

CORPORATE GOVERNANCE

B

LIVING RESPONSIBILITY – GoGreen

Our GoGreen programme was developed to establish a systematic approach to achieving our climate protection target. By 2020, we want to improve our carbon efficiency by 30% over 2007 levels through efficient transport, optimised planning as well as the use of alternative energy sources and innovative technologies. This is how we do our part to reduce not only our carbon emissions but also our energy costs and, in turn, make a positive contribution to the environment. All of this makes us and our customers more competitive in the long term.



+30%
carbon efficiency by 2020

Our aim: For every letter mailed, every container shipped and every square metre of space used, the Group aims to improve its carbon efficiency by 30% over 2007 levels by 2020.

Our approach: We plan to hit our interim target of a 10% improvement in carbon efficiency by 2012.

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REPORT OF THE SUPERVISORY BOARD



Wulf von Schimmelmann, Chairman

DEAR SHAREHOLDERS,

As part of the Group's new Strategy 2015, Deutsche Post DHL has set clear goals for itself: to remain *Die Post für Deutschland* (The Postal Service for Germany) and become The Logistics Company for the World. To achieve these goals, we intend to intensify our focus on customers, employees and investors, and we have set ambitious growth and profitability targets for 2015.

Despite this period of economic crisis, the Group succeeded in shoring up liquidity and stabilising earnings in 2009 thanks to strict cost management.

In addition, we implemented the strategic initiatives decided on in autumn 2008 and exited both the field of financial services and the domestic express business in the US.

Advising and overseeing the Board of Management

In 2009, the Supervisory Board devoted close attention to Strategy 2015. We also held detailed discussions on and monitored the Group's business performance, particularly with respect to the impact of the economic crisis. Other important topics included the restructuring of the US express business and the insolvency of Arcandor, a major customer in Germany.

All significant decisions were discussed in detail with the Board of Management, which reported to us regularly on the company's direction and focus, strategic initiatives and all key issues related to planning and implementation. It also informed us in a timely and comprehen-

sive manner about business performance, key business transactions and projects in the divisions as well as the company's risk exposure and risk management. The Board of Management also provided the chairman of the Supervisory Board with continuous updates between Supervisory Board meetings.

Measures requiring the consent of the Supervisory Board were discussed in even greater depth. Such measures were deliberated in advance in the relevant committees, and the results of the deliberations were presented by the respective committee chairs at the Supervisory Board meetings.

Seven meetings during the reporting period

Five meetings were held in the first half of the year and two in the second half. All members participated in at least half of the meetings.

In a special meeting held on 14 January 2009, the Supervisory Board resolved on the changed transaction conditions for selling the company's stake in Deutsche Postbank AG to Deutsche Bank.

At the financial statements meeting on 25 February 2009, we discussed and approved the annual and consolidated financial statements for 2008 and approved the updated planning for financial year 2009. We also reviewed the efficiency of the Supervisory Board's work based on an updated questionnaire. The resignation from the Board of Management of John Mullen was accepted at this meeting, and the appointment of Ken Allen as a member of the Board of Management with responsibility for the EXPRESS division was resolved.

Following John Allan's decision at the start of the year to make use of his contractual right to resign his seat on the Board of Management as at 30 June 2009, we resolved in a special meeting held on 10 March 2009 to appoint Lawrence Rosen to the Board of Management with responsibility for Finance, Global Business Services. He took up this position on 1 September 2009. The Supervisory Board also took advantage of this special meeting to discuss the Group's new strategy in detail with the Board of Management and to approve it.

The committee appointments were resolved at the Supervisory Board meeting directly following the Annual General Meeting (AGM) of Deutsche Post AG on 21 April 2009. Please refer to page 105 for the current composition of the committees.

At the meeting held on 18 June 2009, the Supervisory Board resolved to renew Walter Scheurl's seat on the Board of Management and his Board of Management contract. It also resolved to have Dr Frank Appel assume interim responsibility for Finance from 1 July 2009 until Lawrence Rosen took up his position.

At the Supervisory Board meeting held on 11 September 2009, we discussed the implementation status of the strategy presented in March and resolved to renew Jürgen Gerdes' seat on the Board of Management for three years until 1 July 2010.

At the Supervisory Board's last meeting of the year on 7 December 2009, we approved the business plan for 2010 and decided on the future structure of the remuneration system for the Board of Management, amongst other things. More information on this can be found in the Remuneration Report starting on page 113. We also extended Jürgen Gerdes' seat on the Board of Management to five years and submitted our Declaration of Conformity with the 2009 German Corporate Governance Code.

Hard work by the committees

The Executive Committee met nine times during the year under review. The agenda focused primarily on Board of Management and Supervisory Board business, the development of a new remuneration system for the Board of Management and the appointment/reappointment of Board of Management members.

The Personnel Committee met twice, dealing mainly with human resources matters related to Strategy 2015 and the status of training and professional development within the Group.

The Finance and Audit Committee met eight times, with meetings chaired by Prof. Dr Ralf Krüger until 21 April and by Hero Brahms from 22 April. Hero Brahms is a financial expert on the *Bilanzrechtsmodernisierungsgesetz* (German act to modernise accounting law). At its February meeting, the committee examined the annual and consolidated financial statements for 2008 and reviewed the updated planning for financial year 2009. It discussed the interim reports and addressed the review of the interim financial report for the first half of the year. The auditors attended the committee's financial statements meeting and the meeting to discuss the interim financial report for the first half of the year.

The committee held regular discussions on the Group's business performance, particularly in view of the overall economic situation, the insolvency of Arcandor, the restructuring of the us express business and the downward trend on the mail market. It also occupied itself with the internal control system, especially internal auditing and compliance management in the Group. The committee approved the Audit Plan 2010 and also agreed that pension risk was being properly managed. Accounting and risk monitoring as well as co-operation with the auditors were also discussed in detail. Following the AGM, the Finance and Audit Committee hired the auditors to perform an audit of the annual and consolidated financial statements and to review the interim financial report for the first half of the year. The focal points of the audit were also determined.

