

# NON-FINANCIAL STATEMENT

Expectations for sustainable business practices have become more prominent than ever not only amongst employees, customers and capital market actors, but also amongst members of society and politics. In order to appropriately depict this development for our company, we revised our reporting effective as of the start of financial year 2020. Rather than issuing a separate sustainability report, the combined management report now includes the combined non-financial statement for Deutsche Post AG and for the Group in accordance with sections 289b(1) and 315b(1) HGB.

In addition, we are currently updating our ESG roadmap as part of our [Strategy](#) and will accordingly expand our ESG reporting to include more detail in the future.

The two non-financial performance indicators used in managing the Group – greenhouse gas efficiency and employee engagement – were determined on the basis of their materiality as defined by HGB; German Accounting Standards (GASs) were applied [Management](#).

The sustainability reporting standards issued by the Global Reporting Initiative (GRI) are taken as the framework for determining material non-financial topics, amended by HGB requirements. In addition to the components of the non-financial statement, we are committed to topics that we have summarised here for reasons of related content. This applies above all to the content added to the employee section and to our commitment to the principles set out in the UN Global Compact.

The section entitled [General information](#) contains information on our business model.

Opportunities and risks relevant to the minimum requirements of the non-financial statement are included and quantified as part of the Group's opportunity and risk management process. No reportable risks were identified for the Group that were linked to its own business activities, business relationships, products or services, and that very likely have or will have a severe negative impact on signifi-

cant aspects. Please refer to “Opportunities and risks arising from human resources” and “Opportunities and risks arising from climate change, catastrophes and epidemics” in the section entitled [Expected developments, opportunities and risks](#) concerning opportunities and risks. We have not identified any significant risks or opportunities in the aforementioned areas.

## Components of the non-financial statement

Aspect (HGB)	Concept	Objective/result	Report section
<b>E = Environment</b>			
Environmental matters	Energy efficiency and climate change	Improve greenhouse gas efficiency/ CEX improved to 37 index points	<a href="#">Management</a> ; <a href="#">Forecast/ actual comparison</a> ; <a href="#">Environment</a> ; <a href="#">Expected developments</a>
<b>S = Social</b>			
Social matters	Corporate citizenship	Employee pride in our contribution to society/78% approval rate	<a href="#">Society</a>
Respect for human rights	Compliance with laws, principles and policies	Prevent violations/Raise employee awareness/Training and on-site reviews	<a href="#">Employees</a>
Employee matters	Employee engagement	Increase Employee Engagement score to 78%/Employee Engagement score increased to 82%	<a href="#">Management</a> ; <a href="#">Forecast/ actual comparison</a> ; <a href="#">Employees</a> ; <a href="#">Expected developments</a>
	Employee development	Increase participation in the Group's "Certified" initiatives to 80%/Participation rate increased to 74%	<a href="#">Employees</a>
	Occupational health and safety	Prevent accidents/LTIFR decreased to 3.9	<a href="#">Employees</a>
<b>G = Governance</b>			
Anti-corruption and -bribery matters	Compliance with laws, principles and policies	Prevent violations/Training and anti-corruption day/Regular audits	<a href="#">Compliance</a>
Respect for human rights	Standards in the supply chain	Adhere to supplier code of conduct/Regular audits/Follow-up measures	<a href="#">Compliance</a>

More information on sustainability is available on our [Website](#).

## Commitment to shared values

We conduct our business in accordance with applicable laws, ethical principles, ecological standards and international guidelines. 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. Through ongoing dialogue with our stakeholders, we ensure that their expectations concerning social and environmental issues are accounted for appropriately and that our business is aligned systematically with those interests. Values such as integrity, transparency, equal opportunity and responsibility, as well as environmental standards, are firmly established in our Code of Conduct and clearly elaborated in our Supplier Code of Conduct.

We use our expertise as a mail and logistics services group for the benefit of society and the environment. For example, we provide logistical support in the event of natural disasters, prepare airports for such scenarios, help to improve career opportunities for young people and support our employees' local projects.

Our product and service portfolio and our near-global presence enable individuals and companies to take part in global trade, and hence contribute to economic development.

