant and equipment	0	12
Right-of-use assets	0	11
Global Forwarding, Freight	0	7
Acquired property, plant and equipment	0	1
Right-of-use assets	0	6
Supply Chain	0	11
Acquired property, plant and equipment	0	8
Right-of-use assets	0	3
Group Functions	0	5
Right-of-use assets	0	5
Impairment losses	0	47

The impairment losses in the Express and Global Forwarding, Freight divisions relate solely to the impairment losses on assets and liabilities of the Russian companies, Note 3.

The impairment losses from the previous year were spread amongst different asset classes and each amounted to less than &1 million after rounding.

# 17 Other operating expenses

€m		
	2021	2022
Currency translation expenses	321	673
Cost of purchased cleaning and security		
services	568	637
Warranty expenses, refunds and compensation payments	482	483
	433	398
Expenses for advertising and public relations	322	390
Other business taxes		
Travel and training costs	244	371
Office supplies	247	257
Insurance costs	204	250
Telecommunication costs	225	236
Entertainment and corporate hospitality	10/	277
expenses	126	233
Write-downs and remeasurements	218	211
Customs clearance-related charges	196	195
Consulting costs (including tax advice)	139	154
Monetary transaction costs	107	115
Voluntary social benefits	89	102
Services provided by the Bundesanstalt für Post		
und Telekommunikation (German federal post and telecommunications agency)	166	100
	76	92
Commissions paid	75	92
Legal costs		
Losses on disposal of assets Contributions and fees	86 79	88
		85
Audit costs	33	38
Donations	28	29
Expenses from prior-period billings	16	17
Expenses from derivatives	5	8
Miscellaneous	411	470
Total	4,896	5,712



The increase in expenses from currency translation results from the volatility on the currency markets. These expenses are offset by corresponding income.

The travel and training costs increased due to loosening of the pandemic-related restrictions.

Taxes other than income taxes are either recognised in the related expense item or, if no specific allocation is possible, in other operating expenses.

Miscellaneous other operating expenses include a large number of smaller individual items.

#### 18 Net finance costs

€m		
	2021	2022
Financial income		
Interest income	101	180
Gains on changes in fair value of financial		
assets	80	191
Other financial income	10	56
	191	427
<b>Finance costs</b> Interest expense from unwinding discounts		
on provisions	-46	29
Interest expense on leases	-383	-452
Other interest expenses	-142	-176
Losses on changes in fair value of financial		
assets		-222
Other finance costs	-68	-26
	-746	-847
Foreign currency result	-64	-105
Net finance costs	-619	-525

Of interest income, €21 million (previous year: €16 million) relates to income from finance lease receivables. The improvement in financial income is also the result of the change in fair value of the stock appreciation rights (SARs).

The expense from the unwinding of discounts on bonds resulting from the application of the effective interest method amounted to €12 million (previous year: €12 million).

Interest income and interest expenses result from financial assets and liabilities that were not measured at fair value through profit or loss.

Information on interest expenses from unwinding discounted net pension provisions can be found in Note 37. Positive effects on the interest expense resulted from changes in the discount rate for other non-current provisions.

# 19 Income taxes

€m		
	2021	2022
Current income tax expense	-1,459	-1,701
Current recoverable income tax	47	19
	-1,412	-1,682
Deferred tax expense (previous year: tax		
income) from temporary differences	13	
Deferred tax expense from tax loss		
carryforwards	-537	-495
	-524	-512
Income taxes	-1,936	-2,194

The reconciliation to the effective income tax expense based on consolidated net profit before income taxes and the expected income tax expense is as follows:

#### Reconciliation

€m		
	2021	2022
Profit before income taxes	7,359	7,911
Expected income taxes	-2,244	-2,413
Deferred tax assets not recognised for initial differences	1	2
Deferred tax assets of German Group companies not recognised for tax loss carryforwards and temporary differences	19	75
Deferred tax assets of foreign Group companies not recognised for tax loss carryforwards and temporary differences	241	132
Effect from previous years on current taxes	-13	2
Tax-exempt income and non-deductible expenses	-194	-339
Differences in tax rates at foreign companies	254	347
Income taxes	-1,936	-2,194

The difference from deferred tax assets not recognised for initial differences is due to differences between the carrying amounts in the opening tax accounts of Deutsche Post AG and the carrying amounts in the IFRS financial statements as at 1 January 1995 (initial differences). In accordance with IAS 12.15(b) and IAS 12.24(b), the Group did not recognise any deferred tax assets in respect of these temporary differences, which related mainly to property, plant and equipment as well as to pension provisions and similar obligations. The remaining temporary differences between the original IFRS carrying amounts, net



of accumulated depreciation or amortisation, and the tax base amounted to €99 million as at 31 December 2022 (previous year: €107 million).

The effects from deferred tax assets of German Group companies not recognised for tax loss carryforwards and temporary differences relate primarily to Deutsche Post AG and members of its consolidated tax group. Effects from deferred tax assets of foreign companies not recognised for tax loss carryforwards and temporary differences relate primarily to the Americas region.

Effects from deferred tax assets not recognised for tax loss carryforwards and temporary differences in the amount of €3 million (previous year: €7 million) relate to the reduction of the effective income tax expense due to the utilisation of tax loss carryforwards and temporary differences, for which deferred tax assets had previously not been recognised. In addition, the recognition of deferred tax assets previously not recognised for tax loss carryforwards and of deductible temporary differences from a prior period (and resulting mainly from the Americas region) reduced the deferred tax expense by €274 million (previous year: €323 million). Effects from unrecognised deferred tax assets included income of €12 million (previous year: expenses of €4 million) due to a valuation allowance recognised for a deferred tax asset. Other effects from unrecognised deferred tax assets relate primarily to tax loss carryforwards for which no deferred taxes were recognised.

A deferred tax asset in the amount of  $\[ \le \] 20$  million was recognised in the balance sheet for companies that reported a loss in the previous year or in the current period as, based on tax planning, realisation of the tax asset is probable.

In the 2022 financial year, there was no effect from tax rate changes for domestic Group companies. Tax rate changes in some tax jurisdictions abroad also had no material effects.

The effective income tax expense includes prior-period tax expenses from German and foreign companies in the amount of €2 million (tax income) (previous year: expense of €13 million).

The following table presents the tax effects on the components of other comprehensive income:

#### Other comprehensive income

€m	Before taxes	Income taxes	After taxes
2022			
Change due to remeasurements of net pension provisions	2,236	-51	2,185
Hedging reserves	74	-22	52
Reserve for equity instruments without recycling	9	0	9
Currency translation reserve	149	0	149
Share of other comprehensive income of investments accounted for using the equity method	4	0	4
Other comprehensive income	2,472	-73	2,399
2021			
Change due to remeasurements of net pension provisions	2,005	-78	1,927
Hedging reserves	29	-6	23
Reserve for equity instruments without recycling	16	-1	15
Currency translation reserve	925	0	925
Share of other comprehensive income of investments accounted for using the equity method	6	0	6
Other comprehensive income	2,981	-85	2,896



# 20 Earnings per share

Basic earnings per share are computed in accordance with IAS 33, Earnings per Share, by dividing consolidated net profit by the

weighted average number of shares outstanding. Outstanding shares relate to issued capital less any treasury shares held.

Basic earnings per share for the 2022 financial year were €4.41 (previous year: €4.10).

# Basic earnings per share

		2021	2022
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m	5,053	5,359
Weighted average number of shares outstanding	number	1,232,451,264	1,214,024,931
Basic earnings per share	€	4.10	4.41

# Diluted earnings per share

€m €m	5,053 8	2022 5,359 8
€m		
	8	8
€m	1	-
		1
€m	5,060	5,366
umber	1,232,451,264	1,214,024,931
umber	29,645,735	24,475,019
umber	1,262,096,999	1,238,499,950
€	4.01	4.33
	€m umber umber umber	umber 1,232,451,264 umber 29,645,735 umber 1,262,096,999

To compute diluted earnings per share, the weighted average number of shares outstanding is adjusted for the number of all potentially dilutive shares. This item includes the executives' rights to shares under the Performance Share Plan and Share Matching Scheme (as at 31 December 2022: 6,292,011 shares; previous year: 11,678,092) and the maximum number of ordinary shares that can be issued on exercise of the conversion rights under the convertible bond issued in December 2017. Consolidated net profit for the period attributable to Deutsche Post AG

shareholders was increased by the amounts spent for the convertible bond.

Diluted earnings per share in the reporting period were  $\$ 4.33 (previous year:  $\$ 4.01).

# 21 Dividend per share

A dividend per share of €1.85 is being proposed for the 2022 financial year (previous year: €1.80 paid). Further details on the dividend distribution can be found in Note 35.



# **Balance sheet disclosures**

# 22 Intangible assets

# 22.1 Overview

€m						Advance payments and	
	Internally generated	Purchased brand	Purchased customer	Other purchased		intangible assets under	
	intangible assets	names	lists	intangible assets	Goodwill	development	Total
Cost							
Balance as at 1 January 2021	1,273	450	41	1,565	12,040	125	15,494
Additions from business combinations	0	0	0	0	0	0	0
Additions	43	0	0	60	0	152	255
Reclassifications	66	0	0	81	0		37
Disposals	-73	0	0	-139	-14		-232
Currency translation differences	4	30	2	33	392	1	462
Balance as at 31 December 2021/1 January 2022	1,313	480	43	1,600	12,418	162	16,016
Additions from business combinations	13	64	432	99	1,366	1	1,975
Additions	53	0	0	77	0	139	269
Reclassifications	67	0	0	76	0	-105	38
Disposals	-22	0	0	-105	-4	-3	-134
Currency translation differences	-3	-23	-2	13	11	0	-4
Balance as at 31 December 2022	1,421	521	473	1,760	13,791	194	18,160
Amortisation and impairment losses							
Balance as at 1 January 2021	1,098	422	26	1,247	1,042	1	3,836
Additions from business combinations		0	0		0		0
Amortisation	65	0	3	133	0		201
Impairment losses	0	0	0		0		0
Reclassifications	-1	0	0	1	0		0
Reversals of impairment losses	0	0	0	0	0		0
Disposals	-59	0	0	-120	-13		-192
Currency translation differences		28	2	27	36		95
Balance as at 31 December 2021/1 January 2022	1,105	450	31	1,288	1,065		3,940
Additions from business combinations	7	0	0	11	0		18
Amortisation	74	2	19	134	0		229
Impairment losses		0	0	1	0		1
Reclassifications		0		4	0		4
Reversals of impairment losses		0		0	0		0
Disposals	-21	0		-86	0	0	-107
Currency translation differences		-24	-1	10	-4		-21
Balance as at 31 December 2022	1,163	428	49	1,362	1,061	1	4,064
Carrying amount as at 31 December 2022	258	93	424	398	12,730	193	14,096
,g out to at of becomber total		,,	72.7	5,0	12,730	-,-	1-1,070



The increase in intangible assets results from the business combinations in the 2022 financial year and the corresponding goodwill, as well as the disclosing of hidden reserves primarily from customer relationships and brand names of Hillebrand, Cameron and Monta, Note 2. The disposals of goodwill mainly concern the companies Greenplan and Véron Grauer.

Purchased software, concessions, industrial rights, licences and similar rights and assets are reported under purchased intangible assets. Internally generated intangible assets relate to development costs for internally developed software.

#### 22.2 Allocation of goodwill to CGUs

For the purposes of annual impairment testing in accordance with IAS 36, the Group determines the recoverable amount of a CGU on the basis of its value in use. This calculation is based on projections of free cash flows that are initially discounted at a rate corresponding to the post-tax cost of capital. Pre-tax discount rates are determined iteratively.

€m		
	31 Dec.	31 Dec.
	2021	2022
Express	3,910	3,913
Global Forwarding, Freight		
Global Forwarding	4,072	5,329
Freight	279	280
Supply Chain	1,977	2,095
eCommerce Solutions	159	159
Post & Parcel Germany	956	954
Total goodwill	11,353	12,730

The cash flow projections are based on the detailed planning for EBIT, depreciation and amortisation/investment planning adopted by management, as well as changes in net working capital, and take both internal historical data and external macroeconomic data into account. From a methodological perspective, the detailed planning phase covers a three-year planning horizon from 2023 to 2025. Planning is supplemented by a perpetual annuity representing the value added from 2026 onwards. This is calculated using a long-term growth rate, which is determined for each CGU separately and is shown in the table below. The growth rates applied are based on long-term real growth figures for the relevant economies, growth expectations for the relevant sectors and long-term inflation forecasts for the countries in which the CGUs operate. The cash flow forecasts are based both on past experience and on the effects of the anticipated future general market trend. In addition, the forecasts take into account growth in the respective geographical sub-markets and in global trade, and the ongoing trend towards outsourcing logistics activities. Cost trend forecasts for the transport network and services also have an impact on value in use. A key planning assumption for the impairment test is the EBIT margin for the perpetual annuity.

The pre-tax cost of capital is based on the weighted average cost of capital. The (pre-tax) discount rates for the significant CGUs and the growth rates assumed in each case for the perpetual annuity are shown in the following table:

%	D		Growth rates	
			1	
	2021	2022	2021	2022
Express	6.0	9.7	2.0	2.0
Global Forwarding, Freight				
Global				
Forwarding	7.0	9.9	2.5	2.5
Freight	7.2	10.2	2.0	2.0
Supply Chain	7.0	10.0	2.5	2.5
eCommerce Solutions	7.2	10.5	1.5	1.5
Post & Parcel Germany	6.9	10.2	0.5	0.5

The increase in the discount rate also reflects the increase of the interest rates in general, in addition to the rise in the market risk premium.

On the basis of these assumptions and the impairment tests carried out for the individual CGUs to which goodwill was allocated, it was established that the recoverable amounts for all CGUs exceed their carrying amounts. No impairment losses were recognised on goodwill in any of the CGUs as at 31 December 2022.

When performing the impairment test, Deutsche Post DHL Group conducted sensitivity analyses for the significant CGUs in accordance with IAS 36.134 for potential changes to the EBIT margin, the discount rate and the growth rate. These analyses — which included varying the essential valuation parameters within an appropriate range — did not reveal any risk of impairment to goodwill.



# 23 Property, plant and equipment

# Overview of property, plant and equipment, including right-of-use assets

€m	Land and buildings	Technical equipment and machinery	IT equipment, operating and office equipment	Aircraft	Transport equipment	Advance payments and assets under development	Total
Cost		<u> </u>					
Balance as at 1 January 2021	16,672	6,605	2,495	6,352	4,071	1,603	37,798
Additions from business combinations <sup>1</sup>	0	0		35	5	0	40
Additions	2,428	240	125	719	738	2,470	6,720
Reclassifications	360	520	129	881	101	-2,025	-34
Disposals	-1,457	-198	-335	-187	-355	-27	-2,559
Currency translation differences	330	124	61	343	64	49	971
Balance as at 31 December 2021/1 January 2022	18,333	7,291	2,475	8,143	4,624	2,070	42,936
Additions from business combinations <sup>1</sup>	165	26	60	-22	91	6	326
Additions	2,558	296	163	1,123	799	2,654	7,593
Reclassifications	515	638	98	490	83	-1,865	-41
Disposals	-591	-185	-263	-357	-429	-20	-1,845
Currency translation differences	-11	30	22	282	-2	39	360
Balance as at 31 December 2022	20,969	8,096	2,555	9,659	5,166	2,884	49,329
Depreciation and impairment losses Balance as at 1 January 2021	5,896	3,845	1,845	2,247	1,956	2	15,791
Additions from business combinations <sup>1</sup>	0	0		8	5	0	13
Depreciation	1,582	444	243	755	534	0	3,558
Impairment losses		0		0	0	0	0
Reclassifications	1	-15		0	12	-2	4
Reversals of impairment losses	-10	0		0	0	0	-10
Disposals	-757	-171	-325	-156	-306	0	-1,715
Currency translation differences	142	72	45	98	35	0	392
Balance as at 31 December 2021/1 January 2022	6,854	4,175	1,816	2,952	2,236	0	18,033
Additions from business combinations <sup>1</sup>	22	12	34	0	32	0	100
Depreciation	1,742	491	241	822	604	0	3,900
Impairment losses	27	6	4	0	9	0	46
Reclassifications	1	-1	-3	0	0	0	-3
Reversals of impairment losses	-18	-4	-3	0	-9	0	-34
Disposals	-447	-160	-250	-298	-377	0	-1,532
Currency translation differences	12	20		78	4	0	131
Balance as at 31 December 2022	8,193	4,539	1,856	3,554	2,499	0	20,641
Carrying amount as at 31 December 2022	12,776	3,557	699	6,105	2,667	2,884	28,688
Carrying amount as at 31 December 2021	11,479	3,116	659	5,191	2,388	2,070	24,903

<sup>&</sup>lt;sup>1</sup> Including proportionate change from joint operations.



Disclosures on right-of-use assets are contained in Note 41.

Property, plant and equipment increased both due to capital expenditure as well as from the acquisition of companies. In the previous year, a portion of disposals was attributable to the reclassification of subleases embedded in customer contracts to financial assets, Note 7.

Advance payments relate only to advance payments on items of property, plant and equipment for which the Group has paid advances in connection with incomplete transactions. They relate in particular to the renewal of the Express air fleet. Advances for this purpose amounted to €616 million in the financial year (previous year: €412 million). Assets under development relate to items of property, plant and equipment in progress at the reporting date for whose production internal or third-party costs have already been incurred.

# 24 Investment property

The investment property largely comprises leased property encumbered by heritable building rights and developed and undeveloped land.