The Nomination Committee met once in 2009 to recommend a successor to Prof. Dr Ralf Krüger to the Supervisory Board.

The Mediation Committee, which must be formed pursuant to Section 27 (3) of the *Mitbestimmungsgesetz* (German co-determination act), met twice in 2009 to discuss Board of Management matters.

The chairs of the committees reported on the committees' deliberations in the subsequent plenary meetings.

Changed Supervisory Board and Board of Management composition

The Annual General Meeting of 21 April 2009 elected the following shareholder representatives to a five-year term: Prof. Dr Henning Kagermann, who had been appointed a member of the Supervisory Board by the court on 18 February 2009, Dr Ulrich Schröder, who had previously been appointed a member of the Supervisory Board by the court as at 1 September 2008, and Dr Stefan Schulte. Prof. Dr Ralf Krüger left the Supervisory Board with effect from the end of the AGM on 21 April 2009. The employee representatives remained the same in 2009.

The following changes occurred on the company's Board of Management: John Mullen resigned his seat on the Board of Management effective 25 February 2009. As his successor, Ken Allen was appointed to the Board of Management with effect from 26 February 2009 to head up the EXPRESS division. John Allan resigned his seat on the Board of Management on 30 June 2009. Lawrence Rosen was appointed to the Board of Management on 10 March 2009 and took up his position as CFO of the company on 1 September 2009.

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

In December 2009, the Board of Management and the Supervisory Board submitted an unqualified Declaration of Conformity pursuant to Section 161 of the *Aktiengesetz* (German stock corporation act) and published it on the company's website. The previous declarations can also be viewed on this website. In financial year 2009, Deutsche Post AG complied with all recommendations of the German Corporate Governance Code as amended on 6 June 2008. The company plans to continue complying with the recommendations of the Code as amended on 18 June 2009. The Corporate Governance Report on page 110 contains further information on corporate governance within the company as well as the Remuneration Report.

Annual and consolidated financial statements audited

The auditors appointed by the AGM, PricewaterhouseCoopers *Aktiengesellschaft Wirtschaftsprüfungsgesellschaft* (PwC), Düsseldorf, audited the annual and consolidated financial statements for financial year 2009, including the respective management reports, and issued unqualified audit opinions. PwC also conducted the review of the interim financial report for the first half of the year.

Following a detailed preliminary assessment by the Finance and Audit Committee, the Supervisory Board reviewed the annual and consolidated financial statements and the management reports for financial year 2009 at the financial statements meeting held on 8 March 2010. The review included the Board of Management's proposal for the appropriation of the unappropriated surplus. The auditors' reports were made available to all Supervisory Board members and were discussed in detail with the Board of Management and the auditors in attendance. The Supervisory Board concurred with the results of the audit and approved the annual and consolidated financial statements for financial year 2009. Based on the final outcome of the examination of the annual and consolidated financial statements, the management reports and the proposal for the appropriation of the unappropriated surplus by the Supervisory Board and the Finance and Audit Committee, there are no objections to be raised. The Supervisory Board endorses the Board of Management's proposal for the appropriation of the unappropriated surplus and the payment of a dividend of €0.60 per share.

We would like to thank the Board of Management and all the employees of the Group for their commitment and successful efforts throughout this difficult year. It is thanks to them that the Group was able to stand its ground so well during the economic crisis.

Bonn, 8 March 2010
The Supervisory Board



Wulf von Schimmelmann
Chairman

SUPERVISORY BOARD

B.01 Members of the Supervisory Board

Shareholder Representatives

Prof. Dr Wulf von Schimmelmann (Chairman)

Management Consultant

Willem G. van Agtmael

Managing Partner, E. Breuninger GmbH & Co.

Hero Brahms

Management Consultant

Werner Gatzler

State Secretary, Federal Ministry of Finance

Prof. Dr Henning Kagermann
(since 18 February 2009)

Former CEO of SAP AG

Roland Oetker

Managing Partner,
RO1 Verwaltungsgesellschaft mbH

Harry Roels

Dr Ulrich Schröder

Chairman of the Board of Management
of KfW Bankengruppe

Dr Stefan Schulte (since 21 April 2009)

Deputy Chairman of the Board of Management
of Fraport AG (until 31 August 2009)
Chairman of the Board of Management
of Fraport AG (since 1 September 2009)

Elmar Toime

CEO of E Toime Consulting Ltd.

Left in financial year 2009:

Prof. Dr Ralf Krüger (until 21 April 2009)

Management Consultant

Employee Representatives

Andrea Kocsis (Deputy Chairwoman)

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

Wolfgang Abel

District Chairman for Postal Services, Freight
Forwarding and Logistics of the ver.di district
of Hamburg

Rolf Bauermeister

Chairman for Postal Services, Co-determination
and Youth and National Chairman for the Postal
Services Section, ver.di National Headquarters

Heinrich Josef Busch

Chairman of the Deutsche Post AG
Executive Staff Representation Committee

Annette Harms

Chairwoman of the Works Council,
Deutsche Postbank AG, Hamburg

Thomas Koczelnik

Chairman of the Group Works Council
of Deutsche Post AG

Anke Kufalt

Member of the Works Council
of DHL Global Forwarding GmbH, Hamburg

Andreas Schädler

Chairman of the General Works Council
of Deutsche Post AG

Helga Thiel

Deputy Chairwoman of the General Works
Council of Deutsche Post AG

Stefanie Weckesser

Member of the Works Council, Parcel Expert,
Mail Branch Augsburg

B.02 Committees of the Supervisory Board

Executive Committee

Prof. Dr Wulf von Schimmelmann (Chairman)

Andrea Kocsis (Deputy Chairwoman)

Roland Oetker

Rolf Bauermeister

Werner Gatzler

Stefanie Weckesser

Finance and Audit Committee

Hero Brahms (Chairman)

Wolfgang Abel (Deputy Chairman)

Werner Gatzler

Thomas Koczelnik

Dr Stefan Schulte

Helga Thiel

Personnel Committee

Andrea Kocsis (Chairwoman)

Prof. Dr Wulf von Schimmelmann
(Deputy Chairman)