As part of the strategic development of our business, we are committed to a holistic definition of sustainability and to further developing the ESG roadmap that will permit us to meet stakeholder demands even better in the future

► **Strategy.**

## Environment

### Dealing with the impact of our operations

Our initiatives to increase greenhouse gas efficiency and our environmentally friendly product range enable us to meet our responsibility for the environment whilst strengthening our own market position.

Due to the sustained e-commerce boom as an important driver of global trade, the demand for transportation solutions is growing. Whilst our business benefits from this trend, our business activities also have an impact on the global environment, primarily in the form of greenhouse gas emissions. Our goal is to minimise that impact by taking measures aimed at protecting the environment and setting climate protection targets to enable us to reach net zero emissions by 2050.

Environmental and climate protection is embedded in our Code of Conduct, our Supplier Code of Conduct and our Environmental and Energy Policy, which provide our employees with clear guidelines as to how they can contribute to the success of our climate protection measures in their immediate surroundings and within the context of their job responsibilities.

### Improving emissions and fuel efficiency

We are reducing our dependence on fossil fuels and promoting the use of alternative energy sources in our fleets and buildings. As part of the Group's GoGreen initiative, we develop strategies aimed at improving emissions efficiency and fuel efficiency and intensifying the use of alternative energy sources. The GoGreen initiative addresses both direct and indirect greenhouse gas emissions caused by our operations and by the activities of our transport subcontractors.

We are tracking emissions and greenhouse gas efficiency within our internal management information system. Our divisions regularly provide updates to the Operations Board headed by the CEO on their progress in implementing their environmental protection measures and on their contributions towards the defined targets. Quarterly business review meetings are used to discuss not only operational trends, but also changes in our environmental KPIs. Deviations from planned targets are discussed and appropriate solutions are identified and resolved. Topics of special relevance to our environmental targets are also regularly discussed at Board of Management meetings.

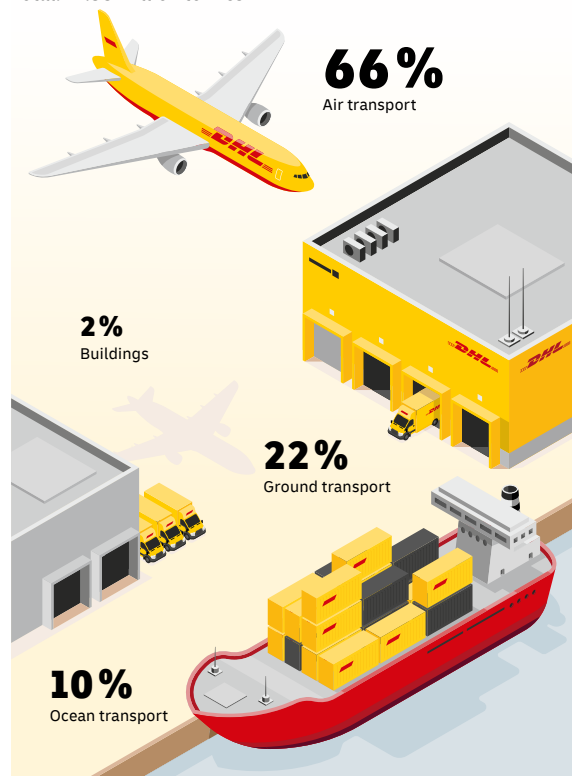
### Efficiency target exceeded

We use our carbon efficiency index (CEX) to measure and manage our greenhouse gas efficiency, ► **Management.** We quantify the greenhouse gas emissions upon which our CEX is based in accordance with the Greenhouse Gas Protocol Standards and DIN EN 16258; those attributable to our European air freight business are calculated in accordance with the requirements of the European Union Emissions Trading System (EU ETS). Pursuant to DIN EN 16258, all gases that are harmful to the environment are disclosed in the form of CO<sub>2</sub> equivalents (CO<sub>2</sub>e). Our CEX score reflects the ratio of the relevant emissions to performance indicators specific to the respective business units.

In 2020, our direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions amounted to 6.77 million tonnes of CO<sub>2</sub>e (previous year, adjusted: 6.48 million tonnes of CO<sub>2</sub>e). The indirect greenhouse gas emissions (Scope 3) of our transport subcontractors came to 20.61 million tonnes of CO<sub>2</sub>e (previous year, adjusted: 20.94 million tonnes of CO<sub>2</sub>e).

