DHL Group

2023
ANNUAL REPORT

CONTENTS

KEY FIGURES

		2019	2020 adjusted	2021	2022 adjusted	2023
Financial figures						
Revenue	€m	63,341	66,716	81,747	94,436	81,758
Profit from operating activities (EBIT)	€m	4,128	4,847	7,978	8,436	6,345
Return on sales[1]	%	6.5	7.3	9.8	8.9	7.8
EBIT after asset charge (EAC)	€m	1,509	2,199	5,186	5,117	2,860
Consolidated net profit for the period[2]	€m	2,623	2,979	5,053	5,359	3,677
Net cash from operating activities	€m	6,049	7,699	9,993	10,965	9,258
Free cash flow	€m	867	2,535	4,092	3,067	2,942
Capex[3]	€m	3,617	2,999	3,895	4,123	3,370
Equity ratio[4]	%	27.6	25.5	30.7	34.6	34.3
Net debt[5]	€m	13,367	12,928	12,772	15,856	17,739
Net gearing[6]	%	48.2	47.9	39.6	40.1	43.7
Stock data						
Basic earnings per share[7]	€	2.13	2.41	4.10	4.41	3.09
Diluted earnings per share[8]	€	2.09	2.36	4.01	4.33	3.04
Cash flow per share[7, 9]	€	4.90	6.22	8.11	9.03	7.79
Dividend per share	€	1.15	1.35	1.80	1.85	1.85[10]
Dividend distribution	€m	1,422	1,673	2,205	2,205	2,170[10, 11]
Number of shares as of December 31	millions	1,236.5	1,239.1	1,239.1	1,239.1	1,239.1
Year-end closing price	€	34.01	40.50	56.54	35.18	44.86

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Key Figures
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		2019	2020 adjusted	2021	2022 adjusted	2023
ESG figures						
Logistics-related[12] GHG emissions	million t CO_2e[18]	33.20	33.64	39.36	36.59	33.27
Realized Decarbonization Effects[12]	thousand t CO_2e[18]	–	–	728	1,004	1,335
Energy consumption (Scopes 1 and 2)	million kWh	26,199	27,427	30,486	34,493	35,056
of which from renewable sources[13]	million kWh	–	–	1,826	2,267	3,062
Number of employees[14]	headcount	546,924	571,974	592,263	600,278	594,396
Staff costs	€m	21,610	22,234	23,879	26,035	26,977
Employee Engagement[15]	%	77	83	84	83	83
Share of women in middle and upper management	%	22.2	23.2	25.1	26.3	27.2
Lost time injury frequency rate (LTIFR)[16]		4.2	3.9	3.9	3.4	3.1
Share of valid compliance training certificates[17]	%	–	–	96.5	98.1	98.6
Cybersecurity rating	points	–	–	–	700	750

1 EBIT/revenue.
2 After deduction of noncontrolling interests.
3 Capex relating to assets acquired.
4 Equity (including noncontrolling interests)/total equity and liabilities.
5 Calculation, **combined management report.**
6 Net debt/net debt and equity (including noncontrolling interests).
7 The average weighted number of shares outstanding is used for the calculation.
8 The average weighted number of shares outstanding is adjusted for the number of all potentially dilutive shares.
9 Cash flow from operating activities.
10 Proposal.
11 Estimate.
12 This includes Scope 3 emissions of the GHG Protocol categories 3 (“fuel- and energy-related activities”), 4 (“upstream transportation and distribution”) and 6 (“business travel”).
13 Including consumption by electric vehicles.
14 At year-end, including trainees.
15 Represents the aggregated and weighted results of five statements in the annual Group-wide survey of employees.
16 Work-related accidents per 200,000 working hours resulting in at least one working day of absence following the day of the accident.
17 Middle and upper management.
18 t CO_2e = metric tons of CO_2e.

EDITORIAL

We planned our capacities with a view to the future, kept our eye on costs and increased our efficiency.

Dear Readers,

DHL Group once again demonstrated its high performance in 2023. Although the global economy underwent no noteworthy recovery and the geopolitical challenges remain, as a company, we achieved our annual targets.

In the 2023 fiscal year, EBIT came in at €6.3 billion and thus within the forecast range. Free cash flow is particularly pleasing, amounting to €3.3 billion before M&A activities. The numbers prove it: we are highly profitable, even in the economically weakest market environment of the last 15 years.

This is thanks to the fact that we not only had good responses to the challenges, but we were also prepared: we planned our capacities with a view to the future, kept our eye on costs and increased our efficiency on an ongoing basis. The investments of recent years resulted in structural improvements to our profitability. We benefit from this even in phases of weak economic momentum. In addition, we adjusted prices in line with the market and passed on inflationary cost developments to our customers.

The past fiscal year makes it once again clear: our logistics portfolio, which is unique around the world, is productive and robust. No other company in the industry boasts such a broad, diversified and global structure. And our network is very well suited for online retail, which remains a strong and fundamental driver of growth. As a company, we have been on board with the e-commerce trend since the early days and have used it to our advantage. It has been contributing to our success for many years – and will continue to do so in the coming years.

DHL Group also pursues ambitious goals with regard to the environment, social responsibility and sound corporate governance in line with our ESG Roadmap. Our ESG measures contribute to us remaining a market leader in the future as well.

Our particular priority along the way is that we remain steadfast on the path to decarbonization of logistics. In the year under review, we increased our investments in the reduction of greenhouse gases by 56% and saved 1.3 million metric tons of CO2e. In addition, we successfully placed our first sustainability-linked bond on the capital market with a volume of €500 million. We will not ease up in our dedication to more environmentally friendly logistics. Climate change remains the greatest problem that humanity is faced with. And the clock keeps on ticking.

The investments of recent years resulted in structural improvements to our profitability.

My particular thanks go to our more than 590,000 employees worldwide – for their tireless efforts in yet another challenging year. Without their motivation and passion, we would not have been able to so successfully accomplish many things. We are pleased that we again exceeded the target of more than 80% in Employee Engagement in the year under review, with the figure coming in at 83%. And, going forward, we plan to offer our employees more opportunities to directly take part in the success of the company. To this end, we are piloting a program in 12 countries that allows employees to acquire our shares at a discounted price. The program is intended to further strengthen the connection between the workforce and the company.

TOBIAS MEYER
Chief Executive Officer

And what can we look forward to over the remainder of 2024? Although global trade continues to find itself in a challenging environment, I see a year of opportunity – also because competitors are withdrawing or appear to be distracted. For our part, we are definitely focused and in a position to continue delivering excellent quality. We are continuing to work on our status as an employer, provider and investment of choice. In doing so, we want to take advantage of the many opportunities for DHL Group to continue to grow.

And I thank you, Dear Shareholders, for the trust you have placed in me since I was named CEO of DHL Group. Leading a company that keeps the world running, day in and day out, and that enables trade in more than 220 countries and territories is an inspiring and special responsibility. A company that connects people and improves lives. DHL Group has evolved from a national postal service provider to a leader in the global logistics market. I look forward to writing the upcoming chapters of this success story together with my colleagues on the Board of Management and the highly dedicated workforce.

Tobias Meyer
Chief Executive Officer

BOARDS AND COMMITTEES

Members of and mandates held by the Board of Management

Members

Dr. Tobias Meyer
Chief Executive Officer since May 4, 2023
Global Business Services
Born in 1975, nationality German
Member of the Board of Management since April 2019
Appointed until March 2027

Oscar de Bok
Supply Chain
Born in 1967, nationality Dutch
Member of the Board of Management since October 2019
Appointed until September 2027

Pablo Ciano
eCommerce
Born in 1969, nationality Argentinian and US American
Member of the Board of Management since August 2022
Appointed until July 2025

Nikola Hagleitner
Post & Parcel Germany
Born in 1973, nationality Austrian
Member of the Board of Management since July 2022
Appointed until June 2025

Melanie Kreis
Finance
Born in 1971, nationality German
Member of the Board of Management since October 2014
Appointed until May 2027

Dr. Thomas Ogilvie
Human Resources
Born in 1976, nationality German
Member of the Board of Management since September 2017
Appointed until August 2025

John Pearson
Express
Born in 1963, nationality British
Member of the Board of Management since January 2019
Appointed until December 2026

Tim Scharwath
Global Forwarding, Freight
Born in 1965, nationality German
Member of the Board of Management since June 2017
Appointed until May 2025

Left the company during the year under review

Dr. Frank Appel
Chief Executive Officer until May 4, 2023
Born in 1961, nationality German
Member of the Board of Management from November 2002 to May 2023
Chief Executive Officer from February 2008 to May 2023

Additional mandates

Membership of statutory supervisory boards

Dr. Frank Appel (until May 4, 2023)
Fresenius Management SE
Deutsche Telekom AG (Chair of the Supervisory Board)

Membership of comparable bodies

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

You can find more information on our **website.**

Members of and mandates held by the Supervisory Board

Members

Shareholder representatives

Dr. Nikolaus von Bomhard (Chair of the Supervisory Board)
Chair of the Supervisory Board and former Chair of the Board of Management, Münchener Rückversicherungs-Gesellschaft AG (Munich Re)

Dr. Mario Daberkow
Head of Group IT Infrastructure & Services of Volkswagen AG (since April 1, 2023)
Member of the Management Board of Volkswagen Financial Services AG (until March 16, 2023)

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

Dr. Heinrich Hiesinger
Member of various supervisory boards

Prof. Dr. Luise Hölscher
State Secretary, German Federal Ministry of Finance

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

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

Dr. Stefan Schulte
Chair of the Executive Board of Fraport AG

Dr. Katrin Suder (since May 4, 2023)
Freelance corporate consultant, TAE Advisory & Sparring GmbH

Prof. Dr.-Ing. Katja Windt (until May 4, 2023)
Member of the Managing Board of SMS group GmbH

Stefan B. Wintels
Chair of the Board of Management, KfW Bankengruppe

Employee representatives

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

Silke Busch (since May 4, 2023)
Member of the Works Council, Deutsche Post AG, Münster Operations Branch

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

Gabriele Gülzau (until May 4, 2023)
Chair of the Works Council, Deutsche Post AG, Hamburg Operations Branch

Thomas Held
Chair of the Central Works Council, Deutsche Post AG

Mario Jacubasch
Chair of the Group Works Council, Deutsche Post AG

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

Ulrike Lennartz-Pipenbacher
Deputy Chair of the Central Works Council, Deutsche Post AG

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

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

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

Additional mandates

Shareholder representatives

Membership of statutory supervisory boards

Dr. Nikolaus von Bomhard (Chair of the Supervisory Board)
Münchener Rückversicherungs-Gesellschaft AG (Chair of the Supervisory Board)[1]

Dr. Mario Daberkow
yabeo Venture Tech AG (since August 10, 2023)

Dr. Heinrich Hiesinger
BMW AG[1]
Fresenius Management SE
ZF Friedrichshafen AG (Chair of the Supervisory Board)

Prof. Dr. Luise Hölscher
Deutsche Investitions- und Entwicklungsgesellschaft mbH

Simone Menne
Henkel AG & Co. KGaA[1]

Lawrence Rosen
Lanxess AG[1]
Lanxess Deutschland GmbH[2]

Dr. Katrin Suder (since May 4, 2023)
LEG Immobilien SE[1]

Prof. Dr.-Ing. Katja Windt (until May 4, 2023)
Fraport AG[1]

Stefan B. Wintels
Deutsche Telekom AG[1]

Membership of comparable bodies

Dr. Nikolaus von Bomhard (Chair of the Supervisory Board)
Athora Holding Ltd., Bermuda (Board of Directors, Chair) (until December 31, 2023)

Dr. Mario Daberkow
J.P. Morgan Mobility Payments Solutions S.A., Luxembourg (Supervisory Board, Chair)[3] (until March 16, 2023)
Softbridge-Projectos Tecnológicos S. A., Portugal (Board of Directors)[3] (until March 16, 2023)
VW Credit, Inc., USA (Board of Directors)[3] (until March 16, 2023)

Ingrid Deltenre
Banque Cantonale Vaudoise SA, Switzerland (Board of Directors)[1]
Givaudan SA, Switzerland (Board of Directors)[1]
SPS Holding AG, Switzerland (Board of Directors)

Simone Menne
Johnson Controls International plc, Ireland (Board of Directors)[1]
Russell Reynolds Associates Inc., USA (Board of Directors)

Lawrence Rosen
Qiagen N. V., Netherlands (Chair of the Supervisory Board)[1]

Dr. Stefan Schulte
Fraport Ausbau Süd GmbH (Chair of the Supervisory Board)[4]
Fraport Brasil S.A. Aeroporto de Fortaleza, Brazil (Chair of the Supervisory Board)[4]
Fraport Brasil S.A. Aeroporto de Porto Alegre, Brazil (Chair of the Supervisory Board)[4]
Fraport Regional Airports of Greece A S.A., Greece (Chair of the Board of Directors)[4]
Fraport Regional Airports of Greece B S.A., Greece (Chair of the Board of Directors)[4]
Fraport Regional Airports of Greece Management Company S.A., Greece (Chair of the Board of Directors)[4]

Dr. Katrin Suder (since May 4, 2023)
Cloudflare, Inc., USA (Board of Directors)[1]
Schülke & Mayr GmbH (Advisory Board) (until October 31, 2023)

Prof. Dr.-Ing. Katja Windt (until May 4, 2023)
Ford Otomotiv Sanayi A.S., Turkey (Board of Directors)[1]

Stefan B. Wintels
KfW Capital GmbH & Co. KG (Chair of the Supervisory Board)[5]

Employee representatives

Membership of statutory supervisory boards

Jörg von Dosky
PSD Bank München eG (Deputy Chair, since January 26, 2024, Chair)

Membership of comparable bodies

Andrea Kocsis
KfW Bankengruppe (Board of Directors)

1 Listed company.
2 Group mandate, Lanxess.
3 Group mandate, VW.
4 Group mandate, Fraport.
5 Group mandate, KfW Bankengruppe.