Roland Oetker

Thomas Koczelnik

Mediation Committee

(pursuant to Section 27 (3) of the German
co-determination act)

Prof. Dr Wulf von Schimmelmann (Chairman)

Andrea Kocsis (Deputy Chairwoman)

Roland Oetker

Rolf Bauermeister

Nomination Committee

Prof. Dr Wulf von Schimmelmann (Chairman)

Roland Oetker

Werner Gatzler

BOARD OF MANAGEMENT



A Dr Frank Appel
Chief Executive Officer

Born in 1961, member of the Board of Management since 2002, appointed until October 2012, CEO with responsibility for the Corporate Office, Corporate Legal Departments, Corporate Executives, Corporate Communications, Corporate Development, Corporate Regulation Management, Corporate First Choice, Corporate Public Policy and Responsibility, as well as HR DHL International and DHL Solutions & Innovations. He is also responsible for the cross-divisional sales organisation for the Group's major customers (Global Customer Solutions). From 1 July to 30 August 2009, he was also interim head of Finance, Global Business Services.



B Ken Allen
EXPRESS

Born in 1952, member of the Board of Management since 26 February 2009, appointed until February 2012, responsible for the EXPRESS division.

C Bruce Edwards
SUPPLY CHAIN

Born in 1955, member of the Board of Management since 2008, appointed until March 2016, responsible for the SUPPLY CHAIN division.



D Jürgen Gerdes
MAIL

Born in 1964, member of the Board of Management since 2007, appointed until June 2015, responsible for the MAIL division.

E Lawrence Rosen
Finance, Global Business Services

Born in 1957, member of the Board of Management since 1 September 2009, appointed until August 2012, responsible for Finance, including Controlling, Corporate Accounting and Reporting, Investor Relations, Corporate Finance, Corporate Audit/Security and Taxes, as well as Global Business Services.



F **Walter Scheurle**
Personnel

Born in 1952, member of the Board of Management since 2000, appointed until March 2013, responsible for Personnel, including HR Standards, HR Guidelines, Personnel & Labor Management and HR Mail.

G **Hermann Ude**
GLOBAL FORWARDING, FREIGHT

Born in 1961, member of the Board of Management since 2008, appointed until March 2016, responsible for the GLOBAL FORWARDING, FREIGHT division.

Financial Year 2009

Dr Frank Appel

Chief Executive Officer

John Allan (until 30 June 2009)

Finance, Global Business Services

Ken Allen (since 26 February 2009)

EXPRESS

Bruce Edwards

SUPPLY CHAIN

Jürgen Gerdes

MAIL

John Mullen (until 25 February 2009)

EXPRESS

Lawrence Rosen (since 1 September 2009)

Finance, Global Business Services

Walter Scheurle

Personnel

Hermann Ude

GLOBAL FORWARDING, FREIGHT

B.03 MANDATES HELD BY THE BOARD OF MANAGEMENT

Statutory Mandates

Dr Frank Appel

Deutsche Postbank AG¹⁾
(Supervisory Board, Chair)

Lawrence Rosen

Deutsche Postbank AG, since 10 September 2009¹⁾
(Supervisory Board)

Left in financial year 2009:

John Allan (until 30 June 2009)

Deutsche Postbank AG¹⁾
Deutsche Lufthansa AG

Comparable Mandates

Bruce Edwards

Ashtead plc (Board of Directors)
Exel Automocion, S.A. de C.V.¹⁾
(Board of Directors)

Exel Investments Limited
(Board of Directors)
Exel Limited¹⁾ (Board of Directors)
Exel Logistics, S.A. de C.V.¹⁾
(Board of Directors)

Exel North American Logistics, S.A. de C.V.¹⁾
(Board of Directors)

Exel Servicios, S.A. de C.V.¹⁾
(Board of Directors)

Exel Supply Chain Services de México, S.A. DE C.V.¹⁾
(Board of Directors)

Greif, Inc. (Board of Directors)

Hyperion Inmobiliaria, S.A. de C.V.¹⁾
(Board of Directors)

Tibbett & Britten Group Limited¹⁾
(Board of Directors)

Williams Lea Group Limited¹⁾
(Board of Directors)

Williams Lea Holdings plc¹⁾
(Board of Directors, Chair)

Jürgen Gerdes

Global Mail, Inc. (Board of Directors)¹⁾

Walter Scheurle

Bundesanstalt für Post und Telekommunikation
(Administrative Board)

Hermann Ude

Fraport AG (Advisory Board)
Deutsches Verkehrsforum (Presidium)

Left in financial year 2009:

John Allan (until 30 June 2009)

National Grid plc (Non-Executive Director)
ISS A/S (Board of Directors)

John Mullen (until 25 February 2009)

Embarq Corp. (USA, Non-Executive Director)
Telstra Corp. Ltd. (USA, Non-Executive Director)

¹⁾ Group mandate

B.04 MANDATES HELD BY THE SUPERVISORY BOARD

Shareholder representatives

Statutory mandates

Prof. Dr Wulf von Schimmelmann (Chairman)

Maxingvest AG
Deutsche Telekom AG, until 31 December 2009

Hero Brahms

Georgsmarienhütte Holding GmbH (Deputy Chair)
Wincor Nixdorf AG
Live Holding AG
Telefunken Holding AG (Chair), since 1 May 2009

Werner Gatzler

KfW IPEX-Bank GmbH
g. e. b. b. mbH
Bundesdruckerei GmbH, since 10 December 2009
öPP Deutschland AG

Prof. Dr Henning Kagermann
(since 18 February 2009)

Deutsche Bank AG
Münchener Rückversicherungs-Gesellschaft AG

Roland Oetker

Volkswagen AG

Dr Ulrich Schröder

ProHealth AG, until 1 September 2009
Deutsche Telekom AG
KfW IPEX-Bank GmbH, since 1 October 2009
DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, since 1 October 2009

Dr Stefan Schulte (since 21 April 2009)

Delvag Luftfahrtversicherungs-AG,
until 8 May 2009
Delvag Rückversicherungs-AG, until 8 May 2009

Left in financial year 2009:

Prof. Dr Ralf Krüger (until 21 April 2009)

Deutsche Postbank AG
DIAMOS AG (Chair)
KMS AG (Chair), until 4 June 2009
KMS Asset Management AG (Chair),
until 4 June 2009

Comparable mandates

Prof. Dr Wulf von Schimmelmann (Chairman)

Accenture Corp., USA (Board of Directors)
BAWAG P.S.K., Österreich (Supervisory Board,
Chair), until 15 October 2009
Western Union Company, USA
(Board of Directors), since 24 April 2009

Willem G. van Agtmael

Energie Baden-Württemberg AG
(Advisory Board)
Landesbank Baden-Württemberg
(Advisory Board)
L-Bank (Advisory Board)

Hero Brahms

M. M. Warburg & Co KGaA
(Shareholders' Committee)
Zumtobel AG (Supervisory Board, Deputy Chair)

Werner Gatzler

Bundesanstalt für Immobilienaufgaben
(Administrative Board, Chair)
Bundesdruckerei GmbH (Advisory Board),
since 10 December 2009

Prof. Dr Henning Kagermann
(since 18 February 2009)

Nokia Corporation, Finland
(Board of Directors)
Wipro Ltd., India (Board of Directors),
since 27 October 2009

Roland Oetker

Dr. August Oetker KG (Advisory Board,
Deputy Chair)
RAG-Stiftung (Board of Trustees)

Harry Roels

Allianz AG (Advisory Board)
Deutsches Stiftungszentrum GmbH
(Administrative Board)

Dr Stefan Schulte (since 21 April 2009)

Frankfurter Sparkasse (Administrative Board),
until 30 June 2009

Elmar Toime

Blackbay Ltd., United Kingdom
(Non-Executive Director)
SKYCITY Entertainment Group Ltd., New Zealand
(Non-Executive Director), until 30 October 2009
message AG (Non-Executive Chairman)
Postea Inc. (Non-Executive Chairman)

Left in financial year 2009:

Prof. Dr Ralf Krüger (until 21 April 2009)

SIREO REAL ESTATE ASSET MANAGEMENT GmbH
(Advisory Board)

Employee representatives

Statutory mandates

Annette Harms (Deputy Chairwoman)

Deutsche Postbank AG

Rolf Bauermeister

Deutsche Postbank AG

Andreas Schädler

PSD Bank Köln eG (Chair)

Helga Thiel

PSD Bank Köln eG

Comparable mandate

Andreas Schädler

Bundesanstalt für Post- und Telekommunikation
(Administrative Board)

CORPORATE GOVERNANCE REPORT

(Annual Corporate Governance Statement pursuant to Section 289a of the HGB)

@ dp-dhl.com/en/investors.html

In this Annual Corporate Governance Statement, Deutsche Post DHL presents the main components of its corporate governance structure. These include the Declaration of Conformity from the Board of Management and Supervisory Board, information on corporate governance practices that significantly exceed the legal requirements, information on the working methods of the Board of Management and the Supervisory Board and details regarding the composition and working methods of their committees.

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

In December 2009, the Board of Management and the Supervisory Board again submitted an unqualified Declaration of Conformity pursuant to Section 161 of the *Aktiengesetz* (German stock corporation act), which reads as follows:

“The Board of Management and the Supervisory Board of Deutsche Post AG declare that the recommendations made by the Government Commission on the German Corporate Governance Code as amended on 6 June 2008 have been complied with since the last Declaration of Conformity in December 2008, and that Deutsche Post AG intends to comply with all recommendations of the Code as amended on 18 June 2009 in the future. Pursuant to section 3.8 (3), the deductible for members of the Supervisory Board will be raised to the required level upon the next adjustment of insurance policies in the first half of 2010.”

We also implemented the suggestions set forth in the Code, with one exception: the Annual General Meeting will only be broadcast on the internet until the start of the general debate.

Specific corporate governance practices

Our guiding principle in corporate management is Respect and Results. This has evolved from the daily challenges of achieving first-class results whilst adhering to our sense of responsibility for the needs of our employees and customers. We show respect towards our shareholders by making our challenges public and clearly stating how we intend to overcome them. We are well aware of the effect our corporate activities have on society. Therefore, we respect everyone with whom we interact and the environment in which we live. From this guiding principle, we derive our three most important leadership values: openness, responsibility and passion. These help us to find a balance between respect and results.

As a globally operating company and corporate citizen, we bear great responsibility for the environment and the living conditions in the regions in which we operate. This is a responsibility that we take seriously. Our sustainability strategy rests on the core competencies of the company and the experience of our employees. Our goal is to achieve demonstrable benefits for society and to keep any negative impact our business

has on the environment to a minimum. We want to lead the way in innovative and sustainable logistics solutions. The idea of sustainability drives innovations and opens up new business opportunities, which gives us competitive advantages.

Our sustainability strategy focuses on three areas: the Group's GoGreen programme is aimed at achieving the Group's climate protection targets. Our second focus is GoHelp. Here we apply our expertise towards improving living conditions for people in disaster areas. The third expression of our commitment to society is our support of education. We created the GoTeach project to further this purpose.

In 2009, Deutsche Post DHL was honoured with the German Sustainability Award in the category of Most Sustainable Strategy, recognising our comprehensive strategy for economic, ecological and social responsibility.

Code of Conduct and compliance management

Deutsche Post DHL has developed a Code of Conduct that has been applicable in all regions and in all divisions since mid-2006. The Code of Conduct lays down guidelines for day-to-day workplace conduct for our approximately 500,000 employees.

Its cornerstones are respect, tolerance, honesty, openness, integrity vis-à-vis employees and customers and willingness as a company to assume social responsibility. The guidelines apply to employees at all hierarchical levels and in all divisions.

The compliance organisation at Deutsche Post DHL comprises the Compliance Committee, the Global Compliance Office – including the Regional Compliance Offices – and the Integrity Board. The Compliance Committee makes decisions on the fundamental requirements of compliance management and any necessary measures. It is supported by the Global Compliance Office and currently 14 Regional Compliance Offices, and it reports directly to the Board of Management. An Integrity Board, which is made up of both internal and external specialists, advises the Compliance Committee. Compliance management at Deutsche Post DHL is reviewed and improved on an ongoing basis.