€m		
	2021	2022
Cost		
Balance as at 1 January	28	71
Additions	4	8
Reclassifications	39	-44
Disposals	-1	-4
Currency translation differences		0
Balance as at 31 December	71	31
Depreciation and impairment losses		
Balance as at 1 January	16	23
Depreciation and impairment losses	9	1
Disposals	-1	-3
Reclassifications	-1	-12
Balance as at 31 December	23	9
Carrying amount as at 31 December	48	22
of which right-of-use assets	41	9

# 25 Investments accounted for using the equity method

The following table is an overview of the carrying amount in the consolidated financial statements and selected financial data for those companies which, both individually and in the aggregate, are not of material significance for the Group.

Companies accounted for using the equity method decreased due to the negative result of ongoing equity measurement as well as due to the impairment loss of €7 million on the British joint venture Flexible Lifestyle Employment Company Limited. The company is assigned to the Supply Chain division. In the previous year, the dilution and the resulting remeasurement of the shares in Global-E Online, Israel, had generated income of €39 million.

€m	Associates			Joint ventures		Total
_						
	2021	2022	2021	2022	2021	2022
Balance as at 1 January	58	95	15	16	73	111
Additions	2	7	0	0	2	7
Disposals	0	0	0	-4	0	-4
Impairment losses	-3	0	0	-7	-3	-7
Changes in Group's share of equity Changes recognised in profit or loss	34	-34	1	2	35	-32
Profit distributions	-2	-2	0	0	-2	-2
Changes recognised in other comprehensive income	6	4	0	-1	6	3
Balance as at 31 December	95	70	16	6	111	76
Aggregate financial data Profit after income taxes	-11	-34	1	2	-10	-32
Other comprehensive income	6	4	0	-1	6	3
Total comprehensive income	-5	-30	1	1	-4	-29



#### 26 Financial assets

€m	Non-current			Current		Total
	2021	2022	2021	2022	2021	2022
Assets measured at cost	834	788	1,257	1,272	2,091	2,060
Assets at fair value through other comprehensive income	46	65	0	0	46	65
Assets at fair value through profit or loss	310	363	1,831	83	2,141	446
Financial assets	1,190	1,216	3,088	1,355	4,278	2,571

Assets measured at cost include €700 million (previous year: €579 million) in receivables from finance leases. This relates primarily to receivables from certain embedded subleases, Note 7. The notional amounts of the outstanding lease payments have the following maturity dates:

Maturities of undiscounted lease payments

€m		
	2021	2022
Up to 1 year	160	168
More than 1 year to 2 years	139	159
More than 2 years to 3 years	108	120
More than 3 years to 4 years	70	91
More than 4 years to 5 years	46	64
More than 5 years	100	209
Total undiscounted lease payments	623	811
Interest component included over entire term	-44	-111
Receivable from leasing	579	700
of which current	160	168
non-current	419	532

Assets measured at fair value decreased, largely on account of the sale of money market fund units during the year. For details on impairment losses, default risk, maturity structures and restraints on disposal, see Note 43.

# 27 Other assets

€m		
	2021	2022
Prepaid expenses	1,593	1,249
Tax receivables	632	817
Pension assets, non-current only	421	355
Receivables from cost absorption	208	170
Contract assets	113	142
Recoverable start-up costs, non-current only	87	134
Other assets from insurance contracts	97	110
Receivables from insurance business	69	92
Receivables from private postal agencies	88	86
Creditors with debit balances	89	84
Receivables from loss compensation (recourse claims)	59	58
Receivables from employees	34	33
Receivables from cash on delivery	5	5
Miscellaneous of which non-current: 92 (previous year: 79)	680	797
Other assets	4,175	4,132
of which current	3,588	3,551
non-current	587	581

The decrease in prepaid expenses is attributable primarily to the Global Forwarding, Freight division and relates to lower prepayments for transport services at the end of the year.

Of the tax receivables, €623 million (previous year: €478 million) relates to VAT, €135 million (previous year: €109 million) to customs and duties and €59 million (previous year: €45 million) to other tax receivables.

Pension assets decreased, primarily because of remeasurements in the United Kingdom, Note 37.

Miscellaneous other assets include a large number of individual items.



#### 28 Deferred taxes

# Breakdown by balance sheet item and maturity

€m		-		
		2021		
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets		145	15	362
Property, plant and equipment	479	2,102	789	2,904
Non-current financial assets		34	13	29
Other non-current assets	16	44	18	70
Other current assets	67	102	85	99
Provisions	640	159	626	147
Financial liabilities	1,700	24	2,124	40
Other liabilities	244	13	300	21
Tax loss carryforwards	1,267		806	
Gross amount	4,429	2,623	4,776	3,672
of which current	1,029	231	986	429
non-current	3,400	2,392	3,790	3,243
Netting	-2,486	-2,486	-3,336	-3,336
Carrying amount	1,943	137	1,440	336

A total of €98 million (previous year: €438 million) of the deferred taxes on tax loss carryforwards relates to tax loss carryforwards in Germany and €708 million (previous year: €829 million) to foreign tax loss carryforwards (mainly from the Americas region).

Deferred taxes have not been recognised for loss carry-forwards expected to not be usable in the amount of around €1.4 billion (previous year, adjusted: €2.8 billion). Of these, around €0.6 billion (previous year: €1.5 billion) is attributable to loss carryforwards from US subsidiaries for state taxes. The tax loss carryforwards from the Americas region for which no deferred tax assets were recognised do not expire prior to 2028. Moreover, deferred taxes have not been recognised for temporary differences expected to not be usable in the amount of around €0.2 billion (previous year: €3.0 billion).

Deferred taxes have not been recognised for temporary differences of €675 million (previous year: €568 million) for accrued earnings of German and foreign subsidiaries, because these temporary differences will probably not reverse in the foreseeable future.

#### 29 Inventories

2021	2022
254	490
222	243
106	181
11	13
593	927
	254 222 106 11

The increase in finished goods and work in progress is attributable mainly to real estate development projects. Adequate valuation allowances were recognised.

#### 30 Trade receivables

For information on impairment losses, default risk and maturity structures, see **Note 43.** 

€m		
	2021	2022
Trade receivables	10,607	11,086
Deferred revenue	1,076	1,167
Trade receivables	11,683	12,253

# 31 Cash and cash equivalents

€m		
	2021	2022
Cash equivalents	1,238	1,153
Bank balances/cash in transit	2,231	2,569
Cash		9
Other cash and cash equivalents	51	59
Cash and cash equivalents	3,531	3,790

Of the €3,790 million in cash and cash equivalents, €1,956 million was not available for general use by the Group as at the reporting date (previous year: €1,905 million). Of this amount, €1,880 million (previous year: €1,818 million) was attributable to countries where exchange controls or other legal restrictions apply (mostly China, India, Pakistan and Thailand) and €76 million (previous year: €87 million) primarily to companies with non-controlling-interest shareholders.



# 32 Assets held for sale and liabilities associated with assets held for sale

The sale of the assets held for sale recognised under this item in the previous year was completed in the 2022 financial year, Note 2. For the companies reported here during the year, see Note 3.

## 33 Issued capital and purchase of treasury shares

As at 31 December 2022, KfW Bankengruppe (KfW) held a 20.49% interest, unchanged from the previous year, in the share capital of Deutsche Post AG. Free float accounts for 76.26% of the shares and the remaining 3.25% of shares are owned by Deutsche Post AG. KfW holds the shares in trust for the Federal Republic of Germany.

# 33.1 Changes in issued capital

The issued capital amounts to  $\le$ 1,239 million. It is composed of 1,239,059,409 no-par-value registered shares (ordinary shares) with a notional interest in the share capital of  $\le$ 1 per share and is fully paid up.

## Changes in issued capital and treasury shares

€m					
	2021	2022			
Issued capital					
Balance as at 1 January	1,239	1,239			
Balance as at 31 December	1,239	1,239			
Treasury shares					
Balance as at 1 January	0	-15			
Purchase of treasury shares	-20	-30			
Issue/sale of treasury shares	5	5			
Balance as at 31 December	-15	-40			
Total as at 31 December	1,224	1,199			

## 33.2 Authorised and contingent capital

The Articles of Association may be viewed on the **© company's** website or in the electronic company register. They may also be viewed in the commercial register of the Bonn Local Court.

## Authorised/contingent capital as at 31 December 2022

	Amount €m	Purpose
Authorised Capital 2021 (Annual General Meeting from 6 May 2021)	130	Increase in share capital against cash/non-cash contributions (authorisation until 5 May 2026)
Contingent Capital 2017 (Annual General Meeting from 28 April 2017)	75	Issue of options/conversion rights (authorisation until 7 May 2018)
Contingent Capital 2018/1 (Annual General Meeting from 24 April 2018)	12	Issue of Performance Share Units to executives (authorisation until 8 October 2020)
Contingent Capital 2020/1 (Annual General Meeting from 27 August 2020)	12	Issue of Performance Share Units to executives (authorisation until 26 August 2023)
Contingent Capital 2022/1 (Annual General Meeting from 6 May 2022)	20	Issue of Performance Share Units to executives (authorisation until 5 May 2027)
Contingent Capital 2022/2 (Annual General Meeting from 6 May 2022)	40	Issue of options/conversion rights (authorisation until 5 May 2027)

# **Authorised Capital 2021**

The Board of Management is authorised, subject to the consent of the Supervisory Board, to issue up to 130 million new, no-parvalue registered shares until 5 May 2026 in exchange for cash and/or non-cash contributions and thereby increase the company's share capital by up to €130 million. The authorisation may be used in full or for partial amounts. Shareholders generally have pre-emptive rights. However, subject to the approval of the Supervisory Board, the Board of Management may disapply the shareholders' pre-emptive rights to the shares covered by the authorisation. No use was made of the authorisation in the financial year under review.

### **Contingent Capital 2017**

The contingent capital increase serves to issue bonds with warrants, convertible bonds and/or income bonds as well as profit participation certificates, or a combination thereof, in an aggregate principal amount of up to €1.5 billion, and to grant options or conversion rights for up to 75 million shares with a proportionate interest in the share capital not to exceed €75 million. The new shares participate in profit from the beginning of the financial year in which they are issued. The authorisation was exercised in part in December 2017 by issuing the convertible bond 2017/2025 in an aggregate principal amount of €1 billion. The share capital was increased on a contingent basis by up to €75 million. Contingent capital was not utilised in the 2022 financial year.

# Contingent Capital 2018/1

The contingent capital increase serves to grant Performance Share Units (PSUs) to selected Group executives. The new shares participate in profit from the beginning of the financial year in which they are issued. The share capital was increased on a contingent basis by up to €12 million through the issue of up to 12 million no-par-value registered shares. Contingent capital was not utilised in the 2022 financial year.

# Contingent Capital 2020/1

The contingent capital increase serves to grant Performance Share Units (PSUs) to selected Group executives. The share capital was increased on a contingent basis by up to €12 million through the issue of up to 12 million no-par-value registered shares. The new shares participate in profit from the beginning of the financial year in which they are issued. Contingent capital was not utilised in the 2022 financial year.

## Contingent Capital 2022/1

The contingent capital increase serves to grant Performance Share Units (PSUs) to selected Group executives. The share capital was increased on a contingent basis by up to €20 million through the issue of up to 20 million no-par-value registered



shares. The new shares participate in profit from the beginning of the financial year in which they are issued. Contingent capital was not utilised in the 2022 financial year.

## Contingent Capital 2022/2

The contingent capital increase serves to issue bonds with warrants, convertible bonds and/or income bonds as well as profit participation certificates, or a combination thereof, in an aggregate principal amount of up to €2 billion, and to grant options or conversion rights for up to 40 million shares with a proportionate interest in the share capital not to exceed €40 million. The new shares participate in profit from the beginning of the financial year in which they are issued. The share capital was increased on a contingent basis by up to €40 million. Contingent capital was not utilised in the 2022 financial year.

#### 33.3 Authorisation to acquire treasury shares

By way of a resolution adopted by the Annual General Meeting on 6 May 2021, the company is authorised to acquire treasury shares in the period to 5 May 2026 of up to 10% of the share capital existing when the resolution was adopted. The authorisation permits the Board of Management to exercise it for every purpose permitted by law, and in particular to pursue the goals mentioned in the resolution by the Annual General Meeting. In addition, the

Board of Management is authorised to acquire treasury shares totalling up to 5% of the share capital existing when the resolution was adopted by means including using derivatives.

## Share buy-back programme

In February 2022, the Board of Management resolved a share buy-back programme for up to 50 million Deutsche Post AG shares at a total purchase price of up to €2 billion. The repurchased shares will either be retired, used to service long-term executive remuneration plans and any future employee participation programmes or used to meet potential obligations if rights accruing under the 2017/2025 convertible bond are exercised. The repurchase via the stock exchange started on 8 April 2022 and will end no later than in December 2024.

The first tranche of the share buy-back programme with a buy-back volume (excluding transaction costs) of €790 million was carried out in the period from 8 April 2022 to 3 October 2022. The buy-back volume of the second tranche amounted to €225 million between 9 November 2022 and 31 December 2022. The maximum total volume of this tranche amounts to €500 million and ends on 31 March 2023. In total, 27,963,429 shares had been repurchased for €1,015 million as at 31 December 2022 as part of the share buy-back programme (excluding transaction costs) at an average price of €36.28 per share.

#### Prior tranches of the share buy-back programme 2022

	Total volume €m	Maximum duration	Buy-back Number	Buy-back volume (excluding transaction costs) €m
Tranche I	8001	8 April 2022 to 7 November 2022	21,931,589	790
Tranche II	500	9 November 2022 to 31 March 2023	6,031,840²	225²

<sup>&</sup>lt;sup>1</sup> The total volume was increased by €300 million from €500 million on 29 June 2022. <sup>2</sup> Until 31 December 2022.

In the 2022 financial year, treasury shares were also acquired and issued to executives to settle the 2021 tranche and claims to matching shares under the 2017 tranche. The 1.6 million shares were acquired at an average price per share of €44.46 for a total of €73 million.

A total of 1.4 million shares were issued to the executives concerned to settle the 2021 PSP tranche and 0.4 million shares to settle the Employee Share Plan.

Deutsche Post AG held 40,320,726 treasury shares as at 31 December 2022 (previous year: 15,247,431).

#### 33.4 Disclosures on corporate capital

In the 2022 financial year, the equity ratio was 34.7% (previous year: 30.7%). The company's capital is monitored using the net gearing ratio, which is defined as net debt divided by the total of equity and net debt.

# Corporate capital

€m		
	2021	2022
Financial liabilities	19,897	21,818
Less operating financial liabilities <sup>1</sup>	-506	-716
Less cash and cash equivalents	-3,531	-3,790
Less current financial assets	-3,088	-1,355
Less non-current derivative financial		
instruments	0	-101
Net debt	12,772	15,856
Plus total equity	19,499	23,703
Total capital	32,271	39,559
Net gearing ratio (%)	39.6	40.1

Relates to liabilities from overpayments, for example.



## 34 Reserves

#### 34.1 Capital reserves

The capital increases or decreases in capital reserves relate to the following items:

2021	2022
3,519	3,533
5	8
-3	3
3	-1
9	0
3,533	3,543
	3,519 5 -3 3

# 34.2 Retained earnings

In addition to the items evident in the statement of changes in equity, retained earnings also include changes due to capital increases/decreases:

## Capital increase/decrease

€m		
	2021	2022
Obligation share buy-back 2022 under		
tranche II	0	-275
Share buy-back 2022 under tranche II	0	-219
Share buy-back 2022 under tranche I	0	-768
Share buy-back 2021	-982	0
Change due to Share Matching Scheme	-19	39
Change due to Performance Share Plan	26	23
Change due to Employee Share Plan	0	16
Differences between purchase and issue		
prices of treasury shares	-9	0
Other	3	-11
Total	-981	-1,195

The second tranche of the share buy-back programme, with a total volume of up to €500 million, began on 9 November 2022 and is being implemented by an independent financial services provider until 31 March 2023 on the basis of an irrevocable agreement. At the time the agreement was concluded, the resulting obligation was charged in full to retained earnings and recognised as a financial liability. It was reduced by the buy-back transactions carried out by 31 December 2022. The obligation to repurchase shares after 31 December 2022 is included in the amount of €275 million.

### 35 Equity attributable to Deutsche Post AG shareholders

The equity attributable to Deutsche Post AG shareholders in the 2022 financial year amounted to €23,236 million (previous year: €19,037 million).

#### **Dividends**

Dividends paid to the shareholders of Deutsche Post AG are based on the net retained profit of €10,635 million reported in Deutsche Post AG's annual financial statements in accordance with the HGB. The Board of Management is proposing a dividend of €1.85 per no-par-value share carrying dividend rights (proposed and distributed in the previous year: €1.80). This corresponds to a total dividend of €2,205 million. Moreover, the Board of Management is proposing to transfer €2,000 million from net retained profit to other revenue reserves. The amount of €6,430 million remaining after deduction of the planned total dividend and the transfer to other revenue reserves will be carried forward to new account. The final total dividend will be based on the number of shares carrying dividend rights at the time the Annual General Meeting resolves upon the appropriation of net retained profit on the date of the Annual General Meeting.