## CO<sub>2</sub>e emissions, 2020

Total: 27.38 million tonnes<sup>1</sup>



<sup>1</sup> Scope 1 to 3 (previous year, adjusted: 27.42 million tonnes).

Amongst other things, we have set ourselves the environmental target of improving our CEX score by 50% with respect to the 2007 base year by 2025. In 2020, we improved our CEX figure by two index points to 37 index points, **Forecast/actual comparison**. This development was driven in particular by increased utilisation and efficiency of our own network due to a shift of air freight volumes from passenger flights to our more efficient cargo aircraft and, amplified by a pandemic-related shortage of air freight capacity in the market.

Higher volumes in the German parcel and international e-commerce businesses as well as greater efficiencies in our ocean freight business contributed also to this positive development. Furthermore, we increased our use of green electricity at our locations by 3% to 86%.

## Energy consumption by company fleet and company buildings

Million kWh	2019	2020
Consumption by fleet	23,100	24,294
Air transport (jet fuel)	18,613 <sup>1</sup>	19,624
Road transport (petrol, biodiesel, diesel, bio-ethanol, LPG)	4,442	4,630
Road transport (biogas, CNG, LNG)	45	40
Consumption in buildings and facilities (including electric vehicles)	3,099	3,089
Electricity	1,681	1,710
of which Green electricity	1,392	1,463

<sup>1</sup> Prior-year figure adjusted to reflect the switch to the use of an air transport emission factor that is based on actual consumption (sourced from EcoTransIT).

The use of biofuels in our Group and amongst our sub-contractors led to a reduction of 210 kilotonnes in greenhouse gas emissions in the reporting year (previous year: 210 kilotonnes). This was, by and large, achieved through the common market practice of blending biofuels with fossil fuels.

## Society

### Contributing to economic development and social progress

We contribute to socioeconomic development of the regions in which we operate through our sites, our employees and our suppliers, thereby making an indirect 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 of “Connecting people, improving lives”.

### Partnerships and initiatives

Our Group-wide initiatives can be broken down into five broad themes, as shown in the illustration opposite: Employee community involvement (volunteering), disaster management (GoHelp), improving employability (GoTeach), environmental protection (GoGreen) and fostering growth through trade (GoTrade).

We cooperate with established partner organisations in all areas. It is thanks to the expertise of our partners that we can ensure the social relevance and effectiveness of our initiatives.

All Group-wide activities in this area are coordinated and managed by the CEO's board department. The focus areas and objectives of our engagement activities are set down in our Code of Conduct and further specified in our Corporate Citizenship Guideline. We thus offer our employees at all locations clear guidance on how they can take part in initiatives, what the prerequisites for participation are and how their efforts will help support Group objectives.

### Corporate citizenship

#### Local projects

- Volunteering of employees

#### Global projects

- Disaster management (GoHelp)
  - Get Airports Ready for Disaster (GARD)
  - Disaster relief
- Improving employability (GoTeach)
  - Partnership with Teach For All
  - Partnership with SOS Children's Villages
  - Refugee aid
- Environmental protection (GoGreen)
  - Employees involved in environmental and climate protection

#### Commercial projects

- Fostering growth through trade (GoTrade)

To support local projects, we have provided a central platform that employees use to share their experiences and that catalogues all activities of relevance for the reporting process. Based on the dialogue with our employees, we know that corporate citizenship is a relevant factor in dermining 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. According to this year's Employee Opinion Survey, 78% of employees reported being proud of how Deutsche Post DHL Group is contributing to society. This was the first time that question was asked; we no longer disclose the Corporate Citizenship Index, a derived metric that we previously calculated.

As part of our GoHelp programme, we again supported disaster relief efforts following natural disasters in the reporting period, for example in Puerto Rico, Honduras and the Philippines. Thanks to our GoTeach programme, we increasingly succeeded in helping young people improve their career options with our online resources. In addition, our employees in numerous countries volunteered to support local relief organisations in their fight against COVID-19.

GoTrade is a new Group programme designed to enable and accelerate cross-border trade in developing economies in cooperation with national governments and multinational organisations. Amongst other things, the new programme trains SMEs in customs clearance and other logistics-relevant activities.

## Employees

### Being an Employer of Choice

Our employees are our most valuable asset. With some 570,000 employees, we are one of the world's largest employers in our sector.