To supplement the Code of Conduct, two guidelines were issued in 2009. An anti-corruption guideline gives specific guidance on avoiding corruption in accordance with the provisions of the Code of Conduct, including clear instructions on how to handle gifts, benefits and offers of hospitality. A competition guideline gives specific guidance on the prohibition of agreements with competitors.

The Code of Conduct for suppliers obligates them to adhere to ethical and ecological standards. Since the reporting year, these have expressly included a ban on child and forced labour as well as discrimination. Wages and working hours must correspond with national laws and regulations, and unlawful payments (bribery) are prohibited. The Code of Conduct for suppliers has been included in all new procurement contracts and added to existing long-term framework agreements since 2007.

In addition, we provide various obligatory online training programmes for specific target groups. The sustainability of our compliance processes is regularly reviewed by Internal Audit.

Working methods of the Board of Management and the Supervisory Board

As a German listed public limited company, Deutsche Post follows a dual management system. The Board of Management is responsible for the management of the company. It is appointed, overseen and advised by the Supervisory Board.

In addition to the board departments of the CEO, CFO and the Board Member for Personnel, the Board of Management also includes the operating board departments of MAIL, GLOBAL FORWARDING, FREIGHT, EXPRESS and SUPPLY CHAIN.

With the consent of the Supervisory Board, the Board of Management has established rules of procedure that lay down objectives for structure, management and cooperation within the Board of Management. Within this framework, each member of the Board of Management manages his board department independently and informs the rest of the Board on key developments at regular intervals. The Board of Management as a whole decides on matters of particular significance for the company or the Group. In addition to tasks that it is prohibited by law from delegating, these include all decisions that must be presented to the Supervisory Board for approval. The entire Board of Management also decides on matters brought forth by one member of the Board of Management for decision by the Board of Management as a whole.

In making their decisions, the members of the Board of Management may not pursue personal interests or exploit business opportunities due to the company for their own benefit. They are required to disclose any conflicts of interest to the Supervisory Board without delay.

The Supervisory Board advises and oversees the Board of Management and appoints the members of the Board of Management. It has established rules of procedure that include the fundamental principles of its internal structure, a catalogue of Board of Management transactions requiring its approval and rules for the Supervisory Board committees. It meets at least twice every six months based on the calendar year. Special meetings are held whenever significant events so dictate. In financial year 2009, the Supervisory Board met for seven plenary meetings and 21 committee meetings, as described in the Report of the Supervisory Board starting on page 102.

The Board of Management and the Supervisory Board are in regular contact regarding strategic measures, planning, business development, risk exposure and risk management as well as company compliance. The Board of Management informs the Supervisory Board promptly and comprehensively on all topics of significance.

All Supervisory Board decisions, particularly those concerning transactions that require its approval, are deliberated extensively in the relevant committees. At each plenary meeting, the Supervisory Board is informed in detail about the work of its committees.

In making their decisions, the members of the Supervisory Board may not pursue personal interests or exploit business opportunities due to the company for their own benefit. They are required to disclose any conflicts of interest to the Supervisory Board. Any significant conflicts of interest on the part of a Supervisory Board member that are not merely temporary in nature lead to that member's resignation from the Board.

Executive committees and Supervisory Board committees

Below the Board of Management level, important decisions are taken in so-called executive committees, which also prepare decisions to be made by the Board of Management as a whole. The executive committees are responsible for strategy, acquisitions and major board department investments, amongst other things.

The MAIL Steering Committee is responsible for the MAIL division, and the cross-divisional DHL Executive Committee is in charge of the EXPRESS, GLOBAL FORWARDING, FREIGHT and SUPPLY CHAIN divisions. The CEO, the CFO and the respective board members are represented on the committees. In addition, the Board Member for Personnel is a member of the MAIL Steering Committee. Along with the relevant members of the Board of Management, the executive committees also include second-tier executives, in some cases on a permanent basis – for example those responsible for the operating business – and in some cases to assist with special topics. Procurement and Controlling are called in to consult on capital expenditure, for instance, and Finance, Corporate Development and Legal Services in the case of acquisitions.

The DHL Executive Committee generally meets twice per month and the MAIL Steering Committee once.

Furthermore, business review meetings take place once per quarter. These meetings are part of the strategic performance dialogue between the divisions, the CEO and the CFO. They comprise discussions on strategic measures, operating topics and the budget situation of the operating board departments.

The Supervisory Board has formed five committees to ensure efficient discharge of its duties. The Report of the Supervisory Board starting on page 102 gives details on the composition and working methods of the committees.

The Supervisory Board committees prepare the resolutions of the plenary meetings of the Supervisory Board. Decisions on certain topics are delegated by the Supervisory Board to the individual committees for final decision.

REMUNERATION REPORT

The remuneration report also forms part of the Group Management Report.

Remuneration structure of the Group Board of Management in financial year 2009

The total remuneration paid to the individual Board of Management members for financial year 2009 was determined by the Supervisory Board or, more specifically, by its Executive Committee, which is headed by the chairman of the Supervisory Board. After holding consultations, the Supervisory Board resolved on the remuneration system for the Board of Management – including the main contractual elements – based on the recommendations submitted by the Executive Committee. The remuneration of the Board of Management reflects the size and global reach of the company, its economic and financial situation and the roles fulfilled by the individual members. It is set to ensure competitiveness with comparable German and international companies, thus incentivising the Board of Management members to deliver maximum performance and achieve results.

The remuneration of the Board of Management for 2009 is in line with standard market practice, appropriate to the tasks involved and designed to reward performance; it comprises fixed and variable elements as well as long-term incentives.

Non-performance-related components are the fixed annual remuneration (annual base salary), fringe benefits and pension commitments. The fixed annual remuneration is paid in 12 equal monthly instalments retroactively at the end of each month. Fringe benefits mainly comprise the use of company cars and supplements for insurance premiums as well as special allowances and benefits for assignments outside the home country.