You can find more information on our **website.**

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

In the first year without direct effects from the pandemic, the company managed to maintain results of operations at a level well above that from before the pandemic, in spite of no signs of overall economic recovery. The Board of Management's clear strategic focus and the contributions of all employees in operational implementation made this possible.

The Board of Management and the Supervisory Board worked together in a trusting and successful manner in the year under review. The Board of Management involved the Supervisory Board early on in all decisions of material significance for the company and regularly informed the Supervisory Board on further developments.

Attendance at plenary and committee meetings

The four plenary meetings and 17 of the 21 committee meetings in the 2023 fiscal year took place in person, with individual members joining virtually depending on the situation.

ATTENDANCE AT PLENARY AND COMMITTEE MEETINGS 2023

	Supervisory Board meetings		Committee meetings	
Supervisory Board members	Attendance/ meetings	Attendance %	Attendance/ meetings	Attendance %
Dr. Nikolaus von Bomhard (Chair)	4/4	100	14/14	100
Andrea Kocsis (Deputy Chair)	4/4	100	10/13	77
Silke Busch (since May 4, 2023)	3/3	100	–	–
Dr. Mario Daberkow	4/4	100	–	–
Ingrid Deltenre	4/4	100	8/9	89
Jörg von Dosky	4/4	100	7/7	100
Gabriele Gülzau (until May 4, 2023)	1/1	100	–	–
Thomas Held	4/4	100	9/9	100
Dr. Heinrich Hiesinger	4/4	100	5/5	100
Prof. Dr. Luise Hölscher	4/4	100	9/12	75
Mario Jacubasch	4/4	100	4/4	100
Thorsten Kühn	4/4	100	4/4	100
Ulrike Lennartz-Pipenbacher	4/4	100	–	–
Simone Menne	3/4	75	6/7	86
Yusuf Özdemir	4/4	100	7/7	100
Lawrence Rosen	4/4	100	6/7	86
Dr. Stefan Schulte	4/4	100	7/7	100
Dr. Katrin Suder (since May 4, 2023)	3/3	100	–	–
Stephan Teuscher	4/4	100	12/12	100
Stefanie Weckesser	4/4	100	7/7	100
Prof. Dr.-Ing. Katja Windt (until May 4, 2023)	1/1	100	–	–
Stefan B. Wintels	4/4	100	5/5	100

Only one extraordinary meeting of the Strategy and Sustainability Committee, along with three meetings of the Finance and Audit Committee to discuss the financial figures ahead of the quarterly reporting, took place as videoconferences. All members of the Supervisory Board took part in the plenary meetings; only Simone Menne was excused from one meeting. Attendance at plenary and committee meetings in 2023 is shown individually in the table. No member took part in fewer than three-fourths of the meetings. Meetings of the Supervisory Board were held regularly without the Board of Management members, for example on matters regarding the Board of Management and to review the efficiency of the Supervisory Board's work.

The members of the Board of Management participated in all plenary meetings and reported on the business performance in the divisions for which they are responsible. The CEO and the members of the Board of Management responsible for the respective committee attended the committee meetings. Executives from the tier immediately below the Board of Management and the auditors were also invited to attend for individual agenda items. The members of the Financial and Audit Committee discussed individual matters with the auditors, also without the Board of Management members being present.

Discussions with investors

In the autumn of the past year, I held talks with several investors and proxies on topics that fall under the responsibility of the Supervisory Board. The talks focused on, among other topics, the ESG Roadmap of DHL Group, in particular governance aspects, and the anchoring of ESG criteria in the short- and long-term Board of Management remuneration, as well as the qualifications of the individual members of the Supervisory Board, which are shown in the curriculum vitae of the Supervisory Board members on the company's website and in table form in the **Annual Corporate Governance Statement.** The professional experience and expertise of the new Supervisory Board members proposed by the Supervisory Board to the 2024 Annual General Meeting were discussed in detail, in consideration of their independence and the future composition of the committees. The Board of Management's intention to convene the 2024 Annual General Meeting once again as an in-person meeting was also positively received by the investors.

Key topics addressed in plenary meetings

All meetings centered on reporting and discussion of the Group's and its divisions' financial position and business performance, as well as information on the discussions of the committee meetings.

Furthermore, the risks and opportunities for the company associated with environmental, social and governance (ESG) aspects were of importance, as well as the environmental and social impact of the company's current operations and the implementation of the sustainability strategy. There was also regular exchange with the Board of Management on digitalization, including the developments in the field of artificial intelligence. In addition to the strategic direction of the product portfolio in the Group as a whole, the impact of new regulatory parameters on the business in the Post & Parcel Germany division was also a material topic in the year under review.

In March 2023, we discussed the annual and consolidated financial statements, including the management report and the nonfinancial statement. At the recommendation of the Finance and Audit Committee, we approved the financial statements that had been given an unqualified opinion by the audit firm PricewaterhouseCoopers (PwC). We concurred with the Board of Management's proposed resolution on the appropriation of the net retained profit and therefore a dividend distribution in the amount of €1.85 per share. In line with the finance strategy, 41.1% of net profit was thus distributed to the shareholders last year. Following many years of having our financial statements audited by PwC, the annual and consolidated financial statements for the 2023 fiscal year were audited by the audit firm Deloitte GmbH Wirtschaftsprüfungsgesellschaft (Deloitte), Munich, as resolved by the Annual General Meeting. The responsible auditors were Prof. Dr. Frank Beine and Dr. Hendrik Nardmann.

Approval of the remuneration report, the report of the Supervisory Board to the Annual General Meeting and the proposed resolutions on the agenda items of the Annual General Meeting, including the (re-)election of Katrin Suder and Mario Daberkow to the Supervisory Board, were also the subject of the March meeting, as well as the determination of the annual bonus of Board of Management members on the basis of the respective degree of target achievement and corresponding recommendations of the Executive Committee. Our discussions also focused on the status of collective bargaining negotiations and the expansion of the volume of the current share program to as much as €3 billion in conjunction with the approval of a potential collection of up to 55 million further repurchased shares. Moreover, in this meeting, the Supervisory Board approved the establishment of a joint venture with Saudi Aramco.

In the meeting in June, we discussed in particular the acquisition of the Turkish parcel service provider MNG Kargo. In addition, the agenda included the change of the Group name from Deutsche Post DHL Group to DHL Group and the approval of the adjustment of business responsibilities on the Board of Management. The allocation of business responsibilities was adjusted so that the Group Brand Marketing function was transferred to the responsibility of John Pearson. John Pearson is already responsible for the Customer Solutions & Innovation function and the Global Commercial Board. With the additional responsibility for the Group Brand Marketing function, significant commercial functions of the Group are now bundled under one umbrella.

In September, our focus was on the reform of the Postal Act and the potential impact on the financial position and results of operations of the company. Without the presence of the Board of Management, we discussed at length the effectiveness and efficiency of our activities in the plenary meetings and in the committees. The subject of our analysis included collaboration within the Supervisory Board and with the members of the Board of Management, the work in the committees, the involvement of the Supervisory Board in the strategic direction of the company and the skills profile of the Supervisory Board. In preparation for this agenda item, the members of the Supervisory Board had completed a detailed questionnaire with selected questions on various topics, for example their satisfaction with the information provided and the frequency and structure of the Supervisory Board meetings. According to the results of our discussions, the Supervisory Board performed its monitoring and advisory duties effectively and efficiently. We will continue to include suggestions made by individual members of the Supervisory Board in our discussions between the annual efficiency reviews.

In our final Supervisory Board meeting of the year in December, we approved the Group’s business plan for 2024 after intense discussion, defined the annual bonus targets for the Board of Management members and addressed the topics of digitalization and the energy transition. We resolved to comply without limitation with the suggestions and recommendations of the German Corporate Governance Code in the year under review.

Material topics of the committee meetings

The six committees of the Supervisory Board prepare the plenary discussions and decisions and meet in advance of the plenary meetings. The committees have also been tasked with making the final decisions regarding a few matters, including Executive Committee approval for secondary activities of Board of Management members or Finance and Audit Committee approval of nonaudit services to be provided by the auditor. In the plenary meetings, the committee chairs provide the members of the Supervisory Board with comprehensive information on the work of the committees and are available for questions and further discussion. The **Annual Corporate Governance Statement** provides information on the tasks of the committees and their members.

The Executive Committee met four times in 2023 and dealt primarily with Board of Management matters, such as succession planning on the Board of Management, the discussion of the remuneration report to the Annual General Meeting, target achievement for annual bonus calculation for the previous year and the target agreements for the following year.

The Finance and Audit Committee met seven times. Following the election of Deloitte as auditor by the Annual General Meeting, the Finance and Audit Committee commissioned the audit firm with the audit of the annual and consolidated financial statements and the audit review of the 2023 half-yearly report. The committee also commissioned Deloitte with the audit of the nonfinancial statement contained in the management report to obtain limited assurance and reasonable assurance regarding selected indicators and discussed the audit strategy, planning, results and quality with the auditors. The committee also discussed the half-yearly financial report following the review by the auditor and the quarterly financial statements with the CEO and the Board member for finance prior to publication, in the presence of the auditors. The committee monitored the independence of the auditor and had the auditor’s nonaudit services submitted for approval. It also had reports submitted on the nonaudit services rendered in general as well as the status of the utilization of the statutory budget provided for this purpose. As the committee chair, Stefan Schulte was also in regular dialog with the auditor outside of the meetings regarding the progress of the audits and reported on this to the committee. Also covered at the meetings were the accounting process, risk management and the findings of internal audits. Moreover, the committee dealt intensively with the planned reform of the Postal Act and the impact on the financial situation and results of operations of the company. It obtained detailed reports from the Chief Compliance Officer on meaningful aspects of compliance and on updates to the compliance organization and compliance management. The effectiveness and development of the internal control and risk management system was also regularly presented and discussed in the presence of the responsible department head.

The Strategy and Sustainability Committee met five times, primarily addressing the strategic positioning of the individual business units in their respective market segments and the implementation of our Strategy 2025. In addition, the committee dealt with the company's sustainability strategy and its implementation in detail and on an ongoing basis. The meetings also focused on the acquisition and disposal of equity interest in companies, such as the establishment of a joint venture between DHL Supply Chain and Saudi Aramco.

The Nomination Committee met once during the reporting period. In preparation for the 2024 Annual General Meeting, the committee recommended to the Supervisory Board at the end of 2023 that it nominate Ann-Kristin Achleitner and Hans-Ulrich Engel for election to the Supervisory Board as successors to Simone Menne and Stefan Schulte, as well as Heinrich Hiesinger for reelection. The term of office for each is to be four years.

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

The Personnel Committee held four meetings and dealt with, among other topics, the safety of employees, the status of collective bargaining negotiations, the promotion of women in executive positions, the results of the Employee Opinion Survey, the Group-wide corporate strategy for HR development, and the recruitment, retention and development of talents.

Support of the members of the Supervisory Board

The company supports the members of the Supervisory Board in their activities on an ongoing basis. New members are provided with a diverse and comprehensive range of offers that ensure quick and specific onboarding. In addition to the opportunity for thorough discussions with the members of the Board of Management, the chair and, if necessary, other members of the Supervisory Board, they are given a broad array of information on relevant subjects, primarily via access to the digital data room specifically designed for the Supervisory Board, which also contains the minutes from prior Supervisory Board meetings. The costs for attending selected external training events as well as those for subscribing to industry publications are also reimbursed. Along with visits to important operating sites of the Group in conjunction with a Supervisory Board meeting, the members of the Board of Management also offer tours of individual operating units that give the Supervisory Board members the opportunity to develop a full understanding of the operating processes by providing them with in-depth insights into the conditions at the sites. In June, for instance, the Supervisory Board toured the DHL hub in Leipzig, where – following an introductory lecture – it was led through the expansive premises during the busy evening hours and introduced to individual work processes and responsibilities. Various executives from the Express division, some of whom work on-site, were available to answer questions and to make recommendations. Directors' Day, which takes place twice per year, also enables the members of the Supervisory Board to deepen their understanding of current topics and developments that are relevant to the company. In 2023, the agenda consisted of the topics of regulation of the postal market, ESG key performance indicators as a basis for corporate governance and Board of Management remuneration, as well as updates on supply chain legislation, the Corporate Sustainability Reporting Directive and the EU Taxonomy.