	Total dividend €m	Dividend per share €
Dividend distributed in the 2022 financial year for the year 2021	2,205	1.80
Dividend distributed in the 2021 financial year for the year 2020	1,673	1.35

# **36** Non-controlling interests

This balance sheet item includes adjustments for the interests of non-Group shareholders in consolidated equity from acquisition accounting, as well as their interests in profit or loss. The following table shows the companies to which the non-controlling interests relate:

€m		
	2021	2022
DHL Sinotrans International Air Courier Ltd.,		
China	345	302
Blue Dart Express Limited, India	25	34
DHL Aero Expreso S.A., Panama	22	28
PT. Birotika Semesta, Indonesia	23	27
DHL Global Forwarding (Vietnam) Corp.,		
Vietnam	17	23
Other companies	30	53
Non-controlling interests	462	467

There are material non-controlling interests in the following two companies:

DHL Sinotrans International Air Courier Ltd. (Sinotrans), China, which is assigned to the Express segment, provides domestic and international express delivery and transport services. Deutsche Post DHL Group holds a 50% interest in the company. Deutsche Post AG holds a 75% interest in Blue Dart Express



Limited (Blue Dart), India, which is assigned to the eCommerce Solutions segment. Blue Dart is a courier service provider. The following table gives an overview of their aggregated financial data:

# Financial data for material non-controlling interests

€m	SinotransBlu				
	2021	2022	2021	2022	
Balance sheet ASSETS					
Non-current assets	149	178	122	124	
Current assets	966	826	125	153	
Total ASSETS	1,115	1,004	247	277	
EQUITY AND LIABILITIES  Non-current provisions and liabilities	35	57	28	22	
Current provisions and liabilities	391	343	100	100	
Total EQUITY AND LIABILITIES	426	400	128	122	
Net assets	689	604	119	155	
Non-controlling interests	345	302	25	34	
Income statement Revenue	2,720	2,867	482	619	
Profit before income taxes	753	713	49	78	
Income taxes		180	13	16	
Profit after income taxes	<b>564</b>	533	36	62	
Other comprehensive income		0	4	<del>-7</del>	
Total comprehensive income	622	533	40	55	
attributable to non-controlling interests		267	10	14	
Dividend distributed to non-controlling interests		309	1	4	
Consolidated net profit attributable to non-controlling interests		267	9	15	
- Consolidated Het promediting attack to home controlling interests					
Cash flow statement Net cash from operating activities	610	500	84	53	
Net cash from/used in investing activities		-17		-14	
Net cash used in financing activities		-642	-34	<del>-14</del>	
Net change in cash and cash equivalents		-159	4	2	
Cash and cash equivalents at 1 January		711	9	15	
Effect of changes in exchange rates on cash and cash equivalents		<del></del>		0	
Cash and cash equivalents as at 31 December		550	15	17	

The portion of other comprehensive income attributable to non-controlling interests largely relates to the currency translation reserve. The changes are shown in the following table:

€m		
	2021	2022
Balance as at 1 January	-28	8
Transactions with non-controlling interests	-1	0
Total comprehensive income Changes from unrealised gains and losses	37	-1
Changes from realised gains and losses	0	0
Currency translation reserve as at 31 December	8	7

# 37 Provisions for pensions and similar obligations

The Group's most significant defined benefit retirement plans are in Germany and the United Kingdom. A wide variety of other defined benefit retirement plans in the Group are to be found in the Netherlands, Switzerland, the United States and a large number of other countries. There are specific risks associated with these plans along with measures to mitigate them.

#### 37.1 Plan features

#### Germany

In Germany, Deutsche Post AG has an occupational retirement benefit arrangement based on a collective agreement, which is open to new hourly workers and salaried employees. Depending on the weekly working hours and wage/salary group, retirement benefit components are calculated annually for each hourly worker and salaried employee, and credited to an individual pension account. A 2.5% increase on the previous year is included in every newly allocated component. When the statutory pension falls due, the hourly workers and salaried employees can choose whether to receive payment as a lump-sum or in instalments, or lifelong monthly benefit payments that increase by 1% each year. The large majority of Deutsche Post AG's obligations relates to



vested entitlements of hourly workers and salaried employees from a previous agreement, and to legacy pension commitments towards former hourly workers and salaried employees who have left or retired from the company. In addition, retirement benefit arrangements are available to executives below the Board of Management level and to specific employee groups through deferred compensation in particular. For information on the pension scheme for the Board of Management, see Note 47.2.

The prime source of external funding for Deutsche Post AG's respective retirement benefit obligations is a contractual trust arrangement, which also includes a pension fund. The trust is funded on a case-by-case basis in line with the Group's finance strategy. In the case of the pension fund, the regulatory funding requirements can, in principle, be met without additional employer contributions. Part of the plan assets consists of real estate that is leased out to the Group on a long-term basis. In addition, Versorgungsanstalt der Deutschen Bundespost (VAP – Deutsche Bundespost institution for supplementary retirement pensions), a shared pension fund for successor companies to Deutsche Bundespost, is used for some of the legacy pension commitments.

Individual subsidiaries in Germany have retirement benefit plans that were acquired in the context of acquisitions and transfers of operations and that are closed to new entrants. Contractual trust arrangements are in place for two subsidiaries for external funding.

#### **United Kingdom**

In the United Kingdom, the Group's defined benefit pension arrangements are closed to new entrants and for further service accrual. With regard to some of the arrangements, a full commutation exercise was carried out during the previous year, which entailed offering certain members with small pensions the opportunity to exchange their pension for a lump-sum payment. This led to settlement payments in the year under review.

The Group's defined benefit pension arrangements in the United Kingdom have mainly been consolidated into a Group plan with different sections for the participating divisions. These are funded mainly via a Group trust. The amount of the employer deficit contributions must be negotiated with the trustee in the course of funding valuations, which are carried out every three years and most recently in the previous year. Normal contribution amounts no longer accrue because the arrangements have been closed.

#### Other

In the Netherlands, collective agreements require that those employees who are not covered by a sector-specific plan participate in a dedicated defined benefit retirement plan. The dedicated plan provides for annual accruals which are subject to a pensionable salary cap. The plan provides for monthly benefit payments that are indexed in line with inflation, on the one hand, and the funds available for such indexation, on the other. In

Switzerland, employees receive an occupational pension in line with statutory requirements, where pension payments depend on the contributions paid, an interest rate that is fixed each year, certain annuity factors and any pension increases specified. A separate plan providing for lump-sum payments instead of lifelong pension payments exists for specific higher wage components. In the United States, the companies' defined benefit retirement plans have been closed to new entrants and accrued entitlements have been frozen. In the previous year, a bundle of small pensions there was transferred to an insurance company.

The Group companies fund their dedicated defined benefit retirement plans in these three countries primarily by using respective joint funding institutions. In the Netherlands and in Switzerland, both employers and employees contribute to plan funding. In the United States, no regularly recurring contributions are currently made in this regard – with the exception of some limited employer deficit contributions which were resumed in the year under review.



# 37.2 Financial performance of the plans and determination of balance sheet items

The present value of defined benefit obligations, the fair value of plan assets and net pension provisions changed as follows:

€m	Present value of the defined benefit obligations Fair value of plan assets <sup>2</sup>		Effec	Effect of asset ceilings <sup>2</sup>		Net pension provisions		
	2021	2022	2021	2022	2021	2022	2021	2022
Balance as at 1 January	19,664	18,503	13,854	14,785	5	46	5,815	3,764
	_ <del> </del>		15,854	14,/85	5	46		
Current service cost, excluding employee contributions		251					274	251
Past service cost		-13						-13
Settlement gains (-)/losses (+)								
Other administration costs in accordance with IAS 19.130							10	11
Service cost <sup>1</sup>	264	238		-11			274	249
Interest cost on defined benefit obligations	192	301					192	301
Interest income on plan assets			140	241			-140	-241
Interest on the effect of asset ceilings	-	-	-	-	-	-	-	-
Net interest cost	192	301	140	241	-	-	52	60
Income and expenses recognised in the income statement	456	539	130	230	_	-	326	309
Actuarial gains (–)/losses (+) – changes in demographic assumptions	-180	43	_		_		-180	43
Actuarial gains (–)/losses (+) – changes in financial assumptions	-1,209	-4,752			_	_	-1,209	-4,752
Actuarial gains (–)/losses (+) – experience adjustments	112	110			_	_	112	110
Return on plan assets excluding interest income	-		769	-2,304			-769	2,304
Change in the effect of asset ceilings excluding interest	-			_	41	59	41	59
Remeasurements recognised in the statement of comprehensive income	-1,277	-4,599	769	-2,304	41	59	-2,005	-2,236
Employer contributions	-		48	90	_	-	-48	-90
Employee contributions	28	30	28	30	_	-		_
Benefit payments	-729	-741	-417	-568			-312	-173
Settlement payments	-55	-15	-54	-14		-	-1	-1
Transfers	-13		1	3			-14	-3
Acquisitions/divestitures		-2		-6			_	4
Currency translation effects	429	-264	426	-269	_	2	3	7
Balance as at 31 December	18,503	13,451	14,785	11,977	46	107	3,764	1,581

<sup>1</sup> Including other administration costs in accordance with IAS 19.130 from plan assets. 2 In the 2021 annual report, for simplified presentation the fair value of plan assets was reduced by the effects of asset ceilings.



There were settlement payments in the United Kingdom in particular in the reporting period. Moreover, in Germany, the proportion of benefit payments paid directly by the company decreased. There were settlement payments in the United States in particular in the previous year. The remeasurements caused net pension provisions to fall significantly once again. Total payments amounting to €396 million are expected with regard to

net pension provisions in 2023. Of this amount, €328 million is attributable to the Group's expected direct benefit payments and €68 million to expected employer contributions to pension funds.

The disaggregation of the present value of defined benefit obligations, fair value of plan assets and net pension provisions, as well as the determination of the balance sheet items, is as follows:

Germany	UK _	Other	Total
7,254	3,735	2,462	13,451
-5,665	-4,054	-2,258	-11,977
0	0	107	107
1,589	-319	311	1,581
0	319	36	355
1,589	0	347	1,936
9,927	5,497	3,079	18,503
-6,229	-5,895	-2,661	-14,785
0	0	46	46
3,698	-398	464	3,764
0	400	21	421
3,698	2	485	4,185
	-5,665 0 1,589 0 1,589 9,927 -6,229 0 3,698	-5,665     -4,054       0     0       1,589     -319       0     319       1,589     0       9,927     5,497       -6,229     -5,895       0     0       3,698     -398       0     400	-5,665         -4,054         -2,258           0         0         107           1,589         -319         31           0         319         36           1,589         0         347           9,927         5,497         3,079           -6,229         -5,895         -2,661           0         0         46           3,698         -398         464           0         400         21

<sup>&</sup>lt;sup>1</sup> In the 2021 annual report, for simplified presentation the fair value of plan assets was reduced by the effects of asset ceilings.

In the "Other" area, the Netherlands, Switzerland and the United States account for a share in the corresponding present value of the defined benefit obligations of 47%, 19% and 9%, respectively (previous year: 48%, 18% and 9%, respectively).

Additionally, rights to reimbursement from former Group companies existed in the Group in Germany in the amount of

€10 million (previous year: €13 million), which had to be reported separately under financial assets. Corresponding benefit payments are being made directly by the former Group companies.



# 37.3 Additional information on the present value of defined benefit obligations

The significant financial assumptions are as follows:

%	Germany	UK	Other	Total
31 December 2022				
Discount rate (defined benefit obligations)	4.00	4.90	3.89	4.23
Expected annual rate of future salary increase	3.00	n.a.	2.74	2.94
Expected annual rate of future pension increase	2.25	3.00	2.36	2.76
31 December 2021				
Discount rate (defined benefit obligations)	1.50	1.90	1.61	1.64
Expected annual rate of future salary increase	2.50	n.a.	2.39	2.48
Expected annual rate of future pension increase	1.75	3.15	1.67	2.65

The discount rates for defined benefit obligations in the eurozone and the United Kingdom were each derived from an individual yield curve comprising the yields of AA-rated corporate bonds and taking into account membership composition and duration. For other countries, the discount rate for defined benefit obligations was determined in a similar way, provided there was a deep market for AA-rated (or, in some cases, AA-and AAA-rated) corporate bonds. By contrast, government bond yields were used for countries without a deep market for such corporate bonds. The determination of the discount rates was modified for the eurozone at the end of 2022. The generation of the yield curve taking into account corporate bonds with a rating of AA was further developed in the current market environment. This development resulted in detailed changes to the derivation of interest rates.

As a result of the changes made, the discount rate used to calculate the present value of the defined benefit obligations in the eurozone as at 31 December 2022 was 0.60% lower, which resulted in a higher present value of the defined benefit obligations for the Group and the corresponding deterioration in other

comprehensive income (before taxes) of around €379 million; for 2023, the adjustments result in an expected minor increase in both service cost and net interest cost.

For the annual pension increase in Germany, fixed rates in particular must be taken into account, in addition to the assumptions shown. The effective weighted average therefore amounts to approximately 1.00% (previous year: 1.00%).

The most significant demographic assumptions made relate to life expectancy and/or mortality. For the Group companies in Germany, they are based on the HEUBECK RICHTTAFELN 2018 G mortality tables. Life expectancy for the retirement benefit plans in the United Kingdom was based mainly on the S3PMA\_H/S3PFA\_H tables of the Continuous Mortality Investigation (CMI) of the Institute and Faculty of Actuaries, adjusted to reflect plan-specific mortality according to the latest funding valuation. Future mortality improvements were taken into account based on the current CMI projections model and an updated long-term trend assumption. For other countries, their own country-specific current standard mortality tables were used.



If one of the significant financial assumptions were to change, the present value of the defined benefit obligations would change as follows:

Change in assumption percentage points				
	Germany	UK	Other	Total
1.00	-8.36	-10.99	-12.95	-9.93
-1.00	10.64	13.48	16.72	12.54
0.50	0.10	n.a.	0.91	0.22
-0.50	-0.08	n.a.	-0.82	-0.19
0.50	0.29	4.20	6.11	2.43
-0.50	-0.25	-4.05	-4.67	-2.11
1.00	-12.50	-13.76	-15.25	-13.33
-1.00	16.00	17.53	20.45	17.18
0.50	0.14	n.a.	0.99	0.24
-0.50	-0.13	n.a.	-0.89	-0.22
0.50	0.34	5.32	7.29	2.96
-0.50	-0.31	-5.12	-5.54	-2.60
	1.00 -1.00 0.50 -0.50 -0.50 -0.50 -1.00 -1.00 -1.00 -0.50 -0.50	1.00	Change in assumption percentage points         of defined benefit obligating with the percentage points with the percentage	Description   Semany   Content   Semany   Content   Co

These are effective weighted changes in the respective present value of the defined benefit obligations, e.g. taking into account the largely fixed nature of the pension increase for Germany.

A one-year increase in life expectancy for a 65-year-old beneficiary would increase the present value of the defined benefit obligations by 3.95% in Germany (previous year: 4.87%) and by 3.19% in the United Kingdom (previous year: 4.77%). The corresponding increase for other countries would be 2.75% (previous year: 3.37%) and the total increase would be 3.52% (previous year: 4.59%).

When determining the sensitivity disclosures, the present values were calculated using the same methodology used to calculate the present values at the reporting date. The presentation does not take into account interdependencies between the

assumptions; rather, it supposes that the assumptions change in isolation. This would be unusual in practice, since assumptions are often correlated.

The weighted average duration of the Group's defined benefit obligations as at 31 December 2022 was 9.8 years in Germany (previous year: 14.3 years) and 13.0 years in the United Kingdom (previous year: 15.6 years). In the other countries it was 16.1 years (previous year: 18.6 years), and in total it was 11.8 years (previous year: 15.4 years).

A total of 29.2% (previous year: 30.5%) of the present value of the defined benefit obligations was attributable to active beneficiaries, 19.3% (previous year: 20.6%) to formerly employed beneficiaries and 51.5% (previous year: 48.9%) to retirees.



#### 37.4 Additional information on the fair value of plan assets

The fair value of the plan assets can be disaggregated as follows:

€m	Germany	UK	Others <sup>2</sup>	Total
31 December 2022				
Equities	426	57	636	1,119
Fixed income securities	855	3,053	1,018	4,926
Real estate	1,821	272	329	2,422
Alternatives <sup>1</sup>	481	255	50	786
Insurances	510	0	132	642
Cash	1,552	83	40	1,675
Other	20	334	53	407
Fair value of plan assets	5,665	4,054	2,258	11,977
31 December 2021				
Equities	1,153	564	783	2,500
Fixed income securities	2,080	4,554	1,237	7,871
Real estate	1,785	309	357	2,451
Alternatives¹	434	277	57	768
Insurances	519		158	677
Cash	230	151	25	406
Other	28	40	44	112
Fair value of plan assets <sup>2</sup>	6,229	5,895	2,661	14,785

<sup>&</sup>lt;sup>1</sup> Primarily includes absolute return products and private equity investments.

Quoted market prices in an active market exist for around 58% (previous year: 68%) of the total fair values of plan assets. The remaining assets for which no such quoted market prices exist are attributable as follows: 18% (previous year: 14%) to real estate, 12% (previous year: 10%) to fixed income securities, 6% (previous year: 5%) to insurances, 3% (previous year: 2%) to alternatives and 3% (previous year: 1%) to other. The majority of the investments on the active markets are globally diversified, with certain country-specific focus areas.

Real estate included in plan assets in Germany with a fair value of €1,689 million (previous year: €1,653 million) is occupied by Deutsche Post DHL Group.

In the year under review, hedging measures triggered by developments on the capital markets in 2022 resulted in a decrease in the proportion of equity and fixed-income holdings and an increase in the proportion of the cash holdings.