The variable remuneration components for 2009 comprise one component linked to the company's annual profits (annual performance-related remuneration) and one long-term incentive component (the Long-Term Incentive Plan).

The amount of the annual performance-related component (the annual bonus) is set at the due discretion of the Supervisory Board on the basis of the company's performance. The individual bonus amounts reflect the extent to which predefined targets are achieved, missed or exceeded. The Group's EBIT after asset charge performance metric is the main parameter used in this calculation. For the Board of Management members in charge of the MAIL, GLOBAL FORWARDING, FREIGHT, EXPRESS and SUPPLY CHAIN divisions, the EBIT after asset charge of their respective division is also a key parameter. Achievement of the upper target for the financial year is rewarded with the maximum annual performance-related remuneration (annual bonus). The maximum annual bonus opportunity is 100% of the fixed annual remuneration. In addition, the Supervisory Board may elect to award an appropriate special bonus for extraordinary achievement.

The remuneration component linked to the company's annual profits now also includes a sustainability component in line with the provisions of the *Gesetz zur Angemessenheit der Vorstandsvergütung* (VorstAG – Act on the appropriateness of management board remuneration), which came into force on 5 August 2009. It will be taken into account in employment contracts and contract renewals entered into after 5 August 2009, increasing the emphasis on sustainable company development in determining management board remuneration. For such contracts, the annual performance-related remuneration will in future no longer be paid in full for the year on the basis of having reached the agreed targets. Instead, 50% of the annual performance-related remuneration will flow into a new medium-term component with a three-year calculation period (performance phase of one year, sustainability phase of two years). This medium-term component will be paid out after expiry of the sustainability phase subject to the condition that the targets related to reported EBIT after asset charge (including the asset charge on goodwill and before goodwill impairment) have been reached during the sustainability phase. If the sustainability criteria are not met, the payment is forfeited without compensation. This demerit system puts greater emphasis on sustainable company development in determining management board remuneration.

Stock appreciation rights (SAR) are granted as a long-term remuneration component based on the Long-Term Incentive Plan resolved by the Supervisory Board in 2006 (2006 LTIP).

Each SAR entitles the holder 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. In 2009, the members of the Board of Management each invested 10% of their annual target salary per tranche in Deutsche Post shares. When the stock appreciation rights were granted as part of the allocation procedure in 2009, the lock-up period was increased from three to four years. After expiration of the lock-up period, the stock appreciation rights can be exercised wholly or partially for a period of two years, provided an absolute or relative performance target has been achieved. Any stock appreciation rights not exercised during this two-year period will lapse.

To determine how many – if any – of the stock appreciation rights granted can be exercised, the average share price or the average index value is compared for the reference period and for the 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 prior to the end of the lock-up period. The average share price (closing price) is calculated as the average closing price of Deutsche Post shares in Deutsche Börse AG's Xetra electronic trading system.

A maximum of four out of every six stock appreciation rights can be "earned" via the absolute performance target and a maximum of two via the relative performance target. If neither an absolute nor a relative performance target is met by the end of the lock-up period, the stock appreciation rights of the related tranche will lapse and no replacement or compensation of any kind will be provided.

One SAR is earned each time the closing price of Deutsche Post shares exceeds the issue price by at least 10%, 15%, 20% or 25%. The relative performance target is tied to the performance of the shares in relation to the performance of the Dow Jones STOXX 600 Index (SXXP; ISIN EU0009658202). The target is met if the share price is not outperformed by the index during the performance period or if it outperforms the index by at least 10%.

The Long-Term Incentive Plan is being continued in contracts entered into after 5 August 2009 and in contract renewals, although the amount to be invested by individual Board members is now 10% of their annual base salary. Remuneration from stock appreciation rights is limited to 300% of the targeted cash remuneration (annual base salary plus the targeted annual performance-related remuneration).

Provisions to cap severance payments pursuant to the Corporate Governance Code recommendation, change-of-control provisions and post-contractual non-compete clauses starting in 2008

In accordance with the recommendation of Section 4.2.3 of the German Corporate Governance Code as amended on 6 June 2008, the Board of Management contracts newly concluded since financial year 2008 contain a provision stipulating that in the event of premature termination of a Board of Management member's contract without good cause, the severance payment may compensate no more than the remaining term of the contract. The severance payment is limited to a maximum value of two years' remuneration including fringe benefits (severance payment cap).

In the event of a change in control, the members of the Board of Management are entitled to resign their offices for good cause within a period of six months following the change in control, after giving three months' notice to the end of the month, and to terminate their Board of Management contract (right to early termination).

The contractual provisions stipulate that a change of control exists if a shareholder has acquired control within the meaning of Section 29 (2) of the *Wertpapiererwerbs- und Übernahmegesetz* (German securities acquisition and takeover act) via possession of at least 30% of the voting rights, including the voting rights attributable to such shareholder by virtue of acting in concert with other shareholders as set forth in Section 30 of the German securities acquisition and takeover act, or if a control agreement has been concluded with the company as a dependent entity in accordance with Section 291 of the *Aktiengesetz* (German stock corporation act) and such agreement has taken effect, or if the company has merged with another legal entity outside of the Group pursuant to Section 2 of the *Umwandlungsgesetz* (German reorganisation and transformation act), unless the value of such other legal entity as determined by the agreed conversion rate is less than 50% of the value of the company.

In the event that the right to early termination is exercised or a Board of Management contract is terminated by mutual consent within nine months of the change in control, the Board of Management member is entitled to payment to compensate the remaining term of his Board of Management contract. Such payment is limited to 150% of the severance payment cap pursuant to the recommendation of the Germany Corporate Governance Code. The amount of the payment is reduced by 25% if the Board of Management member has not reached the age of 60 upon leaving the company. If the remaining term of the Board of Management contract is less than two years and the Board of Management member has not reached the age of 62 upon leaving the company, the payment will correspond to the severance payment cap. The same applies if a Board of Management contract expires prior to the Board of Management member's reaching the age of 62 because less than nine months remained on the term of the contract at the time of the change in control and the contract was not renewed.