Changes to the Board of Management

With Frank Appel's resignation after more than 20 years on the Board of Management, Tobias Meyer assumed the role of CEO upon the conclusion of the 2023 Annual General Meeting. He has been a member of the Board of Management since 2019 and was previously responsible for Post & Parcel Germany and Global Business Services. There were no other personnel changes during the reporting period.

Changes to the Supervisory Board

With regard to shareholder representatives, Katja Windt resigned from the Supervisory Board after twelve years of membership effective upon conclusion of the Annual General Meeting on May 4, 2023. Her successor is Katrin Suder, a freelance corporate consultant. Mario Daberkow, a member of the Supervisory Board since 2018 and responsible for Global IT Infrastructure & Services at Volkswagen AG, was reelected by the Annual General Meeting. Katrin Suder and Mario Daberkow were each elected for a term of four years.

The terms of office for Simone Menne, Heinrich Hiesinger and Stefan Schulte end as scheduled following the Annual General Meeting planned for May 3, 2024. In light of the rules of the German Corporate Governance Code, Simone Menne and Stefan Schulte are no longer eligible for reelection following their many years of membership on the Supervisory Board. The Supervisory Board recommends to the Annual General Meeting the election of Ann-Kristin Achleitner and Hans-Ulrich Engel and the reelection of Heinrich Hiesinger, each for a four-year term of office. Both candidates to be newly elected have extensive knowledge in the field of accounting and reporting in particular. The intention is to elect Hans-Ulrich Engel as the Chair of the Finance and Audit Committee, provided he is elected to the Board. The main skills of the members of the Supervisory Board can also be found in the qualification matrix in the **Annual Corporate Governance Statement.**

The term of office for the employee representatives on the Supervisory Board ended as scheduled at the end of the 2023 Annual General Meeting. Nearly all members were reelected for another term of office. Silke Busch was elected as a new member to succeed Gabriele Gülzau. The Supervisory Board confirmed Andrea Kocsis as Deputy Chair of the Supervisory Board and the reelected employee representatives in their committee positions.

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

Managing conflicts of interest

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

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

In December 2023, the members of the Board of Management and the Supervisory Board issued a statement declaring that, since the issue of the declaration of conformity in December 2022, all recommendations of the Government Commission German Corporate Governance Code as amended on April 28, 2022, and published in the *Bundesanzeiger* (Federal Gazette) on June 27, 2022, had been complied with, and that all recommendations are to be complied with going forward. The statements from past years can be accessed on the company's website. Further information regarding corporate governance within the company can be found in the **Annual Corporate Governance Statement.**

2023 annual and consolidated financial statements examined

The auditors elected by the 2022 Annual General Meeting for 2023 for the first time, Deloitte GmbH Wirtschaftsprüfungsgesellschaft (Deloitte), Munich, audited the annual and consolidated financial statements for the 2023 fiscal year, including the combined management report, and issued unqualified audit opinions. Deloitte also audited the combined nonfinancial statement for the 2023 fiscal year separately in a limited and, for certain indicators, reasonable assurance engagement and raised no objections. Deloitte also conducted the voluntary review of the half-yearly financial report. No objections were raised. The joint remuneration report for the Board of Management and the Supervisory Board for the 2023 fiscal year was subjected to a formal audit and given a corresponding audit opinion in accordance with Section 162(3) AktG.

After prior examination by the Finance and Audit Committee, the Supervisory Board in its meeting today went through the annual and consolidated financial statements, including the Board of Management's proposal on the appropriation of the net retained profit and the combined management report including the combined nonfinancial statement for the 2023 fiscal year, and discussed them in depth with the Board of Management. Deloitte reported on the results of the audit before the Finance and Audit Committee and plenary meeting and was available to answer questions. The Supervisory Board concurred with the results of the audit and approved the annual and consolidated financial statements for the 2023 fiscal year, as recommended by the Finance and

Audit Committee. No objections were raised on the basis of the final outcome of the examination by the Finance and Audit Committee and the Supervisory Board of the annual and consolidated financial statements, the combined management report including the combined nonfinancial statement, and the proposal for the appropriation of the net retained profit.

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

The Supervisory Board would like to expressly thank all employees and Board of Management members for their dedicated efforts.

Bonn, March 5, 2024
The Supervisory Board

Dr. Nikolaus von Bomhard
Chairman

Preliminary Remarks

Applied reporting standards

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

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

The combined management report also includes the combined **nonfinancial statement** for Deutsche Post AG and for the Group in accordance with Sections 289b(1) and 315b(1) HGB. The **nonfinancial key performance indicators** used for steering the Group were determined on the basis of their materiality in accordance with the German Commercial Code and the German Accounting Standards (GASs). Determining the report contents and the material topics is guided by the GRI Standards (core option) as a framework, supplemented by HGB requirements. The nonfinancial statement also includes information aimed at facilitating sustainable investment (EU Taxonomy) in accordance with Article 8 of Regulation 2020/852 of the European Parliament and of the European Council, as well as Delegated Regulations 2021/2178 and 2023/2486 of the European Commission. In the interest of avoiding repetition, we refer to other sections of the combined management report for reporting on mandatory disclosures, provided that they already are explained in greater detail there. Information regarding employees applies to all of the Group's staff; exceptions are noted as such.

Independent audit

The consolidated financial statements of Deutsche Post AG and its subsidiaries and the combined management report for the fiscal year from January 1 to December 31, 2023, were audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft (Deloitte), Munich, in a reasonable assurance engagement, **auditor's report.** This excludes quarterly figures during the year.

The combined nonfinancial statement was audited separately by Deloitte on behalf of the Supervisory Board in a limited and, for certain indicators, reasonable assurance engagement, **practitioner's report.**

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

Forward-looking statements

This report contains forward-looking statements that are not historical facts. They also include statements concerning assumptions and expectations that are based upon current plans, estimates and projections and the information available to Deutsche Post AG at the time this report was completed. They should not be considered to be assurances of future performance and results contained therein. Instead, they depend on a number of factors and are subject to various risks and uncertainties (particularly those described in the "Expected developments, opportunities and risks" section) and are based on assumptions that may prove to be inaccurate. It is possible that actual performance and results may differ from the forward-looking statements made in this report. Deutsche Post AG undertakes no obligation to update the forward-looking statements contained in this report except as required by applicable law. If Deutsche Post AG updates one or more forward-looking statements, no assumption can be made that the statement(s) in question or other forward-looking statements will be updated regularly.

Disclosures unrelated to the management report

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

Additional information
In the annual report available digitally and as a PDF, we refer to – and link to – additional information online. This information is not a part of the report and is therefore excepted from the auditor's review of the contents.

Translation
The English version of the 2023 Annual Report of DHL Group constitutes a translation of the original German version. Only the German version is legally binding, insofar as this does not conflict with legal provisions in other countries.

GENERAL INFORMATION

Business model

An international service portfolio
Deutsche Post AG, as the parent company of DHL Group, is a listed German corporation domiciled in Bonn. Under the DHL and Deutsche Post brands, DHL Group provides a wide-ranging portfolio of services comprising international express shipping, freight transport, supply chain management, e-commerce and post and parcel services. The Group is organized into five operating divisions: Express; Global Forwarding, Freight; Supply Chain; eCommerce; and Post & Parcel Germany. Each of the divisions is managed by its own divisional headquarters and subdivided into functions, business units or regions for reporting purposes.

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

CORPORATE STRUCTURE AS OF DECEMBER 31, 2023

DHL Group

DIVISIONS

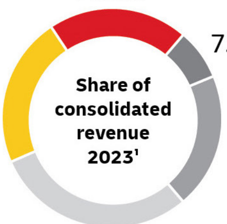
EXPRESS
Transport of urgent documents and goods, primarily as time-definite international shipments

GLOBAL FORWARDING, FREIGHT
International forwarding services for air, ocean and overland freight

SUPPLY CHAIN
Tailor-made logistics services and supply chain solutions based on globally standardized modules such as warehousing, transport and value-added services

ECOMMERCE
Domestic parcel transport in selected countries in Europe, the USA and Asia. Deferred cross-border services to, from and within Europe, as well as to and from the United States

POST & PARCEL GERMANY
Transporting, sorting and delivering documents and goods in Germany and export to the rest of the world



GROUP FUNCTIONS

CORPORATE CENTER | **GLOBAL BUSINESS SERVICES** | **CUSTOMER SOLUTIONS & INNOVATION**

CEO | **FINANCE** | **HUMAN RESOURCES**

1 Note 11 to the consolidated financial statements.

Organizational changes

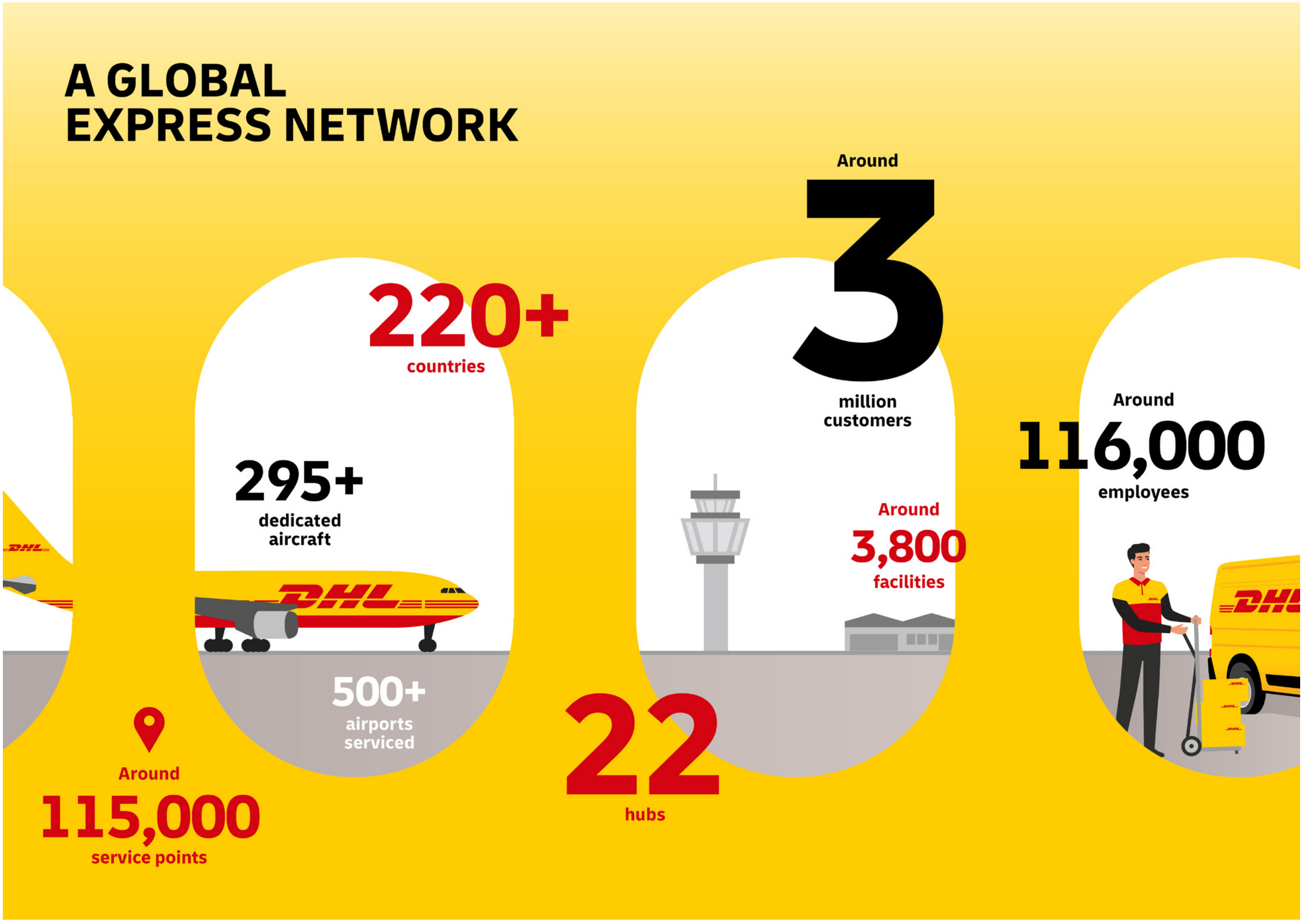
After more than 15 years as CEO, Frank Appel's term of office as a member of the Board of Management expired at the end of the Annual General Meeting on May 4, 2023. Tobias Meyer, who has been a member of the Board of Management since April 2019, has been the CEO since that date.

As of July 1, 2023, the Group changed its name from Deutsche Post DHL Group to DHL Group and, since then, the exchange symbol has been DHL. This does not impact the services offered by the divisions. The DHL and Deutsche Post brands will continue to be used as before. The change of name does not have any impact on the names or characteristics of the Group's legal entities, particularly Deutsche Post AG, or on the internal and external relations with these entities.