We strive to be an Employer of Choice in order to attract skilled, dedicated employees to our company, provide them with ongoing employee development opportunities and maintain long-term relationships with them. Motivated employees are a prerequisite for providing the excellent service quality that leads to satisfied customers and sustainable success for our business.

### Management responsibilities

The HR Board, which is chaired by the Board member for Human Resources, is responsible for dealing with HR-related matters. Cross-divisional and cross-functional issues, such as how to implement our policies and regulations in the supply chain, are addressed by the Group's Sustainability Advisory Board. The Employee Relations Forum handles questions and initiatives relating to employee concerns, social policies and workforce-related agreements, and human rights. The Diversity Council advises on the further development of diversity management in the Group's divisions. Issues of special significance and importance for the Group are decided by the Board of Management. We obtain external recommendations through our Sustainability Advisory Council (SAC).

### Respecting human and workers' rights

We have embedded our understanding of ethically and legally correct conduct in our Code of Conduct, which is applicable across the Group. Respect and results are the keys to understanding, and living, our corporate culture. We are committed to respecting human rights, ensuring equal opportunity in our recruiting and employment practices, and promoting occupational health and safety. Because our executives play a key role when it comes to implementing our values and objectives, we have made the Code of Conduct an integral component of their employment contracts.

As a signatory to the UN Global Compact, we are committed to upholding its principles. This also applies to the principles laid out in the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, in compliance with national legislation.

We have specifically included the standards long entrenched in our Code of Conduct and our Supplier Code of Conduct in our Human Rights Policy Statement. The Policy Statement applies to our employees all over the world, and its clearly formulated requirements and distinct allocation of responsibilities supplement the provisions of our Code of Conduct. Apart from repudiating child and other forced labour, the Policy Statement focuses on working conditions and the right to freedom of association. Efforts around working conditions emphasise employee remuneration, working hours and occupational health and safety.



Our management system effectively implements the requirements of our human rights policy throughout the Group. The management system includes training initiatives and on-site reviews as an important means of

raising employee and executive awareness, conducted by specially trained and externally certified experts from the divisions and corporate headquarters. A risk-based approach is taken to the selection of countries and locations for the on-site reviews based on internal criteria, such as number of employees, as well as external criteria such as suggestions from international trade union confederations, Verisk Maplecroft's Human Rights Index and Transparency International's Corruption Perceptions Index.

Our employees' working conditions and the associated rules and remuneration policies are governed by collective bargaining agreements, works agreements and statutory provisions. In addition to direct dialogue with their superiors and management representatives, employees can turn to employee committees, works councils, trade unions and other bodies to assist in representing their interests.

At the global level, we engage in regular, open dialogue with international trade union confederations such as UNI Global Union (UNI) and the International Transport Workers' Federation (ITF).

### Increase in employee engagement

Our annual, Group-wide Employee Opinion Survey is not only an important tool for measuring employee satisfaction and employee engagement, but a key component in our striving to become Employer of Choice. We added "Employee Engagement" to our Group-wide key performance indicators in 2020 to assist us in quantifying our employees' commitment to the company and their motivation to help the Group succeed;  **Management.** Our "Employee Engagement" KPI exceeded the target of 78% for the reporting year with a score of 82%;  **Forecast/actual comparison.**

### Selected results from the Employee Opinion Survey

%	2019	2020
Response rate	77	75
Approval rating for Employee Engagement KPI	77	82

### Fostering our corporate culture and promoting expertise

Driven by our common values, core convictions and standards of conduct, our strong corporate culture is a key factor in our success and a fundamental component of our **Strategy**, which we have summarised in the term “Common DNA”. Our corporate culture connects us as a Group across our various business units and operating regions, thus defining who we are and how we operate. It ensures greater process standardisation and hence effective implementation of our strategy.

We communicate our company culture not only in our day-to-day operations but also through select training initiatives. 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. We use an effective mix of employee engagement, training and knowledge transfer to create an atmosphere conducive to customer-centric action and service excellence. In addition to a foundation module, we offer our employees a wide range of follow-up modules customised to their specific roles and areas of expertise.

Some 373,100 employees have completed the foundation module of the “Certified” programme in recent years. This represents 74% of our workforce excluding turnover.