Asset—liability studies are performed at regular intervals in Germany, the United Kingdom and, amongst other places, the Netherlands, Switzerland and the United States, for the purpose of matching assets and liabilities; the strategic allocation of plan assets is adjusted accordingly.

Sustainable approaches based mainly on an integration of ESG criteria are increasingly being used when investing plan assets.

#### 37.5 Risk

Specific risks are associated with the defined benefit retirement plans. This can result in a (negative or positive) change in Deutsche Post DHL Group's equity through other comprehensive income, whose overall relevance is classed as medium to high. In contrast, a low relevance is attached to the short-term effects on staff costs and net finance costs. Potential risk mitigation is applied depending on the specifics of the plans.

#### INTEREST RATE RISK

A decrease (increase) in the respective discount rate would lead to an increase (decrease) in the present value of the total obligation and would in principle be accompanied by an increase (decrease) in the fair value of the fixed income securities contained in the plan assets. Further hedging measures are applied, in some cases using derivatives.

#### INFLATION RISK

Pension obligations – especially relating to final salary schemes or schemes involving increases during the pension payment phase – can be linked directly or indirectly to changes in inflation. The risk of increasing inflation rates with regard to the present value of the defined benefit obligations has been mitigated in the case of Germany, for example, by switching to a system of retirement benefit components and, in the case of the United Kingdom, by closing the defined benefit arrangements. In addition, fixed rates of increase have been set and increases partially capped, and/or lump-sum payments have been provided for. There is also a positive correlation with interest rates.

<sup>&</sup>lt;sup>2</sup> In the 2021 annual report, for simplified presentation the fair value of plan assets was reduced by the effects of asset ceilings.



#### INVESTMENT RISK

The investment is in principle subject to a large number of risks; in particular, it is exposed to the risk that market prices may change. This is managed primarily by ensuring broad diversification and the use of hedging instruments.

## LONGEVITY RISK

Longevity risk may arise in connection with the benefits payable in the future due to a future increase in life expectancy. This is

mitigated in particular by using current standard mortality tables when calculating the present value of the defined benefit obligations. The mortality tables used in Germany and the United Kingdom, for example, include an allowance for expected future increases in life expectancy.

# **38** Other provisions

Other provisions break down into the following main types of provision:

€m	Non-current			Current	t	
	2021	2022	2021	2022	2021	2022
Other employee benefits	799	670	160	114	959	784
Technical reserves (insurance)	517	571	250	178	767	749
Aircraft maintenance	209	200	98	73	307	273
Tax provisions			275	278	275	278
Restructuring provisions	25	10	50	45	75	55
Miscellaneous provisions	396	450	375	471	771	921
Other provisions	1,946	1,901	1,208	1,159	3,154	3,060

# 38.1 Changes in other provisions

€m	Other employee	Restructuring	Technical reserves			Miscellaneous	
	benefits	provisions	(insurance)	Aircraft maintenance	Tax provisions	provisions	Total
Balance as at 1 January 2022	959	75	767	307	275	771	3,154
Changes in consolidated group		0	0		1	-1	-6
Utilisation		-34	-68	-91	-33	-268	-1,090
Currency translation differences		1	4		3	-1	44
Reversal		-21	-25	-5	-50	-65	-216
Unwinding of/changes in discount rate		0	-30	-1	0	<del>-7</del>	-89
Reclassification		0	0	0	0	0	3
Addition	487	34	101	64	82	492	1,260
Balance as at 31 December 2022	784	55	749	273	278	921	3,060



The provision for other employee benefits primarily covers work-force reduction expenses such as severance payments, partial retirement, early retirement, stock appreciation rights (SARs) and jubilee payments. The decrease results primarily from higher utilisation compared to the previous year and lower additions to the obligations for partial retirement and pension plans in the United States.

Technical reserves (insurance) mainly consist of outstanding loss reserves and IBNR (incurred but not reported) reserves,

Note 7.

The provision for aircraft maintenance relates to obligations for major aircraft and engine maintenance by third-party companies.

Of the tax provisions, €140 million (previous year: €131 million) relates to VAT, €31 million (previous year: €45 million) to customs and duties, and €107 million (previous year: €99 million) to other tax provisions.

Miscellaneous provisions, which include a large number of individual items, break down as follows:

€m		
	2021	2022
Litigation costs		
of which non-current: 53 (previous year: 56)	114	130
Risks from business activities		
of which non-current: 35 (previous year: 6)	45	129
Miscellaneous other provisions		
of which non-current: 362 (previous year: 334)	612	662
Miscellaneous provisions	771	921

# 38.2 Maturity structure

The maturity structure of the provisions recognised in the 2022 financial year is as follows:

€m	Up to 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years	More than 5 years	Total
2022							
Other employee benefits	114	130	48	33	34	425	784
Technical reserves (insurance)	178	243	82	38	28	180	749
Aircraft maintenance	73	120	20	13	9	38	273
Tax provisions	278	0	0	0	0	0	278
Restructuring provisions	45	4	4		0	0	55
Miscellaneous provisions	471	183	70	47	34	116	921
Total	1,159	680	224	133	105	759	3,060



# 39 Financial liabilities

€m		Non-current	Current			Total	
	2021	2022	2021	2022	2021	2022	
Bonds	6,167	5,680	502	500	6,669	6,180	
Amounts due to banks	356	342	188	188	544	530	
Lease liabilities¹	9,841	11,316	1,964	2,198	11,805	13,514	
Liabilities at fair value through profit or loss	1	5	12	129	13	134	
Other financial liabilities	249	316	617	1,144	866	1,460	
Financial liabilities	16,614	17,659	3,283	4,159	19,897	21,818	

<sup>1</sup> Explanations under Note 41.

The amounts due to banks comprise mainly current overdraft facilities and long-term loans due to various banks. The amounts reported under liabilities at fair value through profit or loss relate mainly to the negative fair values of derivative financial instruments. Other financial liabilities includes the obligation of €275 million for the repurchases still to be carried out from tranche II of the share buy-back programme and the obligation

of  $\ensuremath{\mathfrak{e}}$ 138 million for the acquisition of the remaining shares in the Monta Group.

# **Bonds**

The 2012/2022 bond of Deutsche Post Finance B.V. was fully repaid in June 2022.

# **Significant bonds**

					2021		2022
	Nominal coupon	Notional volume	Issuer	Carrying amount	Fair value	Carrying amount	Fair value
	%	€m		€m	€m	€m	€m
Bond 2012/2022	2.950	500	Deutsche Post Finance B.V.	500	508	0	0
Bond 2012/2024	2.875	700	Deutsche Post AG	699	764	699	699
Bond 2013/2023	2.750	500	Deutsche Post AG	499	527	500	502
Bond 2016/2026	1.250	500	Deutsche Post AG	498	525	499	472
Bond 2017/2027	1.000	500	Deutsche Post AG	497	526	497	452
Bond 2018/2028	1.625	750	Deutsche Post AG	743	818	744	690
Bond 2020/2026	0.375	750	Deutsche Post AG	746	759	747	688
Bond 2020/2029	0.750	750	Deutsche Post AG	748	776	748	649
Bond 2020/2032	1.000	750	Deutsche Post AG	747	793	747	610
Convertible bond 2017/2025 <sup>1</sup>	0.050	1,000	Deutsche Post AG	974	1,002	982	914

<sup>&</sup>lt;sup>1</sup> Fair value of the debt component; the fair value of the convertible bond 2017/2025 is €956 million (previous year: €1,200 million).



#### Convertible bond

The convertible bond issued carries a conversion right that allows holders to convert the bond into a predetermined number of Deutsche Post AG shares.

In addition, Deutsche Post AG was granted a call option allowing it to repay the bond early at face value plus accrued interest if Deutsche Post AG's share price more than temporarily exceeds 130% of the conversion price applicable at that time. The convertible bond has a debt component and an equity component. In subsequent years, interest will be added to the carrying amount of the bond, up to the issue amount, using the effective interest method and recognised in profit or loss.

#### Convertible bond

	2017/2025
Issue date	13 Dec. 2017
Issue volume	€1 billion
Outstanding volume	€1 billion
Exercise period, conversion right	13 Dec. 2020 to 13 June 2025 <sup>1</sup>
Exercise period, call option	2 Jan. 2023 to 10 June 2025
Value of debt component at issue date <sup>2</sup>	€946 million
Value of equity component at issue date <sup>3</sup>	€53 million
Transaction costs (debt/equity component)	4.7/€0.3 million
Conversion price at issue	€55.69
Conversion price after adjustment <sup>4</sup> in 2018	€55.61
in 2019	€55.63
in 2020	€55.74
in 2021	€55.66
in 2022	€55.00

<sup>&</sup>lt;sup>1</sup> Excluding possible contingent conversion periods according to the bond terms.

#### 40 Other liabilities

€m		
	2021	2022
Tax liabilities	1,622	1,709
Incentive bonuses	1,157	1,267
Compensated absences	446	517
Contract liabilities of which non-current: 62 (previous year: 30)	360	516
Wages, salaries, severance payments	342	343
Deferred income of which non-current: 136 (previous year: 95)	210	274
Payables to employees and members of executive bodies	241	240
Social security liabilities	210	212
Postage stamps (contract liabilities)	107	144
Overtime claims	128	138
Debtors with credit balances	149	135
Insurance liabilities	58	113
Liabilities from cheques issued	43	77
Liabilities for damages of which non-current: 2 (previous year: 0)	45	62
Other compensated absences	45	49
COD liabilities	54	43
Liabilities from the sale of residential building loans		
of which non-current: 22 (previous year: 30)	40	31
Accrued insurance premiums for damages and similar liabilities	18	21
Accrued rentals	14	16
Miscellaneous other liabilities of which non-current: 99 (previous year: 149)	1,153	926
Other liabilities	6,442	6,833
of which current	6,138	6,512
non-current	304	321

Of the tax liabilities, €739 million (previous year: €661 million) relates to VAT, €767 million (previous year: €754 million) to customs and duties and €203 million (previous year: €207 million) to other tax liabilities.

Miscellaneous other liabilities include a large number of individual items.

## **Maturity structure**

There is no significant difference between the carrying amounts and the fair values of the other liabilities due to their short maturities or near-market interest rates. There is no significant interest rate risk because most of these instruments bear floating rates of interest at market rates.

€m		
	2021	2022
Up to 1 year	6,138	6,512
More than 1 year to 2 years	142	146
More than 2 years to 3 years	63	46
More than 3 years to 4 years	37	25
More than 4 years to 5 years	21	15
More than 5 years	41	89
Other liabilities	6,442	6,833

<sup>&</sup>lt;sup>2</sup> Including transaction costs and call option granted.

<sup>3</sup> Recognised in capital reserves.

<sup>4</sup> After dividend payment.



# **Lease disclosures**

## 41 Lease disclosures

Currency translation income on lease liabilities totalled €41 million (previous year: €16 million), whilst the related expenses amounted to €51 million (previous year: €49 million). Gains from sale-and-leaseback transactions came in at €84 million (previous year: €105 million) with €39 million (previous year: €96 million) attributable to real estate development projects. The right-of-use assets carried as non-current assets resulting from leases are presented separately in the following table:

#### Right-of-use assets

€m 	Land and buildings	Technical equipment and machinery	IT equipment, operating and office equipment	Aircraft	Transport equipment	Advance payments and assets under development	Total
31 December 2021 Accumulated cost	12,472	236	9	3,016	1,098	251	17,082
of which additions	2,116	230		543	310	86	3,080
Accumulated depreciation and	2,110						3,000
impairment losses	4,318	117	7	961	511	0	5,914
Carrying amount	8,154	119		2,055	587	251	11,168
31 December 2022							
Accumulated cost	14,344	244	11	4,096	1,297	264	20,256
of which additions	2,260	40	3	987	366	83	3,739
Accumulated depreciation and							
impairment losses	5,462	132	7	1,202	613	0	7,416
Carrying amount	8,882	112	4	2,894	684	264	12,840

In the real estate area, the Group primarily leases warehouses, office buildings and mail and parcel centres. The leased aircraft are predominantly deployed in the air network of the Express segment. The additions also relate to the renewal of the aircraft fleet. Leased transport equipment also includes the leased vehicle fleet. The real estate leases in particular are long-term leases. The Group had 77 real estate leases with remaining lease terms of more than 20 years as at 31 December 2022 (previous year: 79 leases). Aircraft leases have remaining lease terms of up to 14 years. Leases may include extension and termination options, Note 7. The leases are negotiated individually and include a wide range of different conditions. Lease liabilities are presented in the following table:

2021	2022
9,841	11,316
1,964	2,198
11,805	13,514
	9,841

Future cash outflows amounted to €16 billion (previous year: €14 billion) as at the reporting date, Note 43. Possible future cash outflows amounting to €3.6 billion (previous year: €2.6 billion) were not included in lease liabilities because it is not reasonably certain that the leases will be extended (or not terminated). Leases that the Group has entered into as a lessee but that have not yet commenced result in possible future payment outflows totalling €2.6 billion (previous year: €1.6 billion), which primarily result from the renewal of the aircraft fleet. Additional information on the lessee required under IFRS 16 can be found in Note 12, 14, 18 and 42.



### **Cash flow disclosures**

### 42 Cash flow disclosures

The following table shows the reconciliation of changes in liabilities arising from financing activities in accordance with the IFRS requirements:

### Liabilities arising from financing activities

€m		Amounts due to		Other financial	
	Bonds	banks	Lease liabilities	liabilities1	Total
Balance as at 1 January 2021	7,410	479	10,459	324	18,672
Cash changes²	-845	21	-2,395	12	-3,207
Non-cash changes					
Leases	0	0	3,408	0	3,408
Currency translation	1	32	309	8	350
Changes in consolidated group	0	0	23	3	26
Other changes	103	12	1	14	130
Balance as at 31 December 2021/1 January 2022	6,669	544	11,805	361	19,379
Cash changes <sup>2</sup>	-589	-371	-2,735	-68	-3,763
Non-cash changes					
Leases	0	0	4,263	0	4,263
Currency translation	1	27	74	1	103
Changes in consolidated group	0	322	107	4	433
Other changes	99	8	0	447	554
Balance as at 31 December 2022	6,180	530	13,514	745	20,969

¹ Differences from the financial liabilities presented in ♦ Note 39 (other financial liabilities and financial liabilities at fair value through profit or loss) in the amount of €849 million (previous year: €518 million) are due to factors presented in other cash flow items, e.g. derivatives or operating financial liabilities.

As at the reporting date, there were no hedges attributable solely to the liabilities arising from financing activities. The effects on cash flows from hedges are presented in the "Other financing activities" cash flow item in the amount of €100 million.

### 42.1 Net cash from operating activities

At €10,965 million, net cash from operating activities came in €972 million higher than the prior-year figure of €9,993 million. Income taxes paid rose by €459 million to €1,782 million. Cash inflow from the change in working capital amounted to €215 million, compared with a cash outflow of €430 million in the prior year.

Non-cash income and expenses are as follows:

### Non-cash income and expense

€m		
	2021	2022
Expense from the remeasurement of assets	176	141
Income from the remeasurement of liabilities	-198	-303
Staff costs relating to equity-settled share-based payments	79	100
Net income from investments accounted for using the equity method	-32	39
Other	-3	-8
Non-cash income (-) and expenses (+)	22	-31

<sup>&</sup>lt;sup>2</sup> Differences in cash changes from the total amount of net cash used in financing activities (€-7,411 million; previous year: €-6,224 million) are due primarily to interest payments in addition to payments relating to equity transactions. The interest payments reported in the cash flow statement also include payments that do not relate to liabilities from financing activities.



### 42.2 Net cash used in investing activities

Net cash used in investing activities fell from €4,824 million to €3,179 million. Payments of €1,613 million were made for the acquisition of subsidiaries and other business units, primarily for the acquisition of Hillebrand in the net amount of €1,379 million. Cash paid to acquire property, plant and equipment and intangible assets increased by €176 million to €3,912 million. Investing activities focused on, for example, the ongoing expansion and renewal of the road vehicle and air fleet. Amongst other things, the sale of money market funds resulted in a cash inflow of €1,664 million from the change in current financial assets. In the previous year, the purchase of money market funds totalling €950 million was the primary contributor to cash outflow for the acquisition of current financial assets amounting to €1,508 million.

The assets acquired and liabilities assumed in the course of acquisitions of material and immaterial companies undertaken in the 2022 financial year are presented in the following table:

### Assets acquired and liabilities assumed

€m	
	2022
Non-current assets	283
Current assets (excluding cash and cash equivalents)	547
Cash and cash equivalents	82
Non-current provisions and liabilities	-422
Current provisions and liabilities	-557

### 42.3 Net cash used in financing activities

At €7,411 million, net cash used in financing activities came in €1,187 million higher than the prior-year figure of €6,224 million. The repayment of non-current financial liabilities increased from €2,903 million to €3,169 million due to lease liabilities and the repayment of the 2012/2022 bond. The dividend payment to the shareholders also increased, rising by €532 million to €2,205 million. Share buy-backs led to payments in the amount of €1,099 million for the acquisition of treasury shares, thereby coming in slightly below the level of the previous year (€1,115 million).

### Other disclosures

### 43 Risks and financial instruments of the Group

### 43.1 Risk management

As a result of its operating activities, the Group is exposed to financial risks that may arise from changes in exchange rates, commodity prices and interest rates. Deutsche Post DHL Group manages these risks centrally through the use of non-derivative and derivative financial instruments. Derivatives are used exclusively to mitigate non-derivative financial risks, and fluctuations in their fair value should not be assessed separately from the underlying transaction.