Worldwide presence

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

Express division



Time-definite international shipments

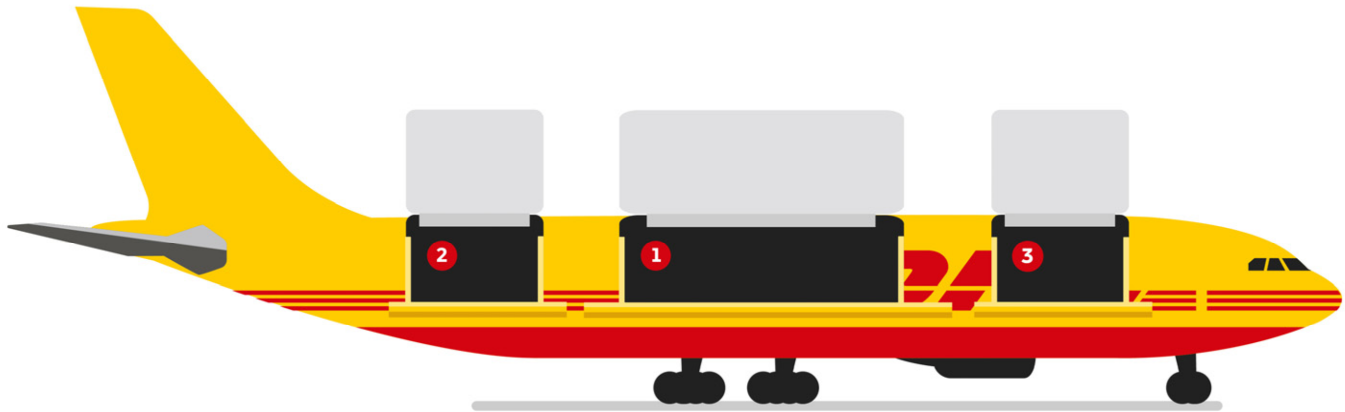
In the Express division, we transport urgent documents and goods reliably and on time from door to door. International time-definite shipments are our core business. The division's main product is Time Definite International (TDI), a cross-border transport and delivery service with predefined, standardized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

Around 288 million TDI shipments were transported worldwide in 2023. We estimate our global market share at around 43% on the basis of a survey from 2021.

Our virtual airline

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

AVAILABLE CAPACITY



1 **Core**
Express TDI core product – capacity based upon average utilization, adjusted on a daily basis

2 **BSA**
Block Space Agreement – guaranteed air cargo product

3 **ACS**
Air Capacity Sales, average total spare capacity that is not slated to be utilized for BSA or TDI core volumes

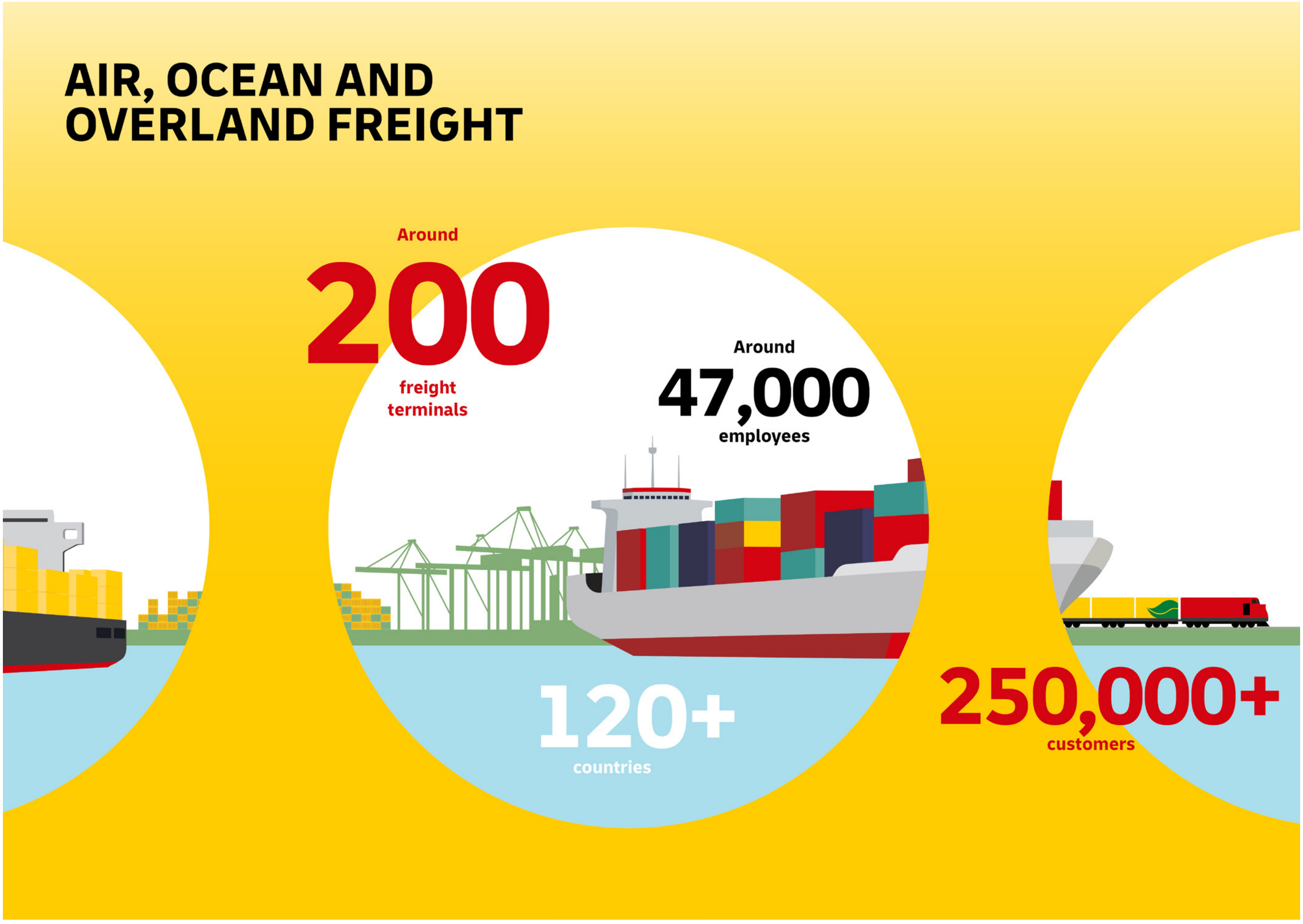
Keeping our customer service promise and standards

In order to verify the keeping of our service promise as a global network operator and to further improve it, we monitor the satisfaction and changing requirements of our customers, for example through our Insanely Customer Centric Culture program and with the Net Promoter Approach.

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

We conduct regular reviews of operational safety, compliance with standards and quality of service at our facilities in cooperation with government authorities. Approximately 450 locations have been certified by the Transported Asset Protection Association (TAPA).

Global Forwarding, Freight division



Air, ocean and overland freight forwarding services

Air, ocean and overland freight forwarding services are the core business of the Global Forwarding, Freight division. They include standardized transports as well as multimodal and sector-specific solutions, together with customized industrial projects and customs services. Our business model is based upon brokering transport services between customers and freight carriers. The global reach of our network allows us to offer efficient routing and multimodal transport options. Compared with the Group's other divisions, our operational business model is asset light. Global Forwarding, Freight is among the top three global freight forwarding companies in a market that remains fragmented.

Declining volumes in freight markets due to overall normalization

As expected, the overall situation on the freight markets returned to normal in 2023. In this environment, we reached around 1.7 million tons (previous year: around 1.9 million tons) of export air freight transported. In ocean freight, volumes decreased by 6.2% to around 3.1 million (previous year: around 3.3 million) 20-foot container units transported.

AIR AND OCEAN FREIGHT MARKET 2023: RELEVANT VOLUMES

	Asia Pacific	Americas	Middle East/Africa	Europe	Other	Global
Air freight (m tons)[1]	9.4	5.4	1.0	5.9	0.8	**22.5**
Ocean freight (m TEU)[2]	37.1	8.0	4.5	7.1	1.0	**57.7**

1 Data based solely on export freight tons. Source: Accenture, forecast as of November 2023.
2 Twenty-foot container units; estimated part of overall market controlled by forwarders. Data based solely on export volumes. Source: Accenture, forecast as of November 2023.

Difficult economic conditions impacting the European road freight market

After two years of growth, the European road freight market in 2023 was negatively affected by the macroeconomic environment, **economic parameters.** We experienced a shipment volume decline of 9.2% in the Freight business unit. Increased labor costs, toll charges and persistently high diesel prices caused constant cost pressure.

Satisfied customers and high security standards

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

With an ISO-certified business continuity management program, our global network meets the highest sector-specific safety standards, including TAPA and the US initiative C-TPAT.

With a global Transport Management System, we laid the foundation for further scaling of applications and processes in the Global Forwarding business unit. In the Freight business unit, we also have a standardized Transport Management System along with customer interaction tools such as the myDHLFreight portal, which is already running in eight countries, and Saloodo!, our digital marketplace for road freight.

Supply Chain division

1 Includes owned and leased warehouses only and not customer-owned facilities operated by DHL.

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

Standardization and use of innovative technologies
We are constantly striving to increase speed and agility along the entire supply chain through modular standardization and the use of new technologies. State-of-the-art digital solutions are already used at more than 91% of our locations, for example with some 6,000 collaborative robots and some 46,000 smart wearables deployed. In addition, we leverage data analytics to drive operational efficiencies and to enhance the customer experience. We are integrating physical and digital supply chain solutions.

Leading position in contract logistics
The global contract logistics market is estimated to have totaled around €275 billion for the year 2022. DHL is the global market leader in the fragmented market of contract logistics, with a market share of 6.0% (2022) and operations in more than 50 countries. The market share of the next leading provider is approximately half as large.

Meeting or exceeding customers' expectations

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

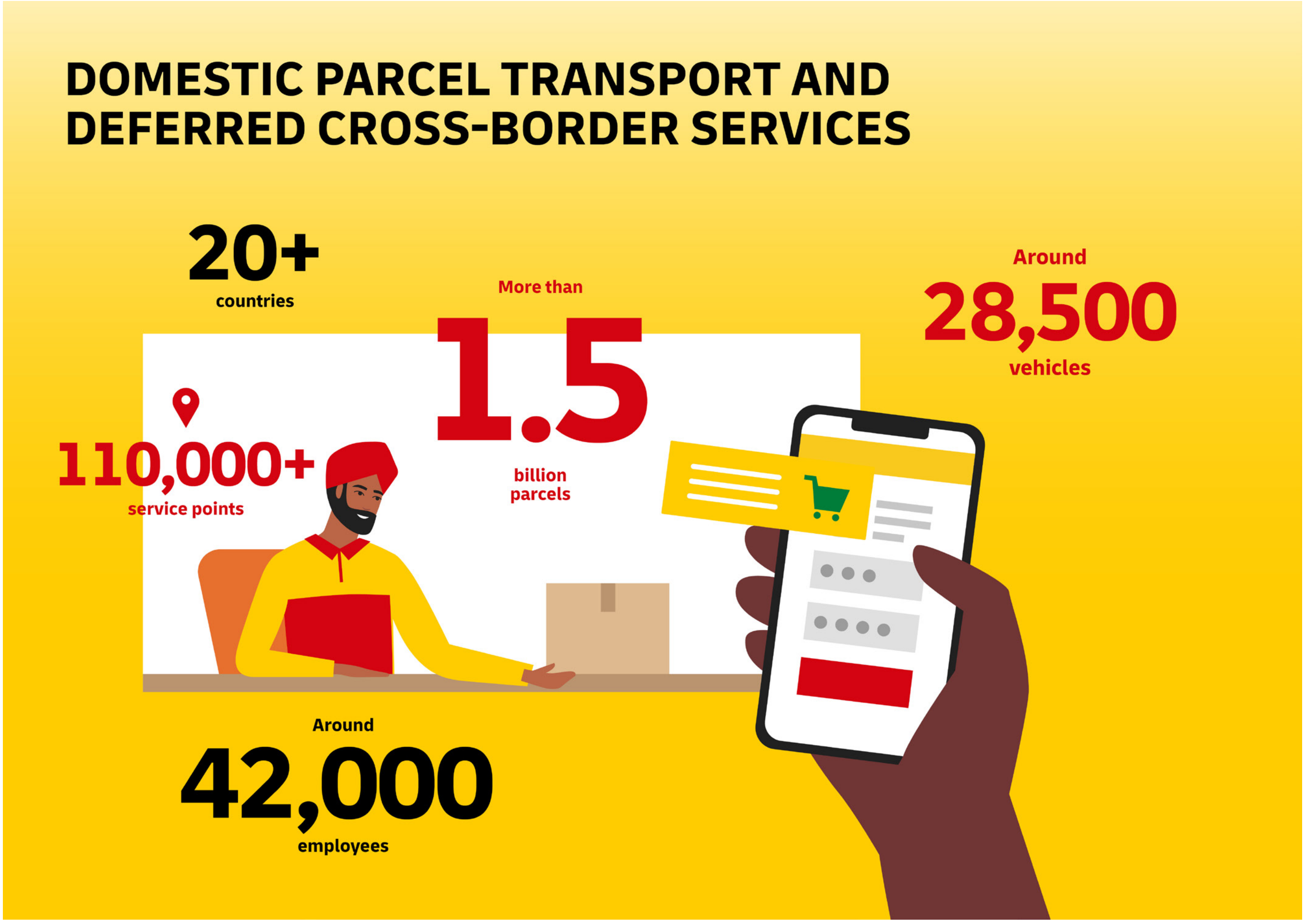
Thanks to our systematic follow-up on customer feedback, our satisfaction values (Net Promoter Approach) continue to rise from their already high level.