Due to pandemic-related restriction of in-person training as well as structural changes in the company, the completion rate for 2020 fell below the 80% target we had set for that year.

Since 2020, we have been placing special emphasis on providing training for management and team leaders to help reinforce them in their roles and support them 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.

### Number of employees continues to rise

As at 31 December 2020, we employed 521,842 full-time equivalents, or 4.5% more than in the previous year. Added to this were another 77,301 external FTEs subject to the control and direction of the Group. The headcount for our own employees was 571,974 at the end of the year. Female employees made up 34.2% of our global workforce, with 23.2% of all upper and mid-level management positions being held by women in 2020 (previous year: 22.2%).

18% of all employees took advantage of the opportunity for part-time employment (previous year: 17%). 8.0% of employees left the Group at their own request over the course of 2020 (previous year: 9.0%).

In Germany we offer the opportunity to enrol in dual-study apprenticeship programmes consisting of in-house training combined with programmes at state vocational schools. In 2020, we offered approximately 2,000 positions in these apprenticeship and study programmes.

Our current planning foresees a slight increase in the number of employees in financial year 2021.

### Number of employees

	2019	2020	+/- %
<b>Full-time equivalents</b>			
<b>At year-end<sup>1</sup></b>	<b>499,250</b>	<b>521,842</b>	<b>4.5</b>
of which Post & Parcel Germany <sup>2</sup>	157,545	166,700	5.8
Express	98,203	104,594	6.5
Global Forwarding, Freight	42,712	40,798	-4.5
Supply Chain <sup>2</sup>	158,004	165,584	4.8
eCommerce Solutions	30,335	31,987	5.4
Corporate Functions	12,451	12,177	-2.2
Consolidation <sup>3</sup>		2	
of which Germany	185,795	193,187	4.0
Europe (excluding Germany)	117,748	118,038	0.2
Americas	94,696	111,734	18.0
Asia Pacific	80,135	79,954	-0.2
Other regions	20,876	18,929	-9.3
<b>Average for the year<sup>4</sup></b>	<b>499,461</b>	<b>502,207</b>	<b>0.5</b>
<b>Headcount</b>			
<b>At year-end<sup>4</sup></b>	<b>546,924</b>	<b>571,974</b>	<b>4.6</b>
<b>Average for the year</b>	<b>544,282</b>	<b>547,128</b>	<b>0.5</b>
of which Hourly workers and salaried employees	512,325	518,277	1.2
Civil servants	26,296	23,611	-10.2
Trainees	5,661	5,240	-7.4

<sup>1</sup> Excluding trainees. <sup>2</sup> Prior-period amounts adjusted. <sup>3</sup> Including rounding.

<sup>4</sup> Including trainees.



### Strength in diversity

Diversity, non-discrimination and inclusion are embedded firmly in our core values. We consider the diversity of our workforce to be not only an asset to the company but also one of its major strengths. Our Group employs people from cultures all over the world, with 183 nations represented at our German sites alone. 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.

As set forth in our Diversity and Inclusion Statement, “diversity” refers to all differences that make us unique as individuals; this extends to gender, national or ethnic origin, religion, age, sexual orientation or identity, disability and any other categories protected by law. We published our first Code of Conduct in 2006, and it applies across all of our regions and divisions. The Code of Conduct serves as an “ethical compass” and contains guidelines for day-to-day workplace conduct as well as our understanding of diversity. Appreciation for diversity amongst our workforce and mutual respect embody our core values for constructive co-operation within the Group and thus contribute to our economic success. During the reporting period, we updated the Code of Conduct in response to new developments. For instance, we addressed some of the core topics from our Strategy 2025, such as digital transformation and sustainability, and incorporated updated Group guidelines and policies.

In line with our inclusive approach, we give disabled individuals all over the world professional perspective. 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, 8.5% of the total workforce represented employees with disabilities in the reporting year, i.e. 15,053 disabled employees (number of mandated positions filled), 17 of whom were trainees. This figure is significantly higher than the statutory quota.

The average age of Group employees declined slightly to 40 years of age. Employee gender distribution remained nearly constant compared with the previous year, with 65.8% of all positions held by men and 34.2% by women.

The steadily rising proportion of female managers has meanwhile reached 23.2%, meaning that one out of five mid- to upper-level management positions is held by women. Our Strategy 2025 lays out a Group-wide target of 30% for the proportion of women in middle and upper management to be reached by 2025.