The Group's internal risk guidelines govern the universe of actions, responsibilities and necessary controls regarding the use of derivatives. Financial transactions are recorded, assessed and processed using proven risk management software, which

also regularly documents the effectiveness of hedging relationships. Portfolios of derivatives are regularly reconciled with the banks concerned.

To limit counterparty risk from financial transactions, the Group may only enter into this type of contract with prime-rated banks. The conditions for the counterparty limits individually assigned to the banks are reviewed on a daily basis. The Group's Board of Management is informed internally at regular intervals about existing financial risks and the hedging instruments deployed to mitigate them. Financial instruments are accounted for and measured and hedge accounting is carried out in accordance with IFRS 9.

Disclosures regarding risks associated with the Group's defined benefit retirement plans and their mitigation can be found in Note 37.5.

### Liquidity management

The ultimate objective of liquidity management is to secure the solvency of Deutsche Post DHL Group and all Group companies. Consequently, liquidity in the Group is centralised as much as possible in cash pools and managed in the Corporate Center.

The centrally available liquidity reserves (funding availability), consisting of central short-term financial investments and committed credit lines, are the key control parameter. The target is to have at least €2 billion available in a central credit line.

As at 31 December 2022, the Group had central liquidity reserves of  $\leqslant$ 4 billion (previous year:  $\leqslant$ 5.6 billion), consisting of central financial investments amounting to  $\leqslant$ 2 billion plus a syndicated credit facility of  $\leqslant$ 2 billion.



The maturity structure of non-derivative financial liabilities within the scope of IFRS 7 based on cash flows is as follows:

### Maturity structure of financial liabilities

€m		More than	More than	More than	More than	
	Up to 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
						, , , , , , , , , , , , , , , , , , , ,
As at 31 December 2022						
Non-current financial liabilities¹	60	847	1,215	1,327	569	2,586
Non-current lease liabilities	0	2,244	1,916	1,610	1,322	6,390
Other non-current financial liabilities	0	7	6	4	2	2
Non-current financial liabilities	60	3,098	3,137	2,941	1,893	8,978
Current financial liabilities	1,846					
Current lease liabilities	2,662					
Trade payables	9,933					
Other current financial liabilities	409					
Current financial liabilities	14,850					
As at 31 December 2021						
Non-current financial liabilities <sup>1</sup>	74	745	798	1,076	1,327	3,155
Non-current lease liabilities		1,993	1,603	1,350	1,122	5,754
Other non-current financial liabilities		8	7	6	4	5
Non-current financial liabilities	74	2,746	2,408	2,432	2,453	8,914
Current financial liabilities	1,321					
Current lease liabilities	2,355					
Trade payables	9,556					
Other current financial liabilities	339					
Current financial liabilities	13,571					

<sup>&</sup>lt;sup>1</sup> The convertible bond 2025 is contained in the "More than 2 years to 3 years" range.



The maturity structure of the derivative financial instruments based on cash flows is as follows:

### Maturity structure of derivative financial instruments

€m		More than	More than	More than	More than	
	Up to 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
As at 31 December 2022						
Derivative receivables – gross settlement						
Cash outflows	-2,299	-141	-20	-14	-12	-32
Cash inflows	2,369	168	29	23		55
Net settlement						
Cash inflows		0	0	0	0	0
Derivative liabilities – gross settlement						
Cash outflows	-4,505	-1	-1	0	0	0
Cash inflows	4,399	1	1	0	0	0
Net settlement						
Cash outflows	-12	-4	0	0	0	0
As at 31 December 2021						
Derivative receivables – gross settlement						
Cash outflows	-2,944	-15	-1	0	0	0
Cash inflows	3,008	16	1	0	0	0
Net settlement						
Cash inflows		0	0	0	0	0
Derivative liabilities – gross settlement						
Cash outflows	-1,195	-20	-19	-6	-4	-1
Cash inflows	1,183	21	21	7	4	1
Net settlement						
Cash outflows	0	0	0	0	0	0

The contract terms stipulate how the parties must meet their obligations arising from derivative financial instruments, either by net or by gross settlement.



#### **CURRENCY RISK AND CURRENCY MANAGEMENT**

The international business activities of Deutsche Post DHL Group expose it to currency risks from recognised or planned future transactions:

On-balance-sheet currency risks arise from the measurement and settlement of recognised foreign currency items if the exchange rate on the measurement or settlement date differs from the rate at initial recognition. The resulting foreign exchange differences directly impact profit or loss. In order to mitigate this impact as far as possible, all significant on-balance-sheet currency risks within the Group are centralised in Deutsche Post AG's in-house bank function. The centralised currency risks are aggregated by Corporate Treasury to calculate a net position per currency and hedged externally based on value-at-risk limits. The currency-related value at risk (95%/one-month holding period) for the portfolio totalled €6 million (previous year: €5 million) at the reporting date; the limit is currently a maximum of €5 million. The notional amount of the currency forwards and currency swaps used to manage on-balance-sheet currency risks amounted to €6.101 million at the reporting date (previous year: €4,078 million); the fair value was €-86 million (previous year: €46 million). Hedge accounting was not applied. Derivatives are accounted for as trading derivatives (free-standing derivatives).

Currency risks arise from planned foreign currency transactions if the future transactions are settled at exchange rates that differ from the originally projected rates. These currency risks are also captured centrally in Corporate Treasury. Currency risks from planned transactions and transactions with existing contracts are only hedged in selected cases. The relevant hedged items and derivatives used for hedging purposes are accounted for using cash flow hedge accounting, Note 43.3.

Currency risks also result from translating assets and liabilities of foreign operations into the Group's currency (translation risk). No translation risks were hedged at the reporting date.

Currency forwards and currency swaps in a notional amount of €7,130 million (previous year: €4,270 million) were outstanding at the reporting date. The corresponding fair value was €-55 million (previous year: €49 million).

Of the unrealised gains or losses from currency derivatives recognised in equity as at 31 December 2022, €20 million (previous year: €4 million) is expected to be recognised in profit or loss in the course of the following year.

IFRS 7 requires the disclosure of quantitative risk data, showing how profit or loss and equity are affected by changes in exchange rates at the reporting date. The impact of these changes in exchange rates on the portfolio of foreign currency financial instruments is assessed by means of a value-at-risk

calculation (95% confidence/one-month holding period). It is assumed that the portfolio as at the reporting date is representative for the full year. The following assumptions are used as a basis for the sensitivity analysis:

Primary financial instruments in foreign currencies used by Group companies are hedged by Deutsche Post AG's in-house bank. Deutsche Post AG determines monthly exchange rates and guarantees these to the Group companies. Exchange rate-related changes therefore have no effect on the profit or loss and equity of the Group companies. Where Group companies are not permitted to participate in in-house banking for legal reasons, their currency risks from primary financial instruments are fully hedged locally through the use of derivatives. They therefore have no impact on the Group's risk position.

The following table presents currency-related effects on value at risk:

### Risk data on currency risk

€m				
		2021		2022
	Profit or loss effects	Equity effects	Profit or loss effects	Equity effects
Primary financial instruments and free-standing				
derivatives	4		6	
Derivative instruments (cash flow hedges)		5		21
Total value at risk¹		6		24

<sup>&</sup>lt;sup>1</sup> The total amount is lower than the sum of the individual amounts, owing to interdependencies.



#### INTEREST RATE RISK AND INTEREST RATE MANAGEMENT

As at the reporting date, interest rate hedging instruments with a notional amount of €500 million (previous year: €0 million) and a fair value of €57 million (previous year: €0 million) were outstanding and are accounted for as cash flow hedges, Note 43.3.

If the interest rates underlying the derivatives had been 100 basis points higher as at the reporting date, this would have increased fair values and equity by €30 million (previous year: €0 million). A corresponding decrease in the interest rates would have had an effect of €-33 million (previous year: €0 million). The proportion of financial liabilities with short-term interest lock-ins, Note 39, amounts to 19% (previous year: 16%) of the total financial liabilities as at the reporting date. The effect of potential interest rate changes on the Group's financial position remains insignificant.

### MARKET RISK

Most of the risks arising from commodity price fluctuations, in particular fluctuating prices for kerosene and marine diesel fuels, were passed on to customers via operating measures. As the impact of the related fuel surcharges is delayed by one to two months, earnings may be affected temporarily if there are significant short-term fuel price variations.

The remaining fuel price risk is partly hedged with swap transactions in the notional amount of €1 million (previous year: €13 million) and a fair value of €1 million (previous year: €7 million) running until the end of 2023.

Commodity price risks also result from the ongoing purchase of natural gas. Swap transactions with a notional amount of €24 million (previous year: €0 million) were outstanding as at the reporting date. The corresponding fair value was €-9 million (previous year: €0 million). A 10% increase in the commodity prices underlying the derivatives as at the reporting date would have increased fair values and equity by €1 million (previous year: €2 million). A corresponding decline in commodity prices would have had the opposite effect.

The Group received share price options as part of the conclusion of contracts from operational and M&A transactions. As at the reporting date, share price options with a notional amount of  $\le$ 252 million (previous year:  $\le$ 0 million) and a term of two to six years were outstanding. The corresponding fair value was  $\le$ 33 million (previous year:  $\le$ 0 million).

A 10% increase in the share prices underlying the derivatives as at the reporting date would have thus increased fair values and the financial result by €8 million (previous year: €0 million). A corresponding decrease in the share prices would have had an effect of €-7 million (previous year: €0 million).

### **CREDIT RISK**

Credit risk arises for the Group from operating activities and from financial transactions. The aggregate carrying amount of financial assets represents the maximum default risk.

In an effort to minimise credit risk from operating activities and financial transactions, counterparties are assigned individual limits, the utilisation of which is regularly monitored. The Group's heterogeneous customer structure means that there is no risk concentration. Financial transactions are only entered into with prime-rated counterparties. A test is performed at the reporting dates to establish whether an impairment loss needs to be charged on financial assets and the positive fair values of derivatives due to changes in credit quality. This was not the case for any of the counterparties as at 31 December 2022.

The credit risk of financial assets arising from operations is managed by the divisions.

As a rule, the expected credit loss associated with financial assets must be determined. Based on the expected credit loss model (impairment model), a loss allowance must be anticipated for the possible credit loss, Note 7.

The impairment model is applicable to non-current and current debt instruments recognised at amortised cost and to lease receivables. Debt instruments comprise mainly deposits, collateral provided and loans to third parties.

The gross amounts of financial assets subject to the impairment model are presented in the following table:

Stage 1 - 12-month ECL

€m	Gross		Net
	carrying	Loss	carrying
	amount	allowance	amount
Balance as at 1 January 2021	913	-36	877
Newly originated financial			
assets	1,940		1,940
Impairment loss	-13		-13
Disposal	-719		-719
Reversal of loss allowance		32	32
Increase in loss allowance		-46	-46
Currency translation			
differences	29		29
Changes in consolidated			
group/reclassifications	410		410
Balance as at			
31 December 2021/	2.542		2 - 1 - 2
1 January 2022	2,560	-50	2,510
Newly originated financial	2.100		2 100
assets	2,189		2,189
Impairment loss	-10		-10
Disposal	-2,194		-2,194
Reversal of loss allowance		47	47
Increase in loss allowance		-39	-39
Currency translation			
differences	12		12
Changes in consolidated			
group/reclassifications			-6
Balance as at			
31 December 2022	2,551	-42	2,509

No cash flows from debt instruments were modified in the financial year and no changes were made to the model for determining risk parameters. The inputs were not remeasured.



All debt instruments and lease receivables were recognised in Stage 1 at the reporting date; they were neither past due nor impaired. There were no indications at the reporting date of any poor performance of the debt instruments and lease receivables. There was no reclassification between the stages in the financial year.

Trade receivables from customer relationships amounting to €12,253 million were due within one year at the reporting date (previous year: €11,683 million). They are held primarily with the aim of collecting the principal amount of the receivables. These items are therefore assigned to the "held to collect contractual cash flows" business model and measured at amortised cost. Trade receivables changed as follows:

### Changes in receivables

€m		
	2021	2022
Gross receivables		
Balance as at 1 January	9,213	11,971
Changes	2,758	610
Balance as at 31 December	11,971	12,581
Loss allowances		
Balance as at 1 January	-228	-288
Changes	-60	-40
Balance as at 31 December	-288	-328
Carrying amount as at 31 December	11,683	12,253

The following table provides an overview of loss rates by age band that were used in the Group for the financial year under review:

### Loss rates by age band

%		
	2021	2022
1 to 60 days	0.1-0.2	0.03-1.3
61 to 120 days	1.4-3.1	0.8-22.4
121 to 180 days	8.0-25.0	6.0-56.0
181 to 360 days	40.0-75.0	19.0-100.0
More than 360 days	80.0-100.0	80.0-100.0

Trade receivables are derecognised when a reasonable assessment indicates they are no longer recoverable. The relevant indicators include a delay in payment of more than 360 days.

In the 2022 financial year, there were factoring agreements in place that obliged the banks to purchase existing and future trade receivables. The banks' purchase obligations were limited to a maximum portfolio of receivables of €501 million (previous year: €616 million). Deutsche Post DHL Group can decide at its discretion whether, and to what extent, the revolving notional volume is utilised. The risks relevant to the derecognition of the receivables include credit risk and the risk of delayed payment (late payment risk).

Credit risk represents primarily all the risks and rewards associated with ownership of the receivables. This risk is transferred in full to the bank against payment of a fixed fee for doubtful accounts. A significant late payment risk does not exist. All of the receivables were therefore derecognised. In the 2022 financial year, the Group recognised programme fees (interest, allowances for doubtful accounts) of €0.5 million (previous year: €2 million) as an expense in the context of its continuing exposure. The notional volume of receivables factored as at 31 December 2022 amounted to €15 million (previous year: €90 million).

### 43.2 Collateral

### Collateral provided

€m		
	2021	2022
Non-current collateral	148	162
of which for assets for the settlement of		
residential building loans	38	29
for sureties paid	110	114
Current collateral	200	53
of which for restricted cash	100	0
for sureties paid	100	42

The collateral provided relates primarily to sureties paid and restricted cash.

### 43.3 Derivative financial instruments

### **FAIR VALUE HEDGES**

There were no fair value hedges as at 31 December 2022, as in the previous year.

### **CASH FLOW HEDGES**

The Group uses currency forwards and currency swaps to hedge the cash flow risk from future foreign currency operating revenue and expenses. The notional amount of these currency forwards and currency swaps amounted to €1,029 million (previous year: €192 million) at a fair value of €31 million (previous year: €3 million). The hedged items will have an impact on cash flow by 2028.

The following table shows the net open hedging positions at the reporting date in the currency pairs with the highest net positions and their weighted hedge rate:



### Notional volume of hedging instruments

€m		Remaining term			
	Total notional volume	Up to 1 year	1 year to 5 years	More than 5 years	Average hedge rate €
31 December 2022					
Hedges of currency risk Currency forwards buy EUR/GBP	546	546			0.88
Currency forwards sell EUR/CZK	364	204	158	2	26.53
Currency forwards buy EUR/HUF	47	47			446.46
31 December 2021 Hedges of currency risk					
Currency forwards buy EUR/CZK	132	65	66	1	26.68
Currency forwards sell EUR/USD	21	21			1.13
Currency forwards buy USD/CNY	16	16			6.49

Interest rate risks from the planned refinancing of a maturing bond were hedged via payer interest rate swaps with a term until 2031. The notional amount of the swaps as at the reporting date was €500 million (previous year: €0 million) at a fair value of €57 million (previous year: €0 million).

In addition, as part of cash flow hedging, fuel and natural gas price risks were hedged with corresponding swap transactions in the notional amount of €25 million (previous year: €13 million) and a fair value of €-8 million (previous year: €7 million) running until the end of 2024. Only the product price component of the fuel price was designated as the hedged item. In the financial year under review, €17 million in realised gains from cash flow hedges for fuel and natural gas price risk were recognised in materials expense.

The total gains and losses on open hedging instruments recognised in equity at the reporting date amounted to &82 million (previous year: &10 million).

As in the previous year, carrying amounts of derivative assets amounting to €91 million (previous year: €11 million) and derivative liabilities amounting to €-10 million (previous year: €-1 million) included in cash flow hedges did not result in

### Reserve for cash flow hedges

2021	OCI I Effective portion of the hedge	OCI II Cost of hedging	2022
-20	12	-2	10
28	70	18	88
2	-10	-5	-15
10	72	11	83
	-20 28 2	2021 Effective portion of the hedge -20 12 28 70 2 -10	Effective portion   OCI II

Excluding deferred taxes.

ineffectiveness within the period. This is because the changes in the fair value of the hedged items ( $\in$ -60 million) and hedging transactions ( $\in$ 60 million) offset each other (previous year:  $\in$ 30 million and  $\in$ -30 million, respectively).

### **NET INVESTMENT HEDGES**

Currency risks resulting from the translation of foreign operations were not hedged in 2022. At the reporting date, there was still a positive amount of €25 million from terminated net

investment hedges in the currency translation reserve as in the previous year.