CONTRACT LOGISTICS MARKET 2022[1]

€ billion	Asia Pacific	Americas	Middle East / Africa	Europe	Global
Contract logistics	95	88	9	83	**275**

1 Own company estimate; rounded.

eCommerce division



Domestic and international parcel transport

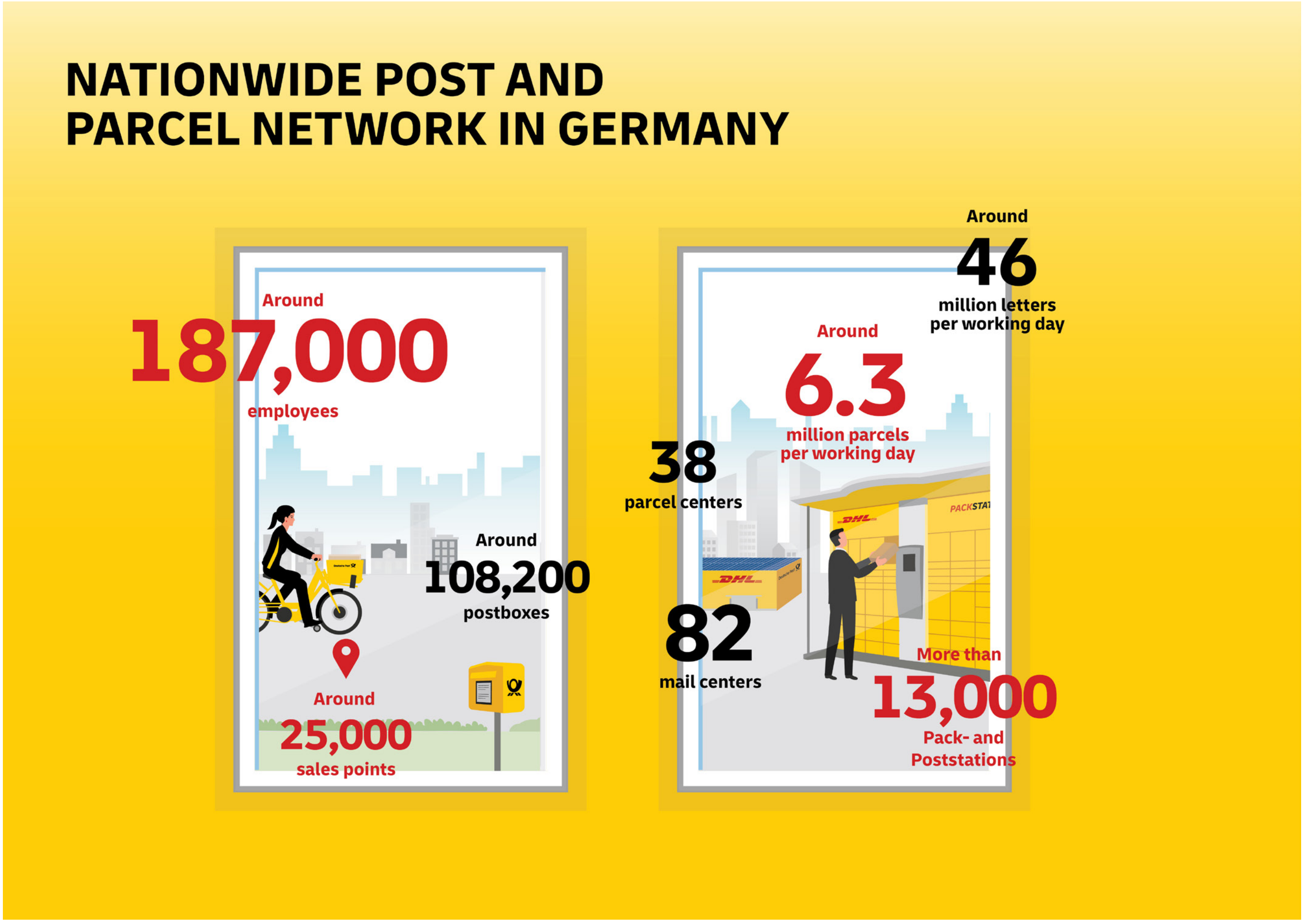
Our core business is domestic parcel transport in selected countries in Europe, in the United States, in certain countries in Asia, in particular in India, and deferred cross-border services primarily to, from and within Europe, as well as to and from the United States. Because of the broad range of business activities, no mention of individual market shares can be made.

The deferred domestic parcel delivery service is provided via our own and partner networks, serving a mix of B2C and B2B customers across all sectors. Our deferred cross-border service provides worldwide shipping solutions to enable our customers to capitalize on strong growth in cross-border trade, while meeting their expectations for speed, reliability, price and sustainability. Since the pre-pandemic year of 2019, we have increased our global cross-border volume by an average of 9% every year. The DHL Parcel Connect platform is our delivery and returns solution developed especially for e-commerce in Europe, catering to both B2B and B2C, which simplifies pan-European cross-border shipping with a harmonized label, common IT systems, core features and local services.

The B2C volume had increased tangibly in the pandemic years. In the year under review, the expected pattern of normalization from the previous year continued. We are experiencing volumes well above the level from before the pandemic in 2019 in nearly all markets. The geographic presence of DHL eCommerce was expanded in the year under review through the acquisition of the Turkish company MNG Kargo.

Satisfied customers and a high level of delivery reliability
We focus on delivering industry-leading performance as well as quality and service excellence. With this focus, we succeeded in achieving an overall global delivery quality of 96% (previous year: 95.5%). Moreover, by expanding our offering to more than 110,000 service points in Europe with 24,000 parcel lockers, we are closer to the customer and enable more sustainable last-mile delivery.

Post & Parcel Germany division



The postal service for Germany
The core business of the Post & Parcel Germany division is the transport, sorting and delivery of documents and goods shipments. We maintain a nationwide post and parcel network in Germany, which we continually expand in consideration of digitalization and sustainability.

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

In the year under review, the German market for mail communication for business customers was worth around €4.0 billion (previous year: around €4.3 billion). The downward trend in market development is due primarily to the continued substitution of traditional letter mail with electronic communication. This competitive market is made up of both alternative delivery service providers as well as consolidation service providers who deliver their mail volumes to Deutsche Post AG. Our market share increased to 63.2% compared with the prior year (62.1%), primarily due to competitors exiting the market.

GERMAN MAIL COMMUNICATION MARKET, BUSINESS CUSTOMERS, 2023

Market volume: around €4.0 billion	
Deutsche Post	63.2%
Competition	36.8%

Source: own company estimate.

Cross-channel dialogue

On request, Post & Parcel Germany offers advertisers end-to-end solutions in the Dialogue Marketing segment, ranging from address services and tools for design and creation to printing, delivery and evaluation. This supports cross-channel, personalized and automated dialogue to deliver digital and physical items with interrelated content according to a coordinated timetable and without any coverage waste.

The German advertising market increased by 1.3% in 2023 to come in at €29.0 billion, growing less than in the previous year. The market was burdened by heavily increased paper prices and the general economic development. Our share of the highly fragmented German advertising market amounted to 5.7% (previous year: 6.0%).

GERMAN ADVERTISING MARKET[1] 2023

Market volume: €29.0 billion	
Competition	94.3%
Deutsche Post	5.7%

1 Includes all advertising media with external distribution costs; the placement costs are shown as ratios.
Source: own company estimate.

DHL Parcel for companies and private individuals

We maintain the densest network of parcel acceptance and drop-off points in Germany, which was expanded further and digitalized in the reporting year.

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

Various services enable individualized parcel delivery for private customers: parcels can be delivered to an alternative address, a specific retail outlet, a Paketshop or a Packstation at short notice. This ability to individually select delivery options and notifications makes receiving a parcel more convenient and more transparent.

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

There has been no interruption in the growth trend in the number of online orders, despite the dynamic slowing down compared to previous years. In light of this as well, we are continuously expanding our network. By increasing the number of Pack- and Poststations in the coming years, we plan to make it even more convenient for customers all over Germany to send and receive parcels and to create an environmentally friendly, traffic-reduced parcel supply system.

Reliable delivery in a challenging environment

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

These figures can be deemed very positive in light of the challenging environment in which they were achieved. The beginning of 2023, for instance, was impacted by collective bargaining negotiations and the associated strikes. In addition, the situation on the German labor market remained tense overall in spite of the new collective bargaining agreement for employees of Deutsche Post AG.

Our approximately 25,000 person-operated sales points were open for an average of 55 hours per week in the year under review, as was the case in the previous year. Consumers who use the products and services offered by Deutsche Post retail outlets operated mostly by retailers are surveyed annually regarding customer satisfaction by “Kundenmonitor Deutschland.” This study attested to the high level of approval enjoyed by Deutsche Post retail outlets: a total of 94.6% of the persons surveyed were satisfied with the quality and service (previous year: 94.2%). The fixed-location acceptance and sales network has grown to around 38,000 sites (previous year: around 36,300) thanks to the expansion of our Pack- and Poststation network. Deutsche Post and DHL are thus easier to reach and closer to consumers in Germany than ever before in recent decades.

Strategy

Navigating safely through a volatile, fast-changing environment

The DHL Group’s strategy draws on the elements of Strategy 2015 and 2020, which established us as the world’s leading logistics company. Building on this foundation, Strategy 2025, which we presented to the public at the end of 2019, has helped us to cement and grow that leading position.

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

So far, Strategy 2025 has guided us safely through the volatile, fast-changing environment. As part of a yearly assessment, we undertook a detailed review of our corporate strategy and found it not only to be fundamentally sound, but that it had also made DHL Group more resilient. Focusing on our core business has helped us to make the necessary adjustments quickly, in particular in the volatile environment of recent years, so that we could not only keep our promise to the customers under these challenging circumstances, but also ensure the financial stability of the company and do justice to the investors by sticking to our financial strategy. That resilience is the result of the disciplined and consistent execution of our Group strategy, with each and every element playing a key role.

Strategic triad of purpose, vision and values

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

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

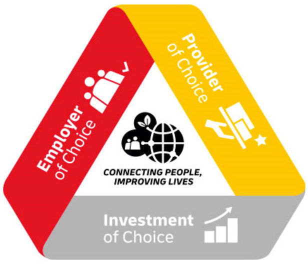
STRATEGY HOUSE

STRATEGY 2025
Delivering excellence in a digital world

Our Purpose
Connecting people, improving lives

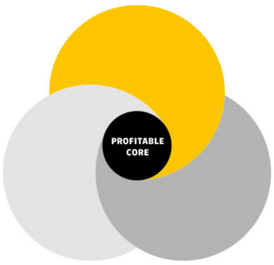
Our Vision
We are the logistics company for the world

Our Values
Respect & Results



Our Mission
Excellence. Simply delivered.
Along the three bottom lines in a sustainable way

Enabled by **Common DNA**



Our Business Unit focus
Strengthening the profitable core

Supported by **Group functions**

Digitalization

Execution excellence along the three bottom lines

Our mission of “Excellence. Simply delivered.” is defined by the three bottom lines of becoming the employer, provider and investment of choice. We believe having motivated and skilled employees is the key to providing excellent service quality and achieving profitable growth.

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

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

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

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

Divisions focus on profitable core business

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

Digital transformation as a key lever

Representing a significant lever for sustainable business growth, digital transformation plays a crucial role in our strategy. We therefore invest in initiatives designed to improve the experiences our customers and employees have with the company and to increase operational efficiency. In our divisions, we have several initiatives and programs in place to upgrade the IT backbone, ensure our future agility and increase IT efficiency. In particular in the fields of automation and robotics, data science, API and the Internet of Things, we are continuously building up centralized know-how and scaling digital solutions for the divisions.

Research and development

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

Steering metrics

Financial and nonfinancial key performance indicators

DHL Group uses both financial and nonfinancial performance indicators in its management of the Group. The monthly, quarterly and annual changes in these indicators are compared with prior-year data and forecast data to assist in making management decisions. The year-to-year changes in the financial and nonfinancial performance indicators described here also play a role in the calculation of management remuneration. The Group's financial performance indicators are intended to preserve a balance between profitability, the efficient use of resources and adequate liquidity. How these metrics are computed is illustrated in calculations. The performance of the financial key figures in the reporting year is described in the report on economic position.