A non-compete clause effective for two years after the end of the contract is also stipulated for Board of Management members. During the non-compete period, they receive 50% (or 75% in the case of Lawrence Rosen) of their last contractually stipulated fixed annual remuneration (annual base salary) on a pro rata basis as compensation each month. Any other earned income is generally deducted from the compensation paid during the non-compete period, provided such other income – together with the compensation payment – exceeds the last fixed remuneration paid on a monthly basis. The amount of the compensation payment itself is deducted from any severance payments or pension payments. Prior to or concurrent with cessation of the Board of Management contract, the company may declare its waiver of adherence to the non-compete clause. In such case, the company will be released from the obligation to pay compensation due to a restraint on competition six months after receipt of such declaration. The contract with Lawrence Rosen does not provide for such a unilateral waiver option.

Other provisions

Lawrence Rosen will receive payments in 2010, 2011 and 2012 amounting to a total of €2.55 million to compensate him for rights that have lapsed as a result of his transfer to Deutsche Post AG.

In accordance with a provision contained in his contract of employment, John Allan is subject to a two-year non-compete clause after leaving the company. For the duration of this two-year period, he will receive 50% of his last pro-rata fixed annual remuneration (€47,031 per month). If any other income is received exceeding half of the fixed annual remuneration, the compensation paid during the non-compete period will be deducted by such amount.

The employment contract with John Mullen was terminated effective 28 February 2010. His remuneration will be paid until such date. He will then receive severance payment equal to the remaining entitlement from his contract, which originally extended until 31 December 2010. Beyond this, no other severance payments have been agreed on in connection with the cessation of his contract.

Apart from the aforementioned arrangements, no member of the Board of Management has been promised any further benefits after leaving the company.

The remuneration paid to active members of the Board of Management in financial year 2009 totalled €14.92 million (previous year: €11.89 million). This amount comprised €9.81 million in non-performance-related components (previous year: €9.01 million) and €5.11 million in performance-related components (previous year: €2.88 million). The members of the Board of Management were granted a total of 1,800,000 stock appreciation rights in financial year 2009 with a total value of €7.25 million (previous year: €4.78 million) at the time of issue (1 July 2009).

Amount of remuneration paid to active members of the Group Board of Management in financial year 2009

The following table presents the total remuneration paid to active Board of Management members:

B.05 Remuneration of the Group Board of Management, 2009: cash components

€	Non-performance-related		Performance-related	Total
	Fixed annual remuneration	Fringe benefits	Annual performance-related remuneration	
Board members				
Dr Frank Appel, Chairman	1,582,831	27,969	1,376,430	2,987,230
John Allan (until 30 June 2009)	564,375	353,658	490,781	1,408,814
Ken Allen (since 26 Feb. 2009)	602,217	84,677	562,953	1,249,847
Bruce Edwards	860,001	141,851	373,928	1,375,780
Jürgen Gerdes	787,500	27,972	639,529	1,455,001
John Mullen (until 24 Feb. 2009)	161,832	160,594	218,416	540,842
Walter Scheurle	860,000	22,656	747,856	1,630,512
Hermann Ude	715,000	15,322	455,670	1,185,992
Lawrence Rosen (since 1 Sep. 2009)	286,667	8,001	249,285	543,953

Eligibility for retirement benefits begins at the earliest at the age of 55, or at the age of 62 in the case of Jürgen Gerdes. The members of the Board of Management may choose between regular pension payments and a lump sum. The benefit amount depends on the pensionable income and the pension level derived from the years of service.

Pensionable income consists of the fixed annual remuneration (annual base salary) computed on the basis of the average salary of the last 12 months of employment. Members of the Board of Management appointed for the first time between 2002 and 2007 attain a pension level of 25% after five years of service on the Board of Management. The maximum pension level of 50% is attained after ten years of service. For active Board of Management members appointed prior to 2002, the maximum pension level is 60%. Depending on the individual contractual arrangements, the pension level increases gradually based on either the period of service or the periods of appointment on the Board of Management. Subsequent pension benefits increase or decrease to reflect changes in the consumer price index in Germany.

B.09 Individual pension commitments under the previous system in financial year 2009

	Pension commitments		
	Pension level on 31 Dec. 2009 %	Maximum pension level %	Service cost for pension obligation Financial year 2009 €
Dr Frank Appel, Chairman	25	50	415,539
Jürgen Gerdes ¹⁾	0	50	117,912
John Mullen (until 24 Feb. 2009)	45	50	674,211 ²⁾
Walter Scheurle	30	60	506,408
Total			1,714,070

1) Minimum period not yet complete. In the event of benefits being paid, the provisions of the previous system will apply.
2) Cost for the entire year.

B.10 Individual pension commitments under the previous system in 2008

	Pension commitments		
	Pension level on 31 Dec. 2008 %	Maximum pension level %	Service cost for pension obligation Financial year 2008 €
Dr Frank Appel (Chairman since 18 Feb. 2008)	25	50	444,897 ¹⁾
Jürgen Gerdes ²⁾	0	50	112,312
John Mullen	35	50	546,824
Walter Scheurle	30	60	528,795

1) Increase in benefits due to assumption of chairmanship of the Board of Management.
2) Minimum period not yet complete. In the event of benefits being paid, the provisions of the previous system will apply.

Pension commitments under the new system

The pension commitment system was restructured in financial year 2008. Starting on 4 March 2008, newly appointed Board of Management members will receive pension commitments based on a defined contribution plan rather than the previous commitments, which were based on final salary.

Under the new defined contribution pension plan, the company has credited an annual amount of 25% of the fixed annual remuneration to a virtual pension account for the Board of Management members concerned. The maximum contribution period is 15 years. Interest is paid on the pension capital at the rate applicable to pension provisions recognised for tax purposes until the pension is drawn or the Board of Management member leaves the company. The pension benefits are paid out in a lump sum in the amount of the value accumulated in the pension account. The benefits fall due when the Board of Management member reaches the age of 62 or in the case of invalidity or death whilst being employed. The pension beneficiary may opt to receive a pension in lieu of a lump-sum payment. If this option is exercised, the capital is converted to a pension on the basis of the relevant tax base, taking into account the individual data of the surviving dependents and a future pension increase of 1%. If the Board of Management member leaves the company before the benefits fall due, the pension account will be maintained at the balance existing at the time the member left the company. The account will no longer accrue interest and no further contributions will be paid.