## 43.4 Additional disclosures on the financial instruments used in the Group

The Group classifies financial instruments based on the relevant balance sheet items. The following table reconciles the financial instruments to the categories and their fair values as at the reporting date:



### Reconciliation of carrying amounts in accordance with IFRS 9 and level classification

€m														
			31 Decem	ber 2021						31 Decem	ber 2022			
					finan	el classific cial instru he scope	ments					financ	l classifica cial instrui ne scope c	ments
	Carrying amount	Financial instruments within the scope of IFRS 9	Other financial instruments outside IFRS 9 <sup>1</sup>	IFRS 7 fair value	Level 1	Level 2	Level 3	Carrying amount	Financial instruments within the scope of IFRS 9	Other financial instruments outside IFRS 91	IFRS 7 fair value	Level 1	Level 2	Level 3
ASSETS														
Debt instruments measured at cost	17,724	17,157	567	846		436		18,579	17,889	691	788		263	
Non-current financial assets	834	424	410	846		436		788	263	525	788		263	
Current financial assets <sup>2</sup>	1,257	1,100	157	n.a.				1,272	1,106	166	n.a.			
Other current assets <sup>2</sup>	419	419		n.a.				476	476		n.a.			
Trade receivables <sup>2</sup>	11,683	11,683		n.a.				12,253	12,253		n.a.			
Cash and cash equivalents <sup>2</sup>	3,531	3,531		n.a.				3,790	3,790		n.a.			
Equity instruments at fair value through other comprehensive income	46	46		46	46			65	65		65	55	10	
Non-current financial assets	46	46		46	46			65	65		65	55	10	
Reserve for equity instruments without recycling	46	46		46	46			65	65		65	55	10	
Current financial assets														
Reserve for equity instruments without recycling														
Debt instruments and equity instruments at fair value through profit or loss	2,141	2,141		2,141	2,072	69		446	446		446	285	128	33
Non-current financial assets	310	310		310	310	0		363	363		363	262	68	33
Debt instruments	309	309		309	309			261	261		261	261		
Equity instruments		1		1	1			1	1		1			
Fair value option														
Trading derivatives								33	33		33			33
Derivatives designated as hedges	0	0		0		0		68	68		68		68	
Current financial assets	1,831	1,831		1,831	1,762	69		83	83		83	23	60	0
Debt instruments	1,762	1,762		1,762	1,762			23	23		23	23		
Trading derivatives	58	58		58		58		37	37		37		37	
Derivatives designated as hedges	11	11		11		11		23	23		23		23	
Not IFRS 7	3,756			n.a.				3,654			n.a.			
Other non-current assets	587			n.a.				581			n.a.			
Other current assets	3,169			n.a.				3,073			n.a.			
TOTAL ASSETS	23,667	19,344	567	3,033	2,118	505		22,744	18,400	691	1,299	340	401	33



			31 Decem	ber 2021				31 December 2022						
					financ	el classific cial instru ne scope						financ	l classifica ial instrur ne scope o	ments
	Carrying amount	Financial instruments within the scope of IFRS 9	Other financial instruments outside IFRS 91	IFRS 7 fair value	Level 1	Level 2	Level 3	Carrying amount	Financial instruments within the scope of IFRS 9	Other financial instruments outside IFRS 91	IFRS 7 fair value	Level 1	Level 2	Level
EQUITY AND LIABILITIES														
Liabilities measured at cost	29,853	18,048	11,805	7,343	6,689	653		32,049	18,535	13,514	17,234	5,233	685	
Non-current financial liabilities <sup>3</sup>	16,613	6,772	9,841	7,313	6,689	623		17,655	6,339	11,316	17,212	5,233	663	
Other non-current liabilities		30		30		30		22	22		22		22	
Current financial liabilities <sup>2</sup>	3,271	1,307	1,964	n.a.				4,030	1,832	2,198	n.a.			
Trade payables <sup>2</sup>	9,556	9,556		n.a.				9,933	9,933		n.a.			
Other current liabilities <sup>2</sup>		383		n.a.				409	409		n.a.			
Liabilities at fair value through profit or loss	13	13		13		13		134	134		134		134	
Non-current financial liabilities <sup>3</sup>	1	1		1		1		5	5		5		5	
Earn-out obligation														
Trading derivatives														
Derivatives designated as hedges	1	1		1		1	-	5	5		5		5	
Current financial liabilities	12	12		12		12		129	129		129		129	
Earn-out obligation														
Trading derivatives	12	12		12		12		123	123		123		123	
Derivatives designated as hedges	0	0		0		0		6	6		6		6	
Not IFRS 7	6,029			n.a.				6,402			n.a.			
Other non-current liabilities	274			n.a.				299			n.a.			
Other current liabilities	5,755			n.a.				6,103			n.a.			
TOTAL EQUITY AND LIABILITIES	35,895	18,061	11,805	7,356	6,689	666		38,585	18,669	13,514	17,367	5,233	819	

<sup>&</sup>lt;sup>1</sup> Relates to lease receivables or liabilities.

<sup>&</sup>lt;sup>2</sup> The fair value is assumed to be equal to the carrying amount (IFRS 7.29a). Levels are not disclosed for these financial instruments.

<sup>&</sup>lt;sup>3</sup> The Deutsche Post AG and Deutsche Post Finance B.V. bonds included in non-current financial liabilities are carried at amortised cost. The convertible bond issued by Deutsche Post AG in December 2017 had a fair value of €956 million as at 31 December 2022. The fair value of the debt component at the reporting date was €914 million. The convertible bond issued by Deutsche Post AG in December 2017 had a fair value of €1,200 million as at 31 December 2021. The fair value of the debt component at the reporting date was €1,002 million.



If there is an active market for a financial instrument (e.g. a stock exchange), its fair value is determined by reference to the market or quoted exchange price at the reporting date. If no fair value is available in an active market, quoted market prices for similar instruments or recognised valuation models are used to determine fair value.

IFRS 13 requires financial assets to be assigned to the appropriate level of the fair value hierarchy:

Level 1 comprises equity and debt instruments measured at fair value and debt instruments measured at amortised cost whose fair values can be determined based on quoted market prices.

In addition to financial assets and financial liabilities measured at amortised cost, commodity, interest rate and currency derivatives are reported under Level 2. The fair values of assets measured at amortised cost are determined using the multiplier method, amongst other things. The fair values of the derivatives are measured on the basis of discounted expected future cash flows, taking into account forward rates for currencies, interest rates and commodities (market approach). For this purpose,

price quotations observable in the market (exchange rates, interest rates and commodity prices) are imported from standard market information platforms into the treasury management system. The price quotations reflect actual transactions involving similar instruments on an active market. All significant inputs used to measure derivatives are observable in the market.

As at the reporting date, a call option and warrants are recognised under Level 3 which entitle the holder to acquire further shares in the company. The fair values of the derivative financial instruments are determined on the basis of the Black Scholes option pricing model. If possible, parameters observable on the market or derived from market data are used to determine the value. A volatility of 41% is taken into account for the call option and a volatility of 39% for the warrants. The volatilities are based on the volatilities of a comparable group of companies. No major fluctuations in earnings are to be expected with regard to the call option in future. Because the warrants are based on a listed underlying share, there could be earnings fluctuations in the subsequent years.

As in the previous year, no financial instruments were transferred between levels in the 2022 financial year. The following table documents the net gains and losses of the categories of financial instruments:

### Net gains and losses by measurement category

€m		
	2021	2022
<b>Net gains/losses on financial assets</b> Debt instruments at amortised cost <sup>1</sup>		
Net gains (+)/losses (–) recognised in profit or loss	-195	-146
Debt instruments at fair value through profit or loss (FVTPL)		
Net gains (+)/losses (-) recognised in profit or loss	25	-79
Net gains/losses on financial liabilities		
Debt instruments at fair value through profit or loss (FVTPL)		
Net gains (+)/losses (-) recognised in profit or loss		51
Debt instruments at amortised cost		
Net gains (+)/losses (-) recognised in profit or loss	0	0

<sup>&</sup>lt;sup>1</sup> Only effects from impairment losses are listed.

The net gains and losses mainly include the effects of fair value measurement, impairment and disposals of financial instruments. Dividends and interest are not taken into account for the financial instruments measured at fair value through profit or loss. Interest income and expenses and expenses from commission agreements relating to financial instruments measured at amortised cost are recognised separately in the income statement.

### Unobservable inputs (Level 3)

€m								
		2021		2022				
	Assets		Liabilities	Assets		Liabilities		
	Equity instruments	Debt instruments	Derivatives, of which equity derivatives	Equity instruments	Debt instruments	Derivatives, of which equity derivatives		
Balance as at 1 January	0	0	0	0	0	0		
Profit recognised in the income statement	0	0	0	18	0	0		
Losses recognised in the income								
statement	0	0	0	-43	0	0		
Additions	0	0	0	58	0	0		
Disposal	0	0	0	0	0	0		
Currency translation effects	0	0	0	0	0	0		
Balance as at 31 December	0	0	0	33	0	0		



The following tables show the impact of netting agreements based on master netting arrangements or similar agreements on financial assets and financial liabilities as at the reporting date:

### Offsetting – assets

€m				Assets		
	Gross amount of assets	Gross amount of liabilities offset	Recognised net amount of assets offset	Liabilities that do not meet offsetting criteria	Collateral received	Total
As at 31 December 2022						
Derivative financial assets	128	0	128	64	0	64
Trade receivables	12,281	28	12,253	0	13	12,240
Funds	578	562	16		0	16
As at 31 December 2021						
Derivative financial assets	69	0	69	12	0	57
Trade receivables	11,793	110	11,683	12	24	11,647
Funds	550	462	88	0	0	88

### Offsetting – liabilities

€m				Assets	and liabilities not offset in the balance sheet	
	Gross amount of liabilities	Gross amount of assets offset	Recognised net amount of liabilities offset	Assets that do not meet offsetting criteria	Collateral provided	Total
As at 31 December 2022						
Derivative financial liabilities	134	0	134	64	0	70
Trade payables	9,961	28	9,933	0	4	9,929
Funds	562	562	0		0	0
As at 31 December 2021						
Derivative financial liabilities	13	0	13	12	0	1
Trade payables	9,666	110	9,556	18	67	9,471
Funds	462	462	0		0	0



To hedge cash flow and fair value risks, Deutsche Post AG enters into financial derivative transactions with a large number of financial services institutions. These contracts are subject to a standardised master agreement for financial derivative transactions. This agreement provides for a conditional right of offset, resulting in the recognition of the gross amount of the financial derivative transactions at the reporting date. The conditional right of offset is presented in the tables.

Settlement processes arising from services related to postal deliveries are subject to the Universal Postal Convention and the Letter-mail INTERCONNECT Remuneration Agreement Europe (LIRAE). These agreements, particularly the settlement conditions, are binding on all public postal operators in respect of the specified contractual arrangements. Imports and exports between the parties to the agreement during a calendar year are summarised in an annual statement of account and presented on a net basis in the final annual statement. Receivables and payables covered by the Universal Postal Convention and the LIRAE are presented on a net basis at the reporting date. In addition, funds are presented on a net basis if a right of offset exists in the normal course of business. The tables show the receivables and payables before and after offsetting.

### 44 Contingent liabilities and other financial obligations

In addition to provisions and liabilities, the Group has contingent liabilities and other financial obligations. The contingent liabilities are broken down as follows:

### **Contingent liabilities**

2021	2022
132	119
8	11
213	258
470	523
823	911
	132 8 213 470

The obligation for settlement payments in the United States, which was still recognised here in the previous year, no longer applies due to new estimates. In addition, contingent liabilities include tax-related obligations.

Other financial obligations such as the purchase obligation for investments in non-current assets amounted to  $\{2,668 \text{ million}\}$  (previous year:  $\{1,190 \text{ million}\}$ ). The relates primarily to the delivery of additional cargo aircraft as well as obligations from fleet management.

### 45 Litigation

Many of the postal services rendered by Deutsche Post AG and its subsidiaries (particularly the Post & Parcel Germany division) are subject to sector-specific regulation on the basis of the German Postal Act (*Postgesetz*) by the German federal network agency (*Bundesnetzagentur*). The German federal network agency approves or reviews prices, formulates the terms of downstream access, has special supervisory powers to combat market abuse and guarantees the provision of universal postal services. This general regulatory risk could lead to a decline in revenue and earnings in the event of negative decisions.

Revenue and earnings risk can arise from the price cap procedure used to determine the rates for individual pieces of letter mail. Approval of the rates for the period from 1 January 2022 to 31 December 2024 was issued by the German federal network agency on 29 April 2022. An association from the CEP sector has filed an action with the Cologne Administrative Court against this price cap approval of the German federal network agency for the years 2022 to 2024. The proceedings are still pending.

The aforementioned CEP association, as well as postal service providers and other customers, had previously filed an action with the Cologne Administrative Court against the pricing approval granted as part of the price cap procedure for the years 2019 to 2021. In a ruling issued on 17 August 2022, the Cologne Administrative Court overturned the approval for the years 2019 to 2021 in relation to the association as well as the postal service providers as a result of a ruling of the Federal Administrative Court from 27 May 2020 due to a formal legal error in the context of the underlying legal ordinance. This formal legal error was rectified by the German government through an amendment to the German Postal Act which took effect in March 2021. The Cologne Administrative Court denied the claims of two customers because they had expired. The Cologne Administrative Court has not yet ruled on the claims of four further major customers, because the proceedings have been adjourned. The association's additional application to be granted a new approval for the years 2019 to 2021 was also denied by the Cologne Administrative Court. The association has filed an appeal to this ruling with the Federal Administrative Court, as have the two customers who were completely unsuccessful in their claims with the Cologne Administrative Court; the appeals with the Federal Administrative Court are still pending.



The rulings of the Cologne Administrative Court from 17 August 2022 are only applicable to the legal relationships with the respective plaintiffs and have no legal impact vis-à-vis other consumers.

One postal service provider, which had also filed an action against the pricing approval for the years 2019 to 2021 with the Cologne Administrative Court, also filed a civil suit for repayment of allegedly excessive conveyance fees for standard letters delivered in 2017. The action is based primarily on the claim that Deutsche Post charged postage whose approval is unlawful pursuant to the ruling of the Federal Administrative Court from 27 May 2020. The action was denied by the Cologne District Court in a ruling from 17 June 2021. The cartel court of the Düsseldorf Higher Regional Court denied the appeal of this ruling on 6 April 2022 and did not permit any further appeals of the ruling. On 2 May 2022, the plaintiff submitted an appeal against non-permission with Germany's Federal Court of Justice to have its appeal allowed.

Possible negative effects on Deutsche Post of these court rulings and the proceedings underway cannot be ruled out.

Since 1 July 2010, as a result of the revision of the relevant tax exemption provisions, the VAT exemption has only applied to those specific universal services in Germany that are not subject to individually negotiated agreements or provided on special terms (discounts etc.). Deutsche Post AG and the tax authorities hold different opinions on the VAT treatment of certain products. In the interest of resolving these issues, proceedings have been initiated by Deutsche Post AG at the tax court with jurisdiction in this matter, Note 44.

In view of the ongoing or announced legal proceedings mentioned above, no further details are given on their presentation in the financial statements.

### **46** Share-based payment

Assumptions regarding the price of Deutsche Post AG's shares and assumptions regarding employee fluctuation are taken into account when measuring the value of share-based payments for executives. All assumptions are reviewed on a quarterly basis. The staff costs are recognised pro rata in profit or loss to reflect the services rendered as consideration during the vesting period (lock-up period). In the financial year, a total of €140 million (previous year: €184 million) was recognised for share-based payments, €40 million (previous year: €105 million) of which were cash-settled and €100 million (previous year: €79 million) of which were equity-settled.

## 46.1 Share-based payment for executives (Share Matching Scheme)

Under the share-based payment system for executives (Share Matching Scheme), certain executives receive part of their variable remuneration for the financial year in the form of shares of Deutsche Post AG in the following year (deferred incentive shares). All Group executives can specify an increased equity component individually by converting a further portion of their variable remuneration for the financial year (investment shares). After a four-year lock-up period during which the executive must be employed by the Group, they again receive the same number of Deutsche Post AG shares (matching shares). Assumptions are

made regarding the conversion behaviour of executives with respect to their relevant bonus portion. Share-based payment arrangements are entered into each year, with 1 December of the respective year and 1 April of the following year being the grant dates for each year's tranche. Whereas deferred incentive shares and matching shares are classified as equity-settled share-based payments, investment shares are compound financial instruments and the debt and equity components must be measured separately. However, in accordance with IFRS 2.37, only the debt component is measured due to the provisions of the Share Matching Scheme. The investment shares are therefore treated as cash-settled share-based payments.

Of the expenses under the Share Matching Scheme, €57 million (previous year: €50 million) was attributable to equity-settled share-based payments, and €64 million related to cash-settled payments for investment shares (previous year: €54 million), all of which were unvested as at 31 December 2022.

Additional information on granting and settlement of these rights can be found in **Note 33 and 34.** 



### **Share Matching Scheme**

			Alternative programme				
		2017 tranche	2018 tranche	2019 tranche	2020 tranche	2021 tranche	2022 tranche
Grant date of deferred incentive shares and associated matching							
shares		1 December 2017		1 December 2019	1 December 2020	1 December 2021	1 December 2022
Grant date of matching shares awarded for investment shares		1 April 2018	1 March 2019	1 April 2020	1 April 2021	1 April 2022	1 April 2023
Term	months	52	52	52	52	52	52
End of term		March 2022	June 2023	March 2024	March 2025	March 2026	March 2027
Share price at grant date (fair value) Deferred incentive shares and associated matching shares	€	39.26	n.a.	33.29	40.72	53.55	38.17
Matching shares awarded for investment shares	€	34.97	27.30	23.83	46.52	42.50	37.00 <sup>1</sup>
Number of deferred incentive shares	thousands	256	n.a.	369	246	293	258²
Number of matching shares expected							
Deferred incentive shares	thousands	230	n.a.	332	222	264	232
Investment shares	thousands	864	854	1,343	1,007	1,245	1,122
Matching shares issued	thousands	1,057					

<sup>&</sup>lt;sup>1</sup> Estimated provisional amount; the final amount will be determined on 1 April 2023.