To date, the progress of our ESG Roadmap has been measured using six steering-relevant performance indicators: logistics-related greenhouse gas (GHG) emissions, Realized Decarbonization Effects, Employee Engagement, the share of women in middle and upper management, the lost time injury frequency rate (LTIFR) per 200,000 working hours and the share of valid compliance-relevant training certificates in middle and upper management. As planned, a seventh performance indicator – the cybersecurity rating – was introduced in corporate governance during the year under review. In addition, the performance indicators Realized Decarbonization Effects, Employee Engagement and cybersecurity rating are incorporated into – and account for 10%, respectively, of – the target portfolio for annual bonus calculation of the Board of Management. Since this reporting period, these performance indicators have also been included in the bonus calculation for executives in upper management. The targets and results of these key figures can be found in the **report on economic position,** development is provided in the **nonfinancial statement** and the outlook for the 2024 fiscal year is provided in the **expected developments, opportunities and risks** chapter.

EBIT and EAC (EBIT after asset charge)

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

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

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

A standard WACC of 8.5% is applied across the divisions. That figure also represents the minimum target for projects and investments within the Group. The WACC is generally reviewed once annually on the basis of the current situation on the financial markets. To ensure better comparability of the asset charge with previous figures, in 2023 the WACC used here was maintained at a constant level compared with the previous years.

The asset charge is calculated each month so that fluctuations in the net asset base can also be taken into account during the year. The composition of the net asset base is shown in the **calculations.**

Free cash flow facilitates liquidity management

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

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

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

CALCULATIONS

REVENUE

+	Other operating income
±	Changes in inventories and work performed and capitalized
−	Materials expense
−	Staff costs
−	Depreciation, amortization and impairment losses
−	Other operating expenses
±	Net income/loss from investments accounted for using the equity method
=	**EBIT** **Profit from operating activities**

EBIT

−	Asset charge
	= Net asset base × Weighted average cost of capital (WACC)
=	**EAC** **EBIT after Asset Charge**

Operating assets

- Intangible assets
- Property, plant and equipment
- Goodwill
- Trade receivables (included in net working capital)[1]
- Other noncurrent operating assets[2]

− Operating liabilities

- Operating provisions (excluding provisions for pensions and similar obligations)
- Trade payables (included in net working capital)[1]
- Other noncurrent operating liabilities[2]

= **Net asset base**

EBIT

+	Depreciation, amortization and impairment losses
±	Net income/loss from disposal of noncurrent assets
±	Noncash income and expense
±	Change in provisions
±	Change in other noncurrent assets and liabilities
+	Dividends received
±	Income taxes paid
=	**Operating cash flow before changes in working capital (net working capital)**
±	Change in net working capital
=	**Net cash from/used in operating activities (operating cash flow, OCF)**
±	Cash inflow/outflow arising from change in property, plant and equipment and intangible assets
±	Cash inflow/outflow arising from acquisitions/divestitures
−	Cash outflow for leases
±	Net interest paid (excluding leases)
=	**FCF** **Free cash flow**

1 Includes EBIT-related current assets and liabilities. Not included are assets and liabilities related to taxes, financing and cash and cash equivalents, for example.
2 Includes EBIT-related other noncurrent assets and liabilities. Not included are assets and liabilities related to taxes or bonds, for example.

Steering and reducing greenhouse gas emissions

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

We use the **logistics-related GHG emissions** as a medium- and long-term target. We use a second performance indicator – **the Realized Decarbonization Effects** – to measure the emissions that we were able to avoid through the use of energy from renewable sources and sustainable technologies compared with conventional energy and technologies.

The calculation methodology for GHG emissions is based on recognized international standards such as the Greenhouse Gas Protocol, EN 16258 (replaced by ISO 14083 as of the 2024 fiscal year) and the Global Logistics Emissions Council Framework. To calculate the market-based effects, we use the guidelines of the Voluntary Market Based Measures Framework for Logistics Emissions Accounting and Reporting published by the Smart Freight Centre. Reductions in emissions through offsetting are not factored into our GHG emissions calculation.

As part of our steering, we consider the logistics-related GHG emissions including the upstream chain from fuel production (well-to-wheel) and include the GHG emissions caused or avoided by our transport subcontractors (Scope 3). We record the GHG emissions from categories 3 ("Fuel- and Energy-Related Activities"), 4 ("Upstream Transportation and Distribution") and 6 ("Business Travel"), which are also included in our targets, in the calculation of Scope 3 emissions. The use of sustainable fuels is a significant focus of our climate protection measures. The savings generated through these measures offer us the opportunity to implement climate protection in our own supply chain in a targeted manner. As part of this, fossil fuels are replaced by either the direct use of certified sustainable fuels or the documented use thereof (book and claim). This makes a positive impact on our target calculation.

Employee engagement as a factor for success

Motivated and committed employees contribute to the success of the company. In the annual Group-wide survey, all employees have the opportunity to anonymously rate the company's strategy and values as well as their working conditions. The **Employee Engagement** key performance indicator represents the aggregated and weighted results of five statements in the annual Group-wide survey of employees.

Promote diversity by focusing on share of women

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

Occupational health and safety as a focus

We measure the effect of workplace accidents based on the **lost time injury frequency rate (LTIFR),** which is determined using the number of work-related accidents per 200,000 working hours that lead to at least one day of missed work for the affected person following the day of the accident. Since the year under review, this has also included accident-related injuries to external employees who are subject to instruction.

Subject cybersecurity to independent external assessment

Our cybersecurity undergoes independent assessment by the external rating agency BitSight. This cybersecurity rating is based on the technical analysis of any weak points and brings potential security risks to the attention of the rated company. Assessment of the security situation is carried out by an automated service on a daily basis. Unlike with a self-assessment, a cybersecurity rating offers greater transparency and enables comparison with other companies thanks to standardization. We compare our performance with DAX 40 companies as well as major customers and logistics companies that are not a part of the DAX. The cybersecurity rating KPI has been steering-relevant since this reporting period and is also included in the calculation of the annual bonus for the Board of Management.

Conduct compliance-relevant training

Our aspiration is to be a reliable and trustworthy partner in all business relationships. When conducting day-to-day business, our managers serve an important function as role models to the employees and business partners, which is why corresponding training is of such importance for executives. We measure success in this area on the basis of the share of valid training certificates in middle and upper management. This performance indicator has been replaced by the cybersecurity rating since this reporting period in the calculation of the annual bonus for the Board of Management.

REPORT ON ECONOMIC POSITION

Overall assessment of the Board of Management

In the first year without direct effects from the pandemic, the Group managed to maintain results of operations at a level well above that from the years before the pandemic, in spite of the absence of a thorough economic recovery. The 2023 fiscal year was shaped by the lack of global economic recovery and the normalization of freight transport following the pandemic-related volatility of the years 2021 and 2022. As expected, profit from operating activities (EBIT) of €6.3 billion did not reach the level of the prior-year figure. Lower freight volumes and significantly decreased freight rates, as well as negative currency effects, were a burden on the business of the DHL divisions. The results of the Post & Parcel Germany division reflect cost increases and regulatory framework conditions for the German letter mail business. Nevertheless, the Group achieved a free cash flow of €2.9 billion, including acquisitions and divestitures, in the past fiscal year. DHL Group thus underscores its structurally improved ability to perform and financial strength, even in a weak economic environment.

In the year under review, the divisions continued to focus on their profitable core business and ensured that the services and products could be provided reliably. On the one hand, DHL Group kept a close eye on costs and, on the other, invested further in growth areas of global operations as well as in the quality of its services. Representing a significant lever for sustainable business growth, digital transformation plays a crucial role in the DHL Group strategy. DHL Group therefore invests in initiatives designed to improve the experiences its customers and employees have with the company and to increase operational efficiency. Overall, we believe that e-commerce and globalization – along with omnishoring – and increasingly sustainability as well, are megatrends that will provide for growth in the future.

DHL Group has a wealth of experience in dealing with various economic cycles and crises around the world. Thanks to its global presence and the broad portfolio of transport and logistics services, there were also areas of business growth in the year under review. DHL Group is well positioned to not only manage the current challenges, but also to take advantage of an upward trend in the global economy as soon as it arises.

FORECAST/ACTUAL COMPARISON

	Targets for 2023[1]	Results for 2023	Targets for 2024
EBIT	**Group:** between €6.0 billion and €7.0 billion **DHL divisions:** between €5.5 billion and €6.5 billion **Post & Parcel Germany:** around €1.0 billion **Group Functions:** around €–0.45 billion	**Group:** €6.3 billion **DHL divisions:** €5.9 billion **Post & Parcel Germany:** €0.9 billion **Group Functions:** €–0.43 billion	**Group:** between €6.0 billion and €6.6 billion **DHL divisions:** more than €5.7 billion **Post & Parcel Germany:** more than €0.8 billion **Group Functions:** around €–0.45 billion
EAC	Declines with the forecast increase in asset charge	€2.9 billion	Slight decline
Free cash flow	Around €3.0 billion	€3.3 billion[2]; €2.9 billion[3]	Around €3.0 billion[2]
Capital expenditure (capex)[4]	€3.4 billion to €3.9 billion	€3.4 billion	€3.0 billion to €3.6 billion
Distribution as dividend	40% to 60% of net profit	Proposal: 59.0% of net profit	40% to 60% of net profit
Logistics-related[5] GHG emissions	39 million metric tons of CO_2e	33.27 million metric tons of CO_2e	34.9 million metric tons of CO_2e
Realized Decarbonization Effects[5]	1.3 million metric tons of CO_2e	1.3 million metric tons of CO_2e	1.5 million metric tons of CO_2e
Employee Engagement[6]	> 80%	83%	> 80%
Share of women in management[7]	27.7%	27.2%	28.8%
Lost time injury frequency rate (LTIFR) per 200,000 working hours[8]	3.5	3.1	Maximum 3.3
Share of valid compliance training certificates[7]	98%	98.6%	98%
Cybersecurity rating	690[9] points	750 points	At least 690 points

1 As published on March 9, 2023; the forecast was adjusted during the year.
2 Excluding acquisitions and divestitures.
3 Including acquisitions and divestitures.
4 Capital expenditure for assets acquired.
5 This includes Scope 3 emissions of the GHG Protocol categories 3 (“fuel- and energy-related activities”), 4 (“upstream transportation and distribution”) and 6 (“business travel”).
6 Represents the aggregated and weighted results of five statements in the annual Group-wide survey of employees.
7 Middle and upper management.
8 Work-related accidents resulting in at least one working day of absence following the day of the accident.
9 In line with changes to the rating agency’s method, we adjusted the target from 710 to 690 points in the third quarter of 2023.

Economic parameters

Inflation, rise in interest rates and geopolitical uncertainty postpone a thorough recovery of the global economy

In 2023, the global economy suffered from the direct and indirect effects of the war in Ukraine and the conflict in the Middle East. These effects contributed to the high rates of inflation along with the loosening of fiscal and monetary policies during the coronavirus pandemic. The tightening of monetary policy up until the third quarter had a lasting weakening effect on the economy and global trade and is a significant factor in the caution seen in investments and consumer behavior. Although the energy markets settled down to a certain extent compared with the previous year, gas and electricity prices – especially in Germany and the rest of Europe – remained well above the level from before the war in Ukraine and thus impeded any thorough recovery of the global economy following the pandemic. Even though the key interest rates of leading central banks could have reached their peak in the fall of 2023, a loosening of monetary policy is not likely until the middle of 2024.

The data mentioned in the following paragraph describing the economic conditions stem from S&P Global Market Intelligence.

Global GDP growth continued to weaken from 3.1% in 2022 to 2.7% in 2023. GDP growth in industrialized companies fell from 2.6% to 1.6%, primarily due to the eurozone, which was impacted by the war in Ukraine and whose growth downright collapsed from 3.5% to 0.5%. Following growth of 1.9% in the previous year, Germany even fell into the slightly negative growth (–0.2%) in the year under review. By contrast, the United States bolstered economic activity from 1.9% to 2.4% with a very expansive fiscal policy. At the same time, emerging markets experienced a recovery from 3.7% to 4.2%, with a significant rise in China from 3.0% in 2022 to 5.4% in 2023 being a major contributor.

Growth in global industrial production and global trade significantly hampered

In 2023, growth in global industrial production and global trade remained significantly hampered. Following growth of 7.0% and 2.8% in 2021 and 2022, respectively, industrial production grew by only 0.7% in 2023. The figures for global trade reflect this slowdown, with exports growing by a mere 1.1% compared with 10.9% in 2021 and 5.6% in 2022. For the logistics sector, this cooling comes with more moderate demand and declining volumes. In the B2B segment, challenges from partly excess inventories and dwindling demand persisted, which resulted in a sustained alignment of freight rates and transport capacities. Even toward the end of 2023, there was no significant recovery in demand, which underscores the ongoing global economic recession. For DHL Group, these developments manifested themselves in the form of a decline in revenue and earnings figures.