The [Annual Corporate Governance Statement](#) specifies the legally required targets established for the proportion of women on the Board of Management and the top two executive tiers of Deutsche Post AG. It also contains information on diversity in the Group.

In Germany, we offered a total of around 2,000 spots in our post-secondary educational training programmes during the reporting year. In 2021, the number of openings advertised in our training programmes will remain at the level of the reporting year, with dual apprenticeships being offered in 17 fields and 180 spots available in dual study programmes in various fields.

We provide college and university graduates with the chance to choose between various post-graduate training

programmes. Our trainee programmes extend over several months and enable holders of a bachelor's or master's degree to become specialists and managers. The programmes are practice-driven and structured in modules, some of which include time abroad. Participants are familiarised with our leadership attributes and employee leadership tools and taught how to manage processes.

### Performance-based, market-rate pay

At €22,234 million, staff costs exceeded the prior-year figure of €21,610 million. Details can be found in [note 14 to the consolidated financial statements](#).

We foster employee loyalty and motivation by offering performance-based pay in line with market standards, supplemented by contributions to defined benefit and defined contribution pension plans, amongst other benefits.

Employees of Deutsche Post AG covered by the collective wage agreement may opt to take additional time off in lieu of a pay increase. At present, they may choose between four models offering some five to 21 additional days off per year. As at 31 December 2020, 17.7% of our covered employees had opted to take additional time off.

### Responding to demographic change

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 aged 55 and over to reduce their working hours. A total of 30,220 of our non-civil servant employees maintain a working time account in line with this proven model and 5,997 are already in partial retirement. Since 2016, we have

also been offering comparable arrangements for civil servants, 4,104 of whom have established a lifetime working account and 1,234 of whom have entered partial retirement.

An early retirement programme initiated two years ago and aimed chiefly at civil servants in overhead areas in the Post & Parcel Germany division was continued during the year under review. The main requirement for taking part in the “engaged retirement” programme is that the civil servant be working in an area with a surplus of personnel and that there be no option for employment elsewhere in the company or in federal administrative organisations. Moreover, there may be no operational or business-related objections to placement in the programme. The civil servant must also commit to performing volunteer work within the first three years of commencing retirement.

We offer both defined benefit and defined contribution pension plans in which approximately 70% of our employees participate. Our main retirement benefit plans are provided in Germany, the UK, the USA, the Netherlands and Switzerland. Occupational retirement benefit expenses added €944 million to staff costs in the reporting year (previous year: €688 million).

### Occupational health and safety

The health and safety of our employees in the workplace is of particular importance to us. We place especially high priority on complying with the Group’s existing occupational health and safety policies, statutory regulations and industry standards, and we have embedded these in our Code of Conduct. Our Supplier Code of Conduct, which is a binding part of the Group’s contracts with suppliers, requires our

business partners to adhere to these same high standards. These codes serve to ensure that our company and our business partners conduct risk analyses and workplace risk assessments, instruct employees on potential risks and hazards in the workplace, take preventive measures to protect workers and others from injury and conduct regular safety training.

We measure the success of these initiatives based on the accident rate per 200,000 working hours (Lost Time Injury Frequency Rate, LTIFR). The LTIFR for the year under review was 3.9, an improvement of 0.3 on the previous year. We therefore slightly exceeded our target of 4.0 for 2020. Our objective for 2021 is to maintain LTIFR at 3.9, independent of the development of the COVID-19 pandemic. Slips, trips and falls are still amongst the most common causes of accidents and injury in pick-up and delivery, with the main causes in contract logistics being manual lifting and heavy load handling. We continue to raise awareness through communications and training and plan to step up those measures with the aim of reducing LTIFR to 3.1 by 2025.

We carry out health projects and local initiatives to create a health-promoting work environment and foster our employees’ awareness of a healthy lifestyle. Stress management and dealing with mental health issues were again topics of focus during the reporting year, especially in the context of the pandemic, as was the increasing availability of online health programmes.