### 46.2 Long-Term Incentive Plan (2006 LTIP) for members of the Board of Management

Since the 2006 financial year, the company has granted members of the Board of Management cash remuneration linked to the company's long-term share price performance through the issue of stock appreciation rights (SARs) as part of a Long-Term Incentive Plan (LTIP). Participation in the LTIP requires Board of Management members to make a personal investment of 10% of their annual base salary by the grant date of each tranche, primarily in shares.

The SARs granted can be fully or partly exercised after the expiration of a four-year lock-up period at the earliest, provided absolute or relative performance targets have been achieved at the end of this lock-up period. After expiration of the lock-up

period, the SARs must be exercised within a period of two years (exercise period); any SARs not exercised expire.

How many, if any, of the SARs granted can be exercised is determined in accordance with four (absolute) performance targets based on the share price and two (relative) performance targets based on a benchmark index. One-sixth of the SARs granted are earned each time the closing price of Deutsche Post shares exceeds the issue price by at least 10, 15, 20 or 25% at the end of the waiting period (absolute performance targets). Both relative performance targets are tied to the performance of the shares in relation to the STOXX Europe 600 Index (SXXP; ISIN EU0009658202). They are met if the share price equals the index performance or if it outperforms the index by more than 10%. Performance is determined by comparing the average price of

Deutsche Post shares and the average index value during a reference and a performance period. The reference period comprises the last 20 consecutive trading days prior to the issue date. The performance period is the last 60 trading days before the end of the lock-up period. The average (closing) price is calculated as the average closing price of Deutsche Post shares in Deutsche Börse AG's Xetra trading system. If absolute or relative performance targets are not met by the end of the lock-up period, the SARs attributable to them will expire without replacement or compensation. Each SAR exercised entitles the Board of Management member to receive a cash settlement equal to the difference between the average closing price of Deutsche Post shares for the five trading days preceding the exercise date and the exercise price of the SAR.

<sup>&</sup>lt;sup>2</sup> Expected number.



### **LTIP 2006**

	Issue date	Issue price €	Waiting period expires
2017 tranche	1 September 2017	34.72	31 August 2021
2018 tranche	1 September 2018	31.08	31 August 2022
2019 tranche	1 September 2019	28.88	31 August 2023
2020 tranche	1 September 2020	37.83	31 August 2024
2021 tranche	1 September 2021	58.68	31 August 2025
2022 tranche	1 September 2022	39.06	31 August 2026

The Board of Management members received a total of 1,176,006 SARs (previous year: 862,272 SARs) with a total value, at the time of issue, of 9.3 million (previous year: 8.3 million).

A stochastic simulation model is used to determine a fair value for the SARs from the 2006 LTIP. The result in the 2022 financial year was an income of €24 million (previous year: expense of €52 million) and a provision at the reporting date of €14 million (previous year: €44 million). The provision for the rights exercisable by the Board of Management amounted to €4 million at the reporting date (previous year: €14 million).

For further disclosures on share-based payment for members of the Board of Management, see Note 47.2.

### 46.3 Performance Share Plan (PSP) for executives

The Annual General Meeting on 27 May 2014 resolved to introduce the Performance Share Plan (PSP) for executives. Under the PSP, shares are issued to participants at the end of the waiting period. The granting of the shares at the end of the waiting period is linked to the achievement of demanding performance

targets. The performance targets under the PSP are identical to the performance targets under the LTIP for members of the Board of Management.

Performance Share Units (PSUs) were issued to selected executives for the first time on 1 September 2014. It is not planned that members of the Board of Management will participate in the PSP. The Long-Term Incentive Plan (2006 LTIP) for members of the Board of Management remains unchanged.

In the consolidated financial statements as at 31 December 2022, a total of €27 million (previous year: €25 million) has been appropriated to capital reserves for the purposes of the plan, with an equal amount recognised in staff costs.

The value of the PSP is measured using actuarial methods based on option pricing models (fair value measurement). Future dividends were taken into account, based on a moderate increase in dividend distributions over the respective measurement period.

The average remaining maturity of the outstanding PSUs as at 31 December 2022 was 25 months.



### **Performance Share Plan**

	2018 tranche	2019 tranche	2020 tranche	2021 tranche	2022 tranche
Grant date	1 September 2018	1 September 2019	1 September 2020	1 September 2021	1 September 2022
Exercise price	31.08€	28.88€	37.83€	58.68€	39.06€
Waiting period expires	31 August 2022	31 August 2023	31 August 2024	31 August 2025	31 August 2026
Risk-free interest rate	-0.39%	-0.90%	-0.72%	-0.80%	0.71%
Initial dividend yield of Deutsche Post shares	3.70%	3.98%	3.57%	3.07%	4.74%
Yield volatility of Deutsche Post shares	22.39%	21.38%	24.89%	26.49%	29.41%
Yield volatility of Dow Jones EURO STOXX 600 Index	16.29%	14.79%	16.62%	17.33%	18.90%
Covariance of Deutsche Post shares to Dow Jones EURO STOXX 600 Index	2.66%	2.21%	3.05%	3.25%	4.07%
Number					
Rights outstanding as at 1 January 2022	2,952,402	3,326,664	2,596,194	1,770,120	0
Rights granted	0	0	0	0	2,802,492
Rights lapsed	1,500,240	114,534	91,956	53,292	7,896
Rights settled at the end of the waiting period	1,452,162	0	0	0	0
Rights outstanding as at 31 December 2022		3,212,130	2,504,238	1,716,828	2,794,596

### 46.4 Employee Share Plan (ESP) for executives

The Employee Share Plan (ESP) was introduced for another selected group of executives starting on 1 September 2021. Participation in the ESP is voluntary. Executives participating in the ESP can acquire shares of Deutsche Post AG at a discount of 25% from the market price, up to an annual cap of €10,000 or €15,000, depending on their level. The ESP is offered quarterly. Prior to every savings period, the participating executives can choose the share of their remuneration they wish to invest in the ESP during the upcoming three-month savings period. At the beginning of the following quarter, executives receive shares at a discount of 25% from the market price. The shares acquired under the ESP are subject to a two-year lock-up period.

In the consolidated financial statements as at 31 December 2022, a total of €16 million (previous year: €3 million) has been appropriated to capital reserves for the purposes of the ESP, with an equal amount recognised in staff costs.

### 47 Related-party disclosures

## 47.1 Related-party disclosures (companies and Federal Republic of Germany)

All companies that are controlled by the Group or with which a joint arrangement exists, or over which the Group can exercise significant influence, are recorded in the ② List of shareholdings.

Deutsche Post AG maintains a variety of relationships with the Federal Republic of Germany (Federal Republic) and other companies controlled by the Federal Republic of Germany.

The Federal Republic is a customer of Deutsche Post AG and as such uses the company's services. Deutsche Post AG has direct business relationships with the individual public authorities and other government agencies as independent individual customers. The services provided for these customers are insignificant in respect of Deutsche Post AG's overall revenue.

### **RELATIONSHIPS WITH KFW**

KfW supports the Federal Republic in continuing to privatise companies such as Deutsche Post AG or Deutsche Telekom AG. In 1997, KfW, together with the Federal Republic, developed a "placeholder model" as a tool to privatise government-owned companies. Under this model, the Federal Republic sells all or part of its investments to KfW with the aim of fully privatising these state-owned companies. On this basis, KfW has purchased shares of Deutsche Post AG from the Federal Republic in several stages since 1997 and executed various capital market transactions using these shares. KfW's current interest in Deutsche Post AG's share capital is 20.49%. Deutsche Post AG is thus considered to be an associate of the Federal Republic.



## RELATIONSHIPS WITH THE BUNDESANSTALT FÜR POST UND TELEKOMMUNIKATION (BANST PT)

The Bundesanstalt für Post und Telekommunikation (BAnst PT) is a government agency and falls under the technical and legal supervision of the German Federal Ministry of Finance. The BAnst PT continues to manage the social facilities such as the postal civil servant health insurance fund, the recreation programme, the Postbeamtenversorgungskasse (PVK − Postal civil servant pension fund), the Versorgungsanstalt der Deutschen Bundespost (VAP − Deutsche Bundespost institution for supplementary retirement pensions) and the welfare service for Deutsche Post AG, Deutsche Bank AG (as legal successor to Deutsche Postbank AG) and Deutsche Telekom AG. Tasks are performed on the basis of agency agreements. In 2022, Deutsche Post AG was invoiced for €85 million (previous year: €142 million) in instalment payments relating to services provided by the BAnst PT. Further disclosures on the PVK and the VAP can be found in Note 7 and 37.

## RELATIONSHIPS WITH THE GERMAN FEDERAL MINISTRY OF FINANCE

Deutsche Post AG entered into an agreement with the German Federal Ministry of Finance dated 30 January 2004 relating to the transfer of civil servants to German federal authorities. Under this agreement, civil servants are seconded, with the aim of transferring them, initially for 6 months, and are then transferred permanently if they successfully complete their probation. Once a permanent transfer is completed, Deutsche Post AG contributes to the cost incurred by the Federal Republic by paying a flat fee. In 2022, this initiative resulted in 5 permanent transfers (previous year: 8) and 2 secondments with the aim of a permanent transfer in 2023 (previous year: 4).

## RELATIONSHIPS WITH THE GERMAN FEDERAL EMPLOYMENT AGENCY

Deutsche Post AG and the German Federal Employment Agency entered into an agreement dated 12 October 2009 relating to the transfer of Deutsche Post AG civil servants to the Federal Employment Agency. In 2022, this initiative resulted in no permanent transfer (previous year: 1).

### RELATIONSHIPS WITH DEUTSCHE BAHN AG AND ITS SUBSIDIARIES

Deutsche Bahn AG is wholly owned by the Federal Republic. Owing to this control relationship, Deutsche Bahn AG is a related party to Deutsche Post AG. Deutsche Post DHL Group has various business relationships with the Deutsche Bahn Group. These mainly consist of transport service agreements.

### RELATIONSHIPS WITH PENSION FUNDS

The real estate with a fair value of €1,689 million (previous year: €1,653 million) – which can be offset as plan assets – of which Deutsche Post Pensions-Treuhand GmbH & Co. KG, Deutsche Post Altersvorsorge Sicherung e.V. & Co. Objekt Gronau KG and Deutsche Post Grundstücks-Vermietungsgesellschaft beta mbH Objekt Leipzig KG are the legal owners, is let almost exclusively to

the Group via Deutsche Post Immobilien GmbH. These arrangements led to lease liabilities of €445 million as at 31 December 2022 (previous year: €471 million). In the 2022 financial year, Deutsche Post Immobilien GmbH extinguished €26 million (previous year: €25 million) in lease liabilities and paid €14 million (previous year: €15 million) in interest. Deutsche Post Pensions-Treuhand GmbH & Co. KG owns 100% of Deutsche Post Pensionsfonds AG. Further disclosures on pension funds can be found in Note 7 and 37.

## RELATIONSHIPS WITH UNCONSOLIDATED COMPANIES, INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND JOINT OPERATIONS

In addition to the consolidated subsidiaries, the Group has direct and indirect relationships with unconsolidated companies, investments accounted for using the equity method and joint operations deemed to be related parties of the Group in the course of its ordinary business activities.

Transactions were conducted in the 2022 financial year with major related parties, resulting in the following items in the consolidated financial statements:

€m		Investments accounted for using the equity method		Unconsolidated companies		
	2021	2022	2021	2022		
Trade receivables	16	32	5	3		
Loans	1	1	0	0		
Receivables from in-house banking	0	0	0	0		
Financial liabilities	0	3	9	3		
Trade payables	5	5	6	6		
Income¹	91	147	2	1		
Expenses <sup>2</sup>	1	1	10	5		

<sup>&</sup>lt;sup>1</sup> Relates to revenue and other operating income. <sup>2</sup> Relates to materials expense, staff costs and other operating expenses.



Deutsche Post AG issued letters of commitment in the amount of €2 million (previous year: €7 million) for these companies. Of this amount, €1 million (previous year: €1 million) was attributable to investments accounted for using the equity method and €1 million (previous year: €6 million) to joint operations.

### 47.2 Related-party disclosures (individuals)

Effective as of 1 July 2022, Nikola Hagleitner assumed responsibility on the Board of Management for Post & Parcel Germany from Dr Tobias Meyer, who is now responsible for Global Business Services. Ken Allen left the company upon the expiration of his term of appointment on 31 July 2022. Pablo Ciano has been the new Board of Management member responsible for eCommerce Solutions since 1 August 2022. John Pearson has been responsible for Customer Solutions & Innovation (CSI) since 1 August 2022.

In accordance with IAS 24, the Group also reports on transactions between the Group and related parties or members of their families. Related parties are defined as the Board of Management, the Supervisory Board and the members of their families. There were no reportable transactions or legal transactions involving these related parties in the 2022 financial year. In particular, the company granted no loans to these related parties.

The remuneration of key management personnel of the Group requiring disclosure under IAS 24 comprises the remuneration of the active members of the Board of Management and the Supervisory Board. The active members of the Board of Management and the Supervisory Board were remunerated as follows:

€m		
	2021	2022
Short-term employee benefits (excluding		
share-based payment)	18	22
Post-employment benefits	4	3
Termination benefits	0	0
Share-based payment	45	-23
Total	67	2

The employee representatives on the Supervisory Board employed by the Group also receive their normal salaries for their work in the company in addition to the aforementioned benefits for their work on the Supervisory Board. These salaries are determined at levels that are commensurate with the salary appropriate for the function or work performed in the company.

Post-employment benefits are recognised as the service cost resulting from the pension provisions for active members of the Board of Management. The corresponding liability amounted to €42 million at the reporting date (previous year: €42 million).

Starting in 2008, newly appointed Board of Management members began receiving a defined contribution pension commitment. This entails the company crediting an annual amount totalling 35% of each Board of Management member's base salary to a virtual pension account. This capital bears interest until eligibility to receive benefits begins. The pension benefit is paid out as capital in the amount of the accumulated pension balance. Pension eligibility is triggered at the earliest when retirement age is reached, in the event of invalidity during the term of office or upon death. When eligible for the pension benefit, the beneficiary may choose an annuity option. The Chairman of the Board of Management is still entitled to a legacy commitment in the form of a direct pension based on his final salary.

### 47.3 Remuneration disclosures in accordance with the HGB

### **BOARD OF MANAGEMENT REMUNERATION**

The remuneration paid to members of the Board of Management (excluding share-based payment) in the 2022 financial year totalled €17.6 million (previous year: €15.3 million). Nonperformance-related components (fixed and fringe benefits) accounted for €9.3 million (previous year: €8.6 million). A total of €4.4 million (previous year: €4.1 million) was attributable to the annual bonus paid as a performance-related component along with €3.9 million from the 2020 medium-term component (previous year: €2.6 million from the 2019 medium-term component). An additional €4.4 million (previous year: €4.1 million) of the annual bonus was transferred to the medium-term component in 2022 and will be paid out in 2025. The condition for that payout is that the EAC (EBIT after asset charge) sustainability target is met. In the financial year, the Board of Management members also received a total of 1,176,006 SARs (previous year: 862,272 SARs), which at the issue date were valued at €9.3 million (previous year: €8.3 million).

### FORMER MEMBERS OF THE BOARD OF MANAGEMENT

Benefits paid to former members of the Board of Management and beneficiaries amounted to €10.2 million (previous year: €5.2 million). The defined benefit obligation (DBO) for current pensions calculated under IFRSs was €75 million (previous year: €92 million).

### REMUNERATION OF THE SUPERVISORY BOARD

The total remuneration of the Supervisory Board in the 2022 financial year amounted to €3.7 million (previous year: €2.6 million); €3.5 million (previous year: €2.4 million) of this amount was attributable to a fixed component and, as in the prior year, €0.2 million to attendance allowances.

Further information on the itemised remuneration of the Board of Management and the Supervisory Board can be found no later than at the time the Annual General Meeting is convened in the remuneration report published on the @ Company's website.



## SHAREHOLDINGS OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

As at 31 December 2022, shares held by the Board of Management and the Supervisory Board of Deutsche Post AG amounted to less than 1% of the company's share capital.

### REPORTABLE TRANSACTIONS

The transactions of Board of Management and Supervisory Board members involving securities of the company and notified to Deutsche Post AG in accordance with Article 19 of the Market Abuse Regulation can be viewed on the <a href="#">© Company's website</a>.

### 48 Auditing fee

The fee for the auditing services provided by Pricewaterhouse-Coopers GmbH Wirtschaftsprüfungsgesellschaft amounted to €11 million in the 2022 financial year and was recognised as an expense.

### **Auditing fee**

€m	
	2022
Audit services	10
Other assurance services¹	0
Tax advisory services	0
Other services	1
Total	11

Rounded below €1 million

The audit services category includes the fees for auditing the consolidated financial statements and for auditing the annual financial statements prepared by Deutsche Post AG and its German subsidiaries. The fees for reviewing the interim reports and the fees for voluntary audits beyond the statutory audit engagement, such as audits of the internal control system (ICS), are also reported in this category.

Other assurance services related in particular to attestation reports relating to the internal control system and the issuing of

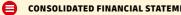
comfort letters. Other services were comprised mainly of general consulting in areas outside of accounting.