E-commerce with structural growth dynamic

In spite of the overall uncertainty of the economy, continuing inflation and the slowdown in global trade, the e-commerce sector confirmed its structural growth dynamic. Following a preliminary normalization in 2022, e-commerce-based business once again experienced growth in 2023, which confirms the long-term change in consumer behaviors. DHL Group is making use of this dynamic to expand and improve its e-commerce logistics services.

Legal environment

The Group provides some of its services in regulated markets. Many of the postal services rendered by Deutsche Post AG and its subsidiaries (particularly the Post & Parcel Germany division) are subject to sector-specific regulation under the Postgesetz (PostG – German Postal Act). Information regarding this issue and legal risks is contained in **note 45 to the consolidated financial statements.**

Significant events

As part of the completed second and third tranches and the initiated fourth tranche of the 2022–2024 share buyback program, we had repurchased a total of 22.0 million shares in the amount of €925 million over the course of the year through December 31, 2023. Since the beginning of the share buyback program, we have repurchased a total of 50.0 million shares with a value of €1,940 million. On February 12, 2024, the Board of Management resolved to expand the current share buyback program so that a total of up to 130 million treasury shares are to be purchased at a price of now up to €4 billion through the end of 2025.

On June 26, 2023, we placed a sustainability-linked bond with an issue volume of €500 million and a term through 2033. The interest rate from 2031 onward is linked to the achievement of DHL Group's targets for reducing greenhouse gas emissions.

On October 5, 2023, we acquired 100% of shares in the Turkish parcel service provider MNG Kargo following successful approval by the antitrust authorities. In the eCommerce division, the company should contribute to the ability to benefit from the growth potential of the Turkish market.

On December 7, 2023, we acquired the remaining shares in Danzas AEI Emirates, consolidated the company, which had previously been held as a joint venture, fully into the Group and renamed it DHL Logistics. With this acquisition, our customers in the Middle East and Africa region will benefit from more efficient logistics and transport services in the Global Forwarding, Freight division.

There were no further noteworthy changes to the portfolio.

Results of operations

SELECTED INDICATORS FOR RESULTS OF OPERATIONS

		2022	2023	Q4 2022	Q4 2023
Revenue	€m	94,436	81,758	23,776	21,348
Profit from operating activities (EBIT)	€m	8,436	6,345	1,922	1,642
Return on sales[1]	%	8.9	7.8	8.1	7.7
EBIT after asset charge (EAC)[2]	€m	5,117	2,860	1,065	752
Consolidated net profit for the period3	€m	5,359	3,677	1,335	981
Earnings per share[4]	€	4.41	3.09	1.11	0.83
Dividend per share	€	1.85	1.85[5]	–	–

1 EBIT/revenue.
2 Prior-year figure adjusted.
3 After deduction of noncontrolling interests.
4 Basic earnings per share.
5 Proposal.

Group revenue falls by 13.4%

Due to the economic environment, Group revenue fell by €12,678 million to €81,758 million in the 2023 fiscal year. Above all, the normalization of freight rates in the Global Forwarding, Freight division and negative currency effects in the amount of €2,684 million also contributed to this development. The proportion of revenue generated abroad changed from 76.8% to 74.4%. In the fourth quarter of 2023, revenue was down from the prior-year period (€23,776 million) to €21,348 million; negative currency effects in the amount of €770 million contributed to this. At €2,787 million, other operating income fell short of the prior-year period (€2,925 million).

Significantly lower material expense

Material expense decreased significantly from €53,473 million to €41,663 million, largely due to lower transport costs in the Global Forwarding, Freight division in particular as a result of lower volumes and freight rates. In addition, kerosine prices fell markedly year over year. Wage and salary increases and a slightly higher number of employees raised staff costs by €942 million to €26,977 million. Depreciation, amortization and impairment losses were up by €300 million to €4,477 million due to investment activity. At €5,409 million, other operating expenses were below the prior-year period (€5,712 million). In addition to decreased expenses from currency translation, lower expenses from impairment losses and remeasurements of receivables and liabilities were incurred in the year under review. Net income/expenses from investments accounted for using the equity method changed from €–39 million in the previous year to €161 million. In the year under review, this included, in particular, remeasurement income as a result of the increased shareholding in DHL Logistics in the United Arab Emirates.

Consolidated EBIT down

Totaling €6,345 million in the year under review, profit from operating activities (EBIT) came in €2,091 million lower than the prior-year figure. This figure declined from €1,922 million to €1,642 million in the fourth quarter. Primarily because the interest expenses for provisions and lease liabilities rose, net finance costs were €829 million and therefore above the level of the previous year (net finance costs of €525 million). Profit before income taxes fell by €2,395 million to €5,516 million. As a result, income taxes decreased by €613 million to €1,581 million in spite of a slightly higher tax rate.

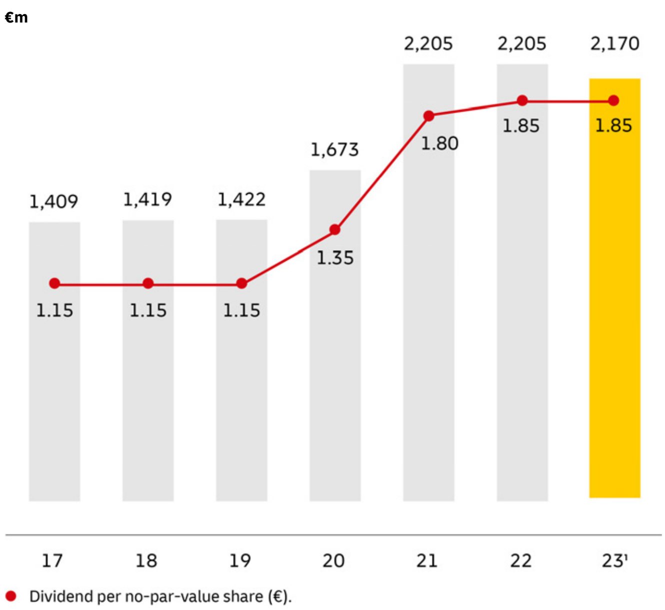
Consolidated net profit in line with EBIT

Consolidated net profit showed a decline in the 2023 fiscal year from €5,717 million to €3,935 million. Of this amount, €3,677 million is attributable to Deutsche Post AG shareholders and €258 million to noncontrolling interest holders. Basic earnings per share fell from €4.41 to €3.09 and diluted earnings per share from €4.33 to €3.04.

Dividend of €1.85 per share proposed

Our finance strategy calls for paying out 40% to 60% of net profit as dividends as a general rule. The Board of Management and the Supervisory Board will therefore propose to the shareholders at the Annual General Meeting on May 3, 2024, a dividend of €1.85 per share for the 2023 fiscal year (previous year: €1.85). The payout ratio in relation to the consolidated net profit attributable to Deutsche Post AG shareholders amounts to 59.0%. The dividend yield based on the year-end closing price for shares is 4.1%. The dividend will be disbursed on May 8, 2024.

TOTAL DIVIDEND AND DIVIDEND PER NO-PAR-VALUE SHARE



1 Proposal.

EBIT after asset charge (EAC) declines

EAC declined in 2023 from €5,117 million to €2,860 million. While EBIT was down, the imputed asset charge rose slightly.

EBIT AFTER ASSET CHARGE (EAC)

€m	2022[1]	2023	+/–%
EBIT	8,436	6,345	–24.8
– Asset charge	–3,319	–3,485	–5.0
= EAC	**5,117**	**2,860**	**–44.1**

1 Prior-year figures adjusted.

Net asset base as of the reporting date increased by €1,724 million to €41,886 million. Intangible assets and property, plant and equipment increased, mainly on account of the takeover of MNG Kargo as well as the acquisition of freight aircraft and investments in warehouses, sorting facilities and the vehicle fleet. Net working capital decreased compared with the previous year.

Both operating provisions as well as other noncurrent assets and liabilities were up.

NET ASSET BASE (CONSOLIDATED)[1]

€m	Dec. 31, 2022[2]	Dec. 31, 2023	+/–%
Intangible assets and property, plant and equipment[3]	42,810	44,580	4.1
± Net working capital	–296	–374	–26.4
– Operating provisions (excluding provisions for pensions and similar obligations)	–2,464	–2,495	–1.3
± Other noncurrent assets and liabilities	112	175	56.3
= Net asset base	**40,162**	**41,886**	**4.3**

1 Assets and liabilities as described in the segment reporting, note 10 to the consolidated financial statements.
2 Prior-year figures adjusted.
3 Including assets held for sale.

Express division

Impacts of external factors on our business

Declining volume development shaped 2023. Within the context of the high levels of economic uncertainty around the world and consumer reluctance, both the B2B and the B2C volumes were down year over year. In this environment, our virtual airline model ensured high network flexibility, enabling us to constantly adapt our capacity to volume expectations.

Express: effective yield and cost management

Revenue in the Express division decreased by 10.0% to €24,846 million in the 2023 fiscal year. This includes negative currency effects amounting to €1,196 million, as well as lower fuel surcharges. Excluding currency effects and fuel surcharges, revenue in the reporting period was down 4.8%. Reflective of the continued softer market conditions, TDI daily shipment volumes declined by 2.5%.

Over the course of 2023, benefits were seen from the drive to enhance productivity, optimize the utilization of capacity in our network and effectively manage costs. We addressed the ongoing effects of inflation with general price increases that were systematically implemented. In the 2023 fiscal year, EBIT in the Express division was €3,229 million, 19.8% below the prior-year figure. The return on sales was 13.0%. In the fourth quarter of 2023, EBIT in the Express division was €758 million, 19.4% below the level of the comparable prior-year figure; return on sales was 11.6%.

KEY FIGURES, EXPRESS

€m	2022	2023	+/–%	Q4 2022	Q4 2023	+/–%
Revenue	27,592	24,846	–10.0	7,029	6,558	–6.7
of which Europe	11,287	11,053	–2.1	2,994	2,921	–2.4
Americas	6,149	6,023	–2.0	1,563	1,585	1.4
Asia Pacific	9,908	8,893	–10.2	2,475	2,435	–1.6
MEA (Middle East and Africa)	1,569	1,514	–3.5	400	396	–1.0
Consolidation/Other	–1,321	–2,637	–99.6	–403	–779	–93.3
Profit from operating activities (EBIT)	4,025	3,229	–19.8	941	758	–19.4
Return on sales (%)1	14.6	13.0	–	13.4	11.6	–
Operating cash flow	5,549	4,786	–13.8	1,173	1,054	–10,1

1 EBIT/revenue.

EXPRESS: REVENUE BY PRODUCT

€m per day[1]	2022	2023	+/–%	Q4 2022	Q4 2023	+/–%
Time Definite International (TDI)	85.8	82.8	–3.5	88.4	89.7	1.5
Time Definite Domestic (TDD)	6.4	6.1	–4.7	6.6	6.5	–1.5

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

EXPRESS: VOLUME BY PRODUCT

Items per day (thousands)	2022	2023	+/–%	Q4 2022	Q4 2023	+/–%
Time Definite International (TDI)	1,144	1,115	–2.5	1,191	1,211	1.7
Time Definite Domestic (TDD)	554	486	–12.3	564	507	–10.1

Continuing to expand and modernize network and intercontinental fleet

As part of the upgrading of our intercontinental fleet, we signed contracts with Boeing between 2018 and 2022 to purchase a total of 28 new B777 aircraft. By the end of 2023, 22 of the aircraft ordered entered service. The remaining six aircraft will be delivered in 2024 and 2025. Furthermore, over the course of 2023, we continued to expand our air network with the addition of new direct services, for example between Guangzhou and the United States. Singapore Airlines now operates five B777s under the crew and maintenance agreement signed in 2022.

DHL Air UK expanded its B777 operations from three to seven freighters. DHL Air Austria added two B767-300 to its operations. European Air Transport (EAT) continues to strengthen DHL’s network by providing intercontinental services to Asia and the United States. In the Americas region, our regional hub located in Atlanta, USA, which opened in the previous year, bolstered our capabilities. The dedicated flights from Miami to São Paulo (VCP), Brazil, were extended to include Argentina as well. We are continuing to invest in our global hub in Cincinnati, USA, and constructed a state-of-the-art aviation maintenance facility there for our aircraft fleet. In the Asia Pacific region, three additional converted Airbus 330-300s were added by Air Hong Kong to its fleet. The fleet replacement and modernization program will continue in 2024. The extension of the hub in Hong Kong – one of DHL’s three global hubs – was officially opened in 2023. In the MEA region, we invested in our infrastructure by modernizing the Bahrain hub. We also increased our fleet of B767-300s from seven to ten converted freighters, of which the last was added in June 2023. The increase in the number of aircraft has allowed us to link east to west as well as strengthen the regional network. In sub-Saharan Africa, four converted ATR 72-500s replaced older aircraft.

Global Forwarding, Freight division

Impacts of external factors on our business

In 2023, the global forwarding market was shaped by the post-pandemic normalization, the weak global economy and geopolitical wars and conflicts like those in Ukraine, in the Middle East and, at the end of the year, on the Red Sea. Due to the weak demand, market volumes were below that of the previous year, but they stabilized over the course of the year. With regard to air freight rates, normalization continued as expected and there were no major fluctuations. This trend was also observed for ocean freight, with a rise in rates setting in toward the end of the year as carriers began to pass on higher costs for freight rerouting on the Red Sea.