### Workplace accidents

	2019	2020
Accident rate (number of accidents per 200,000 hours worked)	4.2	3.9
of which Post & Parcel Germany	12.5	11.0
Express	2.4	2.1
Global Forwarding, Freight	0.9	0.7
Supply Chain	0.6	0.5
eCommerce Solutions	1.6	1.4
Corporate Functions	0.4	0.4
Working days lost per accident	16.5	17.2
Number of fatalities due to workplace accidents	3	5
of which As a result of traffic accidents	1	5

Our Group-wide employee benefits programme also enables employees outside of Germany to enjoy primary or supplementary health insurance benefits. Many of our employees work in countries that do not offer sufficient social health coverage. We have been offering employees and their dependants in numerous countries high-quality insurance plans at attractive terms since 2015. Some 250,000 employees in 100 countries have meanwhile enrolled in the programme. We also incentivise local management to reinvest insurance savings into health initiatives for employees and their families.

The Group’s worldwide sickness rate rose slightly to 5.4% in 2020, due in part to the impact of the pandemic.



## Compliance

### In compliance with applicable legislation

We render all of our services in compliance with current legislation and in accordance with our own values. This includes all legally required disclosures relating to anti-corruption and bribery matters, and respect for human rights in the supply chain.

We observe all applicable international anti-corruption standards and statutes and are a member of the Partnering Against Corruption initiative. Our focus at all times is on preventing potential violations of statutory requirements and internal guidelines.

### Codifying our values

Our values such as integrity, transparency, equal opportunity and responsibility, as well as environmental standards, are embedded in our Code of Conduct and, in greater detail, in our Supplier Code of Conduct. Ensuring legally compliant conduct in our business activities and in our interactions with employees is an essential task of all Group management bodies. The rules of ethical conduct as defined in our Code of Conduct are further specified in our Anti-Corruption Policy, which also sets out the rules for dealing with donations and gifts to political parties and government institutions.

### Systematically preventing corruption and bribery

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, who reports directly to the Chief Financial Officer. The Global Compliance Office (GCO) develops the CMS standards and supports the corresponding divisional activities.

Our Code of Conduct and our Anti-Corruption Policy 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 around the clock via a compliance hotline or a special web application. External whistleblowers can use a form on the Group's website. 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.

In light of the special challenges seen in 2020, concepts for the virtual implementation of planned classroom training in the area of compliance were tested and introduced. We also held a Group-wide employee-awareness competition as part of our campaign commemorating International Anti-Corruption Day.

In the year under review, a total of 163 regular audits that were either directly or indirectly related to aspects of compliance were conducted throughout the Group by Corporate Internal Audit. A number of ad hoc audits were

also performed. As a supplement to the internal Group monitoring system, these audits support ongoing compliance activities, and facilitate the identification of other compliance risks and the refinement of the compliance programme. The audit findings are also used to review existing audit criteria for topicality and completeness.

### Defining and upholding supply chain standards

Corporate Procurement defines the standards for procurement, designs the Corporate Procurement Policy and determines the selection processes for suppliers. The Chief Procurement Officer reports directly to the CEO and ensures that standardised selection processes are applied.

Respect for human rights is an explicit requirement of our Supplier Code of Conduct, which is a binding component of the Group's contracts with suppliers, including subcontractors. By signing, suppliers commit to complying with our ethical principles and are encouraged to implement those principles in their own supply chains.

Suppliers with high environmental and social responsibility standards are preferred. Supplier selection is based on a standardised, multistep assessment process. We continually train procurement staff so as to raise their awareness of the need to identify potential risks related to possible suppliers at an early stage.

In the context of those regular audits in the year under review, Corporate Internal Audit also reviewed the processes for compliance with the Supplier Code of Conduct and the implementation of follow-up measures.

### Tax strategy to be adhered to worldwide

Our tax strategy is aligned with our Group strategy and must be adhered to by all of our majority-owned legal entities worldwide. Responsibility for preparation, updating and adherence to the tax strategy lies with the Group tax department.

The overarching value approach applied by the Group is that taxes always are incidental to and follow business needs. We do not undertake aggressive tax planning or enter into artificial arrangements with the goal to avoid 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 logistics operations 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 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.

In the reporting period, we recognised taxes and social security contributions totalling €3,765 million.

### Taxes and social security contributions, 2020

€ m	
Income taxes paid	754
Other business taxes	306
of which Taxes on capital, real estate and vehicles	132
Other operating taxes	174
Employer's social security contributions	2,705
<b>Total</b>	<b>3,765</b>