### 49 Exemptions under the HGB

For the 2022 financial year, the following German subsidiaries have exercised the simplification options under Section 264(3) HGB or Section 264b HGB and, if applicable, Section 291 HGB:

- Agheera GmbH
- · Albert Scheid GmbH
- ALTBERG GmbH
- · Betreibergesellschaft Verteilzentrum GmbH
- · Danzas Deutschland Holding GmbH
- Deutsche Post Adress Beteiligungsgesellschaft mbH
- Deutsche Post Assekuranz Vermittlungs GmbH
- Deutsche Post Beteiligungen Holding GmbH
- Deutsche Post Customer Service Center GmbH
- Deutsche Post DHL Beteiligungen GmbH
- Deutsche Post DHL Corporate Real Estate
   Management GmbH & Co. Logistikzentren KG
- Deutsche Post DHL Express Holding GmbH
- Deutsche Post DHL Facility Management Deutschland GmbH (formerly: CSG.TS GmbH)
- Deutsche Post DHI Real Estate Deutschland GmbH
- Deutsche Post DHL Research and Innovation GmbH
- · Deutsche Post Dialog Solutions GmbH
- Deutsche Post Direkt GmbH
- Deutsche Post E-POST Solutions GmbH
- Deutsche Post Expansion GmbH
- Deutsche Post Fleet GmbH
- Deutsche Post Immobilien GmbH
- Deutsche Post InHaus Services GmbH
- Deutsche Post Investments GmbH
- Deutsche Post IT Services GmbH
- Deutsche Post Mobility GmbH
- Deutsche Post Shop Essen GmbH
- Deutsche Post Shop Hannover GmbH
- Deutsche Post Shop München GmbH
- Deutsche Post Transport GmbH (formerly: DHL Delivery GmbH)

- Deutsche Post Vermarktungs GmbH
- Deutsche Post Zahlungsdienste GmbH
- DHL 2-Mann-Handling GmbH
- DHL Airways GmbH
- DHL Automotive GmbH
- DHL Automotive Offenau GmbH
- DHL Consulting GmbH
- DHL Express Customer Service GmbH
- DHL Express Germany GmbH
- DHL Express Network Management GmbH
- DHL FoodLogistics GmbH
- · DHL Freight Germany Holding GmbH
- · DHL Freight GmbH
- DHL Freight Grundstücksverwaltungs GmbH
- DHL Global Event Logistics GmbH
- DHL Global Forwarding GmbH
- DHL Global Forwarding Management GmbH
- DHL Global Management GmbH
- DHL Home Delivery GmbH
- DHL Hub Leipzig GmbH
- DHL International GmbH
- DHL Paket GmbH
- · DHI Solutions GmbH
- DHL Sorting Center GmbH
- DHL Supply Chain (Leipzig) GmbH
- DHL Supply Chain Management GmbH
- DHL Supply Chain Operations GmbH
- DHL Supply Chain VAS GmbH
- Erste End of Runway Development Leipzig GmbH
- Erste Logistik Entwicklungsgesellschaft MG GmbH
- European Air Transport Leipzig GmbH
- Gerlach Zolldienste GmbH
- interServ Gesellschaft für Personal- und Beraterdienstleistungen mbH
- · it4logistics GmbH
- Saloodo! GmbH
- StreetScooter GmbH



### RESPONSIBILITY STATEMENT INDEPENDENT AUDITOR'S REPORT

### 50 Declaration of Conformity with the German Corporate **Governance Code**

Deutsche Post AG complied with the suggestions and recommendations of the German Corporate Governance Code in the 2022 financial year. This did not include the reserved limitation with regard to the CEO's chairmanship of the supervisory board of Deutsche Telekom AG. The Board of Management and Supervisory Board intend to comply with all suggestions and recommendations in future. This Declaration of Conformity required by Section 161 AktG can be accessed on the @ Company's website.

### 51 Significant events after the reporting date and other disclosures

On 14 February 2023, the Board of Management resolved to expand the current share buy-back programme so that a total of up to 105 million treasury shares are to be purchased at a price of now up to €3 billion through the end of 2024. The purposes remain unaffected, Note 3.

Beyond that, there were no reportable events after the reporting date.

## RESPONSIBILITY **STATEMENT**

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the management report of the Group, which is combined with the management report of Deutsche Post AG, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Bonn, 17 February 2023

Deutsche Post AG The Board of Management

Dr Frank Appel Pablo Ciano

Oscar de Bok Melanie Kreis

Nikola Hagleitner Dr Thomas Ogilvie

Dr Tobias Meyer Tim Scharwath

John Pearson

## INDEPENDENT **AUDITOR'S REPORT**

To Deutsche Post AG. Bonn

### Report on the Audit of the Consolidated **Financial Statements and of the Group Management Report**

### **Audit opinions**

We have audited the consolidated financial statements of Deutsche Post AG, Bonn, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Deutsche Post AG, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2022. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit.

· the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB



[Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2022, and of its financial performance for the financial year from 1 January to 31 December 2022, and

the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

### **Basis for the Audit Opinions**

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial

and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

## Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

- Recoverability of goodwill
- 2 Pension obligations and plan assets

Our presentation of these key audit matters has been structured in each case as follows:

- (1) Matter and issue
- (2) Audit approach and findings
- Reference to further information

Hereinafter we present the key audit matters:

### Recoverability of goodwill

 In the consolidated financial statements of Deutsche Post AG, goodwill amounting to EUR 12.7 billion is reported under the balance sheet item "Intangible assets", representing approximately 19% of total assets and 54% of the Group's reported equity. This item also includes the goodwill of EUR 1.2 billion from the acquisition of the J.F. Hillebrand Group in the financial year 2022. This goodwill was allocated to the cash generation unit Global Forwarding. Goodwill is tested for impairment by the Company on an annual basis or if there are indications that goodwill may be impaired. The impairment test of goodwill is based on the recoverable amount, which is determined by applying a measurement model using the discounted cash flow method. This matter was of particular significance in our audit, because the result of this measurement depends to a large extent on the estimation of future cash inflows by the Company's executive directors and the discount rate used, and is therefore subject to considerable uncertainty. We satisfied ourselves as to the appropriateness of the future cash inflows used in the calculation by, inter alia, comparing this data with the current budgets in the threeyear plan prepared by the executive directors and approved by the Company's supervisory board, and reconciling it against general and sector-specific market expectations. With the knowledge that even relatively small changes in the discount rate can have a material impact on the recoverable amount calculated using this method, we also focused our testing on the parameters used to determine the discount rate applied, including the weighted average cost of capital, and evaluated the Company's calculation procedure. Due to the materiality of goodwill and the fact that its measurement also depends on economic conditions which are outside of the Company's sphere of influence. we carried out our own additional sensitivity analyses and found that the respective goodwill is sufficiently covered by the discounted future cash inflows. Overall, the measurement parameters and assumptions used by the executive directors to be reproduceable.



The Company's disclosures regarding goodwill are contained in note 22, the disclosures regarding acquisitions in note 2 of the notes to the consolidated financial statements.

### Pension obligations and plan assets

In the consolidated financial statements of Deutsche Post AG a total of EUR 1.9 billion is reported under the balance sheet item "Provisions for pensions and similar obligations". As a result of pension scheme surpluses in some defined benefit plans, pension assets of EUR 0.36 billion are reported under the balance sheet item "Other non-current assets". The net pension provisions of EUR 1.6 billion were calculated on the basis of the present value of the obligations amounting to EUR 13.5 billion, less the plan assets of EUR 12.0 billion, which were measured at fair value, as well as an asset ceiling effect of EUR 0.1 billion. The obligations from defined benefit pension plans were measured using the projected unit credit method in accordance with IAS 19. This requires in particular that assumptions are made as to the long-term salary and pension trend as well as average life expectancy. Furthermore, the discount rate must be determined as of the balance sheet date by reference to the yield on high-quality corporate bonds with matching currencies and consistent terms. Changes to these measurement assumptions are recognized directly in equity as actuarial gains or losses. Changes in the financial measurement parameters and experience adjustments resulted in actuarial gains of EUR 4.6 billion. The plan assets are measured at fair value, which in turn involves making estimates that are subject to estimation uncertainties. Deviations from the planned development of the fair value of the plan assets are also recognized directly in equity. These deviations resulted in losses of FUR 2.3 billion.

In our view, these matters were of particular significance, as the measurement of the pension obligations and plan assets is to a large extent based on the estimates and assumptions made by the Company's executive directors.

With the knowledge that estimated values bear an increased risk of accounting misstatements and that the executive directors' measurement decisions have a direct and significant effect on the consolidated financial statements, we assessed the appropriateness of the values adopted, in particular the measurement parameters used in the calculation of the pension provisions, inter alia on the basis of actuarial reports made available to us and taking into account the expert knowledge of our internal specialists for pension valuations. Our evaluation of the fair values of plan assets was in particular based on bank confirmations submitted to us, as well as other statements of assets and real estate appraisals.

On the basis of our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors were sufficiently documented and supported to justify the recognition and measurement of the material pension provisions.

3 The Company's disclosures relating to provisions for pensions and similar obligations as well as pension assets are contained in note 37 of the notes to the consolidated financial statements.

### Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the statement on corporate governance pursuant to § 289 f HGB and § 315 d HGB included in section "governance" of the group management report
- the non-financial statement to comply with §§ 289 b to 289e
   HGB and with §§ 315 b to 315c HGB included in section "non-financial statement" of the group management report
- the passages "internal control system in the functions" and "statement on the appropriateness and effectiveness of the RMS and ICS" in the subsection "internal control system" of the section "Expected Developments, Opportunities and Risks"

The other information comprises further all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



### Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315 e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German

legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the
  consolidated financial statements and of the group management
  report, whether due to fraud or error, design and perform audit
  procedures responsive to those risks, and obtain audit evidence
  that is sufficient and appropriate to provide a basis for our audit
  opinions. The risk of not detecting a material misstatement
  resulting from fraud is higher than for one resulting from error,
  as fraud may involve collusion, forgery, intentional omissions,
  misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit
  of the consolidated financial statements and of arrangements
  and measures (systems) relevant to the audit of the group
  management report in order to design audit procedures that
  are appropriate in the circumstances, but not for the purpose
  of expressing an audit opinion on the effectiveness of these
  systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.



- Evaluate the overall presentation, structure and content of the
  consolidated financial statements, including the disclosures,
  and whether the consolidated financial statements present the
  underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the
  assets, liabilities, financial position and financial performance
  of the Group in compliance with IFRSs as adopted by the EU
  and the additional requirements of German commercial law
  pursuant to § 315 e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit

and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

### Other legal and regulatory requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

### **Assurance Opinion**

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file DP\_AG\_KA\_KLB\_ESEF-2022-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the con-

solidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2022 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

### **Basis for the Assurance Opinion**

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).



### Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

## Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circum-

stances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

## Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 6 May 2022. We were engaged by the supervisory board on 2 November 2022. We have been the group auditor of the Deutsche Post AG, Bonn, without interruption since the company first met the requirements of a public-interest entity within the meaning of 316a Satz 2 Nr. 1 HGB in financial year 2000.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

## Reference to an other matter – use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

## German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Dietmar Prümm.

Düsseldorf, 17 February 2023

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft

Dietmar Prümm Thomas Schicke

Wirtschaftsprüfer Wirtschaftsprüfer

(German Public Auditor) (German Public Auditor)



# INDEPENDENT PRACTITIONER'S REPORT

### on a Limited and Reasonable Assurance Engagement on Non-financial Reporting

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

### To Deutsche Post AG, Bonn

We have performed an assurance engagement on the combined non-financial statement of Deutsche Post AG, Bonn, (hereinafter the "Company") for the period from 1 January to 31 December 2022 (hereinafter the "Combined Non-financial Statement") included in section "Non-financial Statement" of the combined management report. In accordance with our engagement we have divided the level of assurance to be obtained by us and

- performed a reasonable assurance engagement on the indicators
- Absolute logistics-related GHG emissions 2022 in the second paragraph of the section "Decarbonisation avoids 1 million tonnes of CO<sub>2</sub>e"
- GHG emissions by mode of transport in the second paragraph of the section "Decarbonisation avoids 1 million tonnes of CO<sub>2</sub>e"
- Realised Decarbonisation Effects 2022 in the third paragraph of the section "Decarbonisation avoids 1 million tonnes of CO<sub>2</sub>e"
- Total GHG emissions (million tonnes of CO<sub>2</sub>e), thereof Scope 1,
   Scope 3 in the table "GHG emissions (well-to-wheel)"

- Share of sustainable fuels (%) 2022 in the third paragraph of the section "Using sustainable technologies and fuels"
- Share of electricity from renewable sources 2022 in the third paragraph of the section "Using sustainable technologies and fuels"
- Disclosures for 2022 in the table "Energy consumption in the company's own fleet and buildings (Scopes 1 and 2)"
- Number of employees: Headcount average for the year 2022 in the table "Workforce development"
- Number of employees: Full-time equivalents at year-end 2022 in the table "Workforce development"
- Number of employees: Full-time equivalents average for the year 2022 in the table "Workforce development"
- Share of female employees (%) 2022 in the table "Workforce development"
- Share of unplanned employee turnover (%) 2022 in the table "Workforce development"
- Disclosures for 2022 in the table "Selected results from the Employee Opinion Survey"
- Share of women in middle and upper management in the fourth paragraph of the section "Diversity, Equity, Inclusion & Belonging"
- Disclosures in the table "Work-related accident statistics"
- Sickness rate in the seventh paragraph of the section "Occupational health and safety"
- Approval rate for pride of the Group's contribution to society in the third paragraph of the section "Partnerships and initiatives"
- Compliance training certification rate in middle and upper management 2022 in the eighth paragraph of the section "Trusted business partner thanks to compliance"
- Number of audits by Corporate Internal Audit in the ninth paragraph of the section "Trusted business partner thanks to compliance"
- Number of audits relating to respect for human rights by Corporate Internal Audit in the fourth paragraph of the section "Respecting human rights"

- Number of on-site reviews relating to respect for human rights in the second paragraph of the section "Preventing human rights violations in the workforce"
- Certification rate in middle and upper management for the training to raise employees' awareness for respecting human rights in the third paragraph of the section "Preventing human rights violations in the workforce"
- Share of valid training certificates in middle- and upper management for the Information Security Awareness training in the fourth paragraph of the section "Cybersecurity"
- Cybersecurity rating in the sixth paragraph of the section "Cybersecurity"

disclosed in the Combined Non-financial Statement (hereafter the "Indicators") and

 performed a limited assurance engagement on all information other than the Indicators in the Combined Non-financial Statement.

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Combined Non-financial Statement.

### **Responsibility of the Executive Directors**

The executive directors of the Company are responsible for the preparation of the Combined Non-financial Statement in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section "EU Taxonomy" of the Combined Non-financial Statement.



This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Company that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as they consider necessary to enable the preparation of a Combined Non-financial Statement that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "EU Taxonomy" of the Combined Non-financial Statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

### 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 Professional 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): Requirements 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.

### **Responsibility of the Assurance Practitioner**

Our responsibility is to express a conclusion with reasonable assurance on the Indicators disclosed in the Company's Combined Non-financial Statement and a limited assurance on all information other than the Indicators in the Combined Non-financial Statement based on our assurance engagement.

We conducted our assurance engagement in accordance with 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

- obtain reasonable assurance whether the Indicators disclosed in the Company's Combined Non-financial Statement for the period from 1 January to 31 December 2022 have been prepared, in all material respects, in accordance with §§ 315 c in conjunction with 289c to 289e HGB by the executive directors and
- obtain limited assurance about whether any matters have come to our attention that cause us to believe that all information other than the Indicators in the Company's Combined Non-financial Statement, other than the external sources of documentation or expert opinions mentioned in the Combined Non-financial Statement, has not been prepared, in all material respects, in accordance with §§ 315 c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "EU Taxonomy" of the Combined Non-financial Statement.

The procedures performed for the limited assurance engagement part are less extensive than those performed for the reasonable assurance engagement part, and accordingly a substantially lower

level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the Company's sustainability organization and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the Combined Non-financial Statement about the preparation process, about the internal control system relating to this process and about disclosures in the Combined Non-financial Statement
- Identification of likely risks of material misstatement in the Combined Non-financial Statement
- Analytical procedures on selected disclosures in the Combined Non-financial Statement
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and group management report
- Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Combined Non-financial Statement
- Inquiries on the relevance of climate-risks
- Evaluation of the presentation of the Combined Non-financial Statement

In the course of our reasonable assurance engagement part on the Indicators disclosed in the Company's Combined Non-financial Statement, we have performed the following assurance procedures and other activities in addition to those described above:

- Evaluation of the internal control system regarding the Indicators
- Inspection of processes for the collection, control, analysis and aggregation of selected data of different sites of the Company on the basis of samples



In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

### **Assurance Opinion**

In our opinion the Indicators disclosed in the Company's Combined Non-financial Statement for the period from 1 January to 31 December 2022 have been prepared, in all material respects, in accordance with §§ 315 c in conjunction with 289c to 289e HGB by the executive directors.

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that all information other than the Indicators in the Combined Non-financial Statement of the Company for the period from 1 January to 31 December 2022 has not been prepared, in all material respects, in accordance with §§ 315 c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "EU Taxonomy" of the Combined Non-financial Statement. We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Combined Non-financial Statement.

### Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Düsseldorf, 17 February 2023

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft

Hendrik Fink ppa. Thomas Groth Wirtschaftsprüfer
[German Public Auditor]



## **FINANCIAL CALENDAR**



## **CONTACTS**

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### **Investor Relations**

### **Press Office**

pressestelle@dpdhl.com

Updates to the financial calendar as well as information on live webcasts can be found on our @ Reporting hub.