In the European road freight market, the decline in demand due to economic circumstances continued in the year under review and worsened in the third quarter of 2023, in particular. However, costs remained at a high level due to rising diesel, driver and vehicle prices, among other factors.

Global Forwarding, Freight: lower revenue in air and ocean freight as anticipated

Revenue in the Global Forwarding, Freight division fell significantly in the year under review by 36.1% to €19,305 million due to lower volumes and significantly decreased freight rates. Excluding negative currency effects of €871 million, revenue was 33.2% below the level of the previous year. In the fourth quarter of 2023, revenue in the Global Forwarding, Freight division amounted to €4,565 million and fell short of the prior-year figure by 32.9%.

Revenue in the Global Forwarding business unit decreased by 42.9% to €14,259 million in the year under review against the backdrop of the general normalization of freight markets. Without taking negative currency effects of €756 million into account, the decrease was 39.9%. Gross profit in the reporting period in the Global Forwarding business unit was down from the previous year by 25.5% to €3,685 million.

We registered a decrease of 12.1% in air freight volumes in 2023 that impacted all significant trade lanes. Air freight revenues dropped by 42.2% and gross profit by 41.5% year over year due to lower volumes and selling rates. In the fourth quarter of 2023, air freight revenue declined by 32.5% and gross profit by 45.4%. The volumes transported in ocean freight declined by 6.2% in 2023 compared with the previous year, with the decline caused by the development on trade lanes from Asia and Europe to North America. Ocean freight revenue in the reporting period dropped by 51.0% and gross profit by 24.8%. In the fourth quarter of 2023, our ocean freight revenue was 52.6% and gross profit 31.7% below the previous year.

In the year under review, revenue in the Freight business unit amounted to €5,162 million and was thus 3.9% below the previous year, with negative currency effects totaling €119 million. Volumes were down by 9.2%. Gross profit in the reporting period for the business unit fell slightly by 0.2% to €1,328 million. In the fourth quarter, revenue was 6.2% below the previous year; excluding negative currency effects of €28 million, the decline was 4.2%.

EBIT in the Global Forwarding, Freight division fell in the year under review, from €2,311 million to €1,423 million. The EBIT margin was 7.4%. EBIT in the division thus corresponds to 28.4% of gross profit and 34.6% for the Global Forwarding business unit. At €340 million, division EBIT in the fourth quarter of 2023 was below the prior-year level of €402 million. The conclusion of the acquisition of the remaining shares in DHL Logistics in the United Arab Emirates led to an earnings contribution of €114 million in the fourth quarter.

KEY FIGURES, GLOBAL FORWARDING, FREIGHT

€m	2022	2023	+/–%	Q4 2022	Q4 2023	+/–%
Revenue	30,212	19,305	–36.1	6,805	4,565	–32.9
of which Global Forwarding	24,976	14,259	–42.9	5,435	3,275	–39.7
Freight	5,374	5,162	–3.9	1,405	1,318	–6.2
Consolidation/Other	–138	–116	15.9	–35	–28	20.0
Profit from operating activities (EBIT)	2,311	1,423	–38.4	402	340	–15.4
Return on sales (%)[1]	7.6	7.4	–	5.9	7.4	–
Operating cash flow	3,221	2,385	–26.0	999	538	–46.1

1 EBIT/revenue.

GLOBAL FORWARDING: REVENUE

€m	2022	2023	+/–%	Q4 2022	Q4 2023	+/–%
Air freight	10,428	6,027	–42.2	2,200	1,485	–32.5
Ocean freight	11,477	5,628	–51.0	2,455	1,164	–52.6
Other	3,071	2,604	–15.2	780	626	–19.7
Total	**24,976**	**14,259**	**–42.9**	**5,435**	**3,275**	**–39.7**

GLOBAL FORWARDING: VOLUMES

Thousands		2022	2023	+/–%	Q4 2022	Q4 2023	+/–%
Air freight exports	tons	1,902	1,672	–12.1	449	433	–3.6
Ocean freight	TEU[1]	3,294	3,089	–6.2	769	771	0.3

1 Twenty-foot equivalent units.

Supply Chain division

Impacts of external factors on our business

External factors such as high inflation, uncertain economic development, geopolitical conflicts and labor shortages caused global supply chain bottlenecks and additional complexity for businesses in the year under review. High flexibility, standardized processes and targeted data analyses made a contribution to the management of our customers’ supply chains.

Supply Chain: continued growth of revenue and earnings

Revenue in the Supply Chain division was up by 3.2% to €16,958 million in the year under review. Excluding negative currency effects of €462 million, the increase was 6.0%. All regions and sectors recorded revenue growth that was bolstered by new business, contract renewals and expanding e-commerce business. Revenue remained flat in the fourth quarter of 2023. Excluding negative currency effects of €121 million, the increase was 2.7% in the fourth quarter.

In the reporting period, the Supply Chain division concluded additional contracts with a volume of €7,378 million. The Consumer, Retail and Technology sectors accounted for the majority of the new business, which is, in a large part, attributable to e-commerce-based solutions. The contract renewal rate remained at a consistently high level.

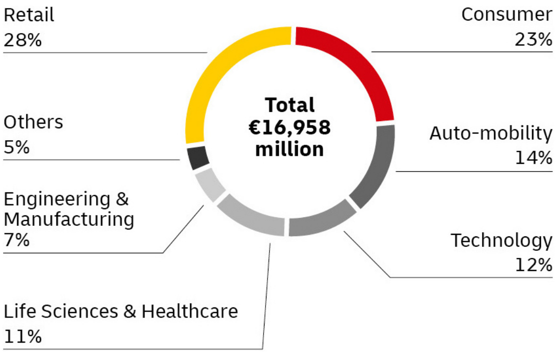
EBIT in the Supply Chain division increased to €961 million in the year under review (previous year: €893 million). In addition to the positive development of revenue, earnings growth was spurred by productivity improvements thanks to digitalization and standardization. The EBIT margin was 5.7% in the year under review. EBIT in the Supply Chain division decreased minimally from €225 million to €220 million in the fourth quarter of 2023, which is attributable primarily to negative currency effects.

KEY FIGURES, SUPPLY CHAIN

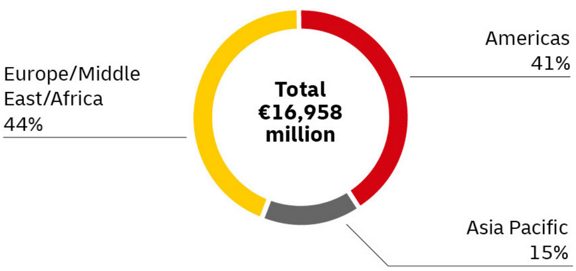
€m	2022	2023	+/–%	Q4 2022	Q4 2023	+/–%
Revenue	16,431	16,958	3.2	4,363	4,361	0.0
of which EMEA (Europe, Middle East and Africa)	7,252	7,481	3.2	1,946	1,935	–0.6
Americas	6,832	7,003	2.5	1,787	1,797	0.6
Asia Pacific	2,419	2,542	5.1	649	654	0.8
Consolidation/Other	–72	–68	5.6	–19	–25	–31.6
Profit from operating activities (EBIT)	893	961	7.6	225	220	–2.2
Return on sales (%)[1]	5.4	5.7	–	5.2	5.0	–
Operating cash flow	1,433	1,726	20.4	820	779	–5.0

1 EBIT/revenue.

SUPPLY CHAIN: REVENUE BY SECTOR, 2023



SUPPLY CHAIN: REVENUE BY REGION, 2023



eCommerce division

Impacts of external factors on our business

Geopolitical conflicts and the marked increase in the cost of living led to a slight decrease in parcel volumes in some regions. Thanks to our diversified portfolio, however, our business remained resilient, and we are experiencing volumes well above the level from before the pandemic in 2019 in nearly all markets.

eCommerce: Revenue above prior-year level

The revenue generated in the eCommerce division in the year under review totaled €6,315 million, 2.8% above the level of the previous year. Excluding negative currency effects of €174 million, revenue was 5.6% above the prior-year figure. In the fourth quarter of 2023, revenue for the eCommerce division improved by 7.6% to €1,825 million.

EBIT in the eCommerce division declined from €389 million to €292 million in the year under review. This was attributable mainly to higher costs as well as continuous investment in the expansion of the networks. The EBIT margin was 4.6% for the reporting period. EBIT in the eCommerce division amounted to €78 million (previous year: €91 million) in the fourth quarter of 2023 with an EBIT margin of 4.3%.

KEY FIGURES, ECOMMERCE

€m	2022	2023	+/–%	Q4 2022	Q4 2023	+/–%
Revenue	6,142	6,315	2.8	1,696	1,825	7.6
of which Americas	2,188	2,190	0.1	636	637	0.2
Europe	3,235	3,465	7.1	884	1,013	14.6
Asia	720	659	–8.5	177	175	–1.1
Consolidation/Other	–1	1	>100	–1	0	100.0
Profit from operating activities (EBIT)	389	292	–24.9	91	78	–14.3
Return on sales (%)[1]	6.3	4.6	–	5.4	4.3	–
Operating cash flow	582	504	–13.4	113	150	32.7

1 EBIT/revenue.

Post & Parcel Germany division

Impacts of external factors on our business

The structural transformation in letter mail business continues: as conventional letter mail volumes containing documents continue to decline, volumes of goods shipments in the mail and parcel network are growing. The Dialogue Marketing business unit underwent negative development, with the advertising spend for physical mail declining compared with the previous year due to inflation, reluctance to buy and customer insolvencies. In the German parcel market, the war in Ukraine and the increased cost of living dampened the mood in online shopping and caused parcel volumes to stagnate.

Post & Parcel Germany: ongoing structural change shapes business performance

Revenue in the Post & Parcel Germany division amounted to €16,892 million in the year under review and slightly exceeded the prior-year figure by 0.7%. The main reasons for this development were the higher prices for business customers starting in the second half of the year and increased volumes in national and international business with goods shipments. This was countered by a volume decline in national and international postal business caused by sustained structural change in mail and communication business as well as declining sales of advertising mail. Furthermore, decisions to discontinue sales territories for the EINKAUFAKTUELL product in 2023 and the overall discontinuation in 2024 had a negative impact on sales in the Dialogue Marketing segment. Parcel Germany performed well, contrary to the general market trend. Revenue in the Post & Parcel Germany division for the fourth quarter of 2023 was up by 2.5% versus the prior year.

EBIT in the Post & Parcel Germany division in 2023 amounted to €870 million and was below of the prior-year figure by 31.5%. With revenue above the prior year especially in the parcel business, this was driven by higher material costs brought on by inflation and pressure from collective bargaining agreements. The costs also include €30 million in expenses for an early-retirement program established in the fourth quarter of 2023. Return on sales in the reporting period was 5.2%. EBIT in the Post & Parcel Germany division amounted to €402 million in the fourth quarter of 2023 and was thus 4.7% above the prior-year period. Return on sales in the quarter was 8.5%.

KEY FIGURES, POST & PARCEL GERMANY

€m	2022	2023	+/–%	Q4 2022	Q4 2023	+/–%
Revenue	16,779	16,892	0.7	4,623	4,739	2.5
of which Post Germany	7,892	7,554	–4.3	2,055	2,021	–1.7
Parcel Germany	6,408	6,785	5.9	1,856	1,995	7.5
International	2,400	2,459	2.5	693	698	0.7
Consolidation/Other	79	94	19.0	19	25	31.6
Profit from operating activities (EBIT)	1,271	870	–31.5	384	402	4.7
Return on sales (%)[1]	7.6	5.2	–	8.3	8.5	–
Operating cash flow	1,558	1,088	–30.2	411	320	–22.1

1 EBIT/revenue.

POST & PARCEL GERMANY: REVENUE

€m	2022	2023	+/–%	Q4 2022	Q4 2023	+/–%
Post Germany	7,892	7,554	–4.3	2,055	2,021	–1.7
of which Mail Communication	5,361	5,097	–4.9	1,384	1,361	–1.7
Dialogue Marketing	1,833	1,776	–3.1	491	492	0.2
Other/Consolidation Post Germany	698	681	–2.4	180	168	–6.7
Parcel Germany	6,408	6,785	5.9	1,856	1,995	7.5

POST & PARCEL GERMANY: VOLUMES

Mail items (millions)	2022	2023	+/–%	Q4 2022	Q4 2023	+/–%
Post Germany	14,122	13,316	–5.7	3,689	3,530	–4.3
of which Mail Communication	6,256	5,918	–5.4	1,639	1,547	–5.6
Dialogue Marketing	6,946	6,543	–5.8	1,810	1,771	–2.2
Parcel Germany	1,668	1,731	3.8	487	498	2.3

Financial position

SELECTED CASH FLOW INDICATORS

€m	2022	2023	Q4 2022	Q4 2023
Cash and cash equivalents as