The new pension system is applicable to Board of Management members Ken Allen, Bruce Edwards, Lawrence Rosen and Hermann Ude. The pension commitment made to Hermann Ude contains an arrangement guaranteeing him a minimum benefit in the amount of the benefits payable to him had his former pension commitment been continued using the assessment basis applicable at the time of his appointment to the Board of Management.

B.11 Individual pension commitments under the new system in financial year 2009

€	Total contribution for 2009	Pension account balance as at 31 Dec. 2009	Service cost for pension obligation Financial year 2009
Ken Allen ¹⁾	148,958 ³⁾	156,370	150,597 ⁶⁾
Bruce Edwards	215,000	406,460	221,591
Lawrence Rosen ²⁾	871,667 ⁴⁾	888,763	70,234 ⁶⁾
Hermann Ude	178,750	704,793 ⁵⁾	177,182
Total			619,604

1) Member of the Board of Management since 26 February 2009. 2) Member of the Board of Management since 1 September 2009. 3) Pro-rata amount for 10 months. 4) Pro-rata amount for four months plus start-up capital of €800,000. 5) Minimum payment in the event of death: €929,765; minimum payment in the event of invalidity: €1,606,058 (as at 31 December 2009). 6) Notional amount as at 1 January 2009, calculated at an interest rate of 5.75%.

B.12 Individual pension commitments under the new system in 2008

€	Pension account		
	Total contribution for 2008	balance as at 31 Dec. 2008	Service cost for pension obligation Financial year 2008
Hermann Ude ¹⁾	465,361 ²⁾	486,149	133,647
Bruce Edwards ¹⁾	134,063	140,052	137,565

¹⁾ Member of the Board of Management since 4 March 2008.

²⁾ Including starting balance of €331,298 to replace his previous pension commitment.

Benefits of former Board of Management members

Benefits paid to former members of the Board of Management or their surviving dependants amounted to €8.1 million in financial year 2009 (previous year: €43.1 million). The defined benefit obligations (DBO) for current pensions calculated under IFRS amount to €26.1 million (previous year: €25.3 million).

Supervisory Board remuneration

In accordance with Article 17 of the Articles of Association of Deutsche Post AG as adopted by the AGM, the annual remuneration of the members of the Supervisory Board comprises a fixed component, a short-term performance-related component and a performance-related component with a long-term incentive effect.

The fixed component amounts to €20,000, and the short-term performance-related component to €300 for every €0.03 by which the consolidated net profit per share exceeds the amount of €0.50 in the financial year in question. In 2009, the consolidated net profit per share was €0.53 and therefore exceeded the amount of €0.50 once by €0.03. For financial year 2009, the members of the Supervisory Board are entitled to annual performance-related remuneration with a long-term incentive effect of €300 for every 3% by which the consolidated net profit per share for financial year 2011 exceeds the consolidated net profit per share for financial year 2008. The amount received may not exceed €20,000. The remuneration will fall due for payment at the end of the 2012 AGM.

The chairman of the Supervisory Board receives double the remuneration, and his deputy one and half times the remuneration. The chairman of a Supervisory Board committee also receives double the remuneration, whilst a member of a committee receives one and a half times the remuneration. This does not apply to members of the Mediation and Nomination Committee. Persons who only serve on the Supervisory Board and its committees for part of the year receive corresponding compensation on a pro rata basis. The members of the Supervisory Board are entitled to claim out-of-pocket expenses incurred in the exercise of their office. Any value added tax on the Supervisory Board remuneration and out-of-pocket expenses is reimbursed. In addition, each member of the Supervisory Board attending a meeting receives an attendance allowance of €500 for each plenary meeting of the Supervisory Board or committee meeting.

In 2009, the non-performance-related remuneration (fixed component and attendance allowance) totalled €747,500 in 2009 (previous year: €766,833) and performance-related remuneration €9,263 (previous year: €0). The following table presents the total remuneration paid to each Supervisory Board member:

B.13 Remuneration paid to individual Supervisory Board members

	Fixed component	Short-term performance-related component	Attendance allowance	Total	Remuneration in previous year (2008) ¹⁾
Prof. Dr Wulf von Schimmelmann (Chairman since 1 Jan. 2009)	70,000	1,050	11,000	82,050	25,000
Andrea Kocsis (Deputy Chairwoman)	60,000	900	10,000	70,900	72,500
Wolfgang Abel	30,000	450	8,000	38,450	32,667
Willem van Agtmael	20,000	300	3,500	23,800	24,000
Rolf Bauermeister	30,000	450	9,000	39,450	31,667
Hero Brahms	40,000	600	9,500	50,100	50,500
Heinrich Josef Busch	20,000	300	3,500	23,800	15,833
Werner Gatzler	40,000	600	11,000	51,600	54,500
Annette Harms	20,000	300	4,000	24,300	25,000
Prof. Dr Henning Kagermann (since 18 Feb. 2009)	17,500	263	3,500	21,263	–
Thomas Koczelnik	40,000	600	9,000	49,600	33,667
Prof. Dr Ralf Krüger (until 21 April 2009)	11,667	175	3,000	14,842	50,000
Anke Kufalt	20,000	300	4,000	24,300	16,333
Roland Oetker	37,083	556	7,000	44,640	39,000
Harry Roels	20,000	300	4,000	24,300	24,500
Andreas Schädler	20,000	300	4,000	24,300	16,333
Dr Ulrich Schröder	20,000	300	3,000	23,300	8,667
Dr Stefan Schulte (since 21 April 2009)	21,250	319	4,000	25,569	–
Helga Thiel	30,000	450	8,000	38,450	26,500
Elmar Toime	20,000	300	3,500	23,800	24,500
Stefanie Weckesser	30,000	450	7,500	37,950	34,167

1) Pro-rata fixed component plus attendance allowance. No short-term variable remuneration was paid for financial year 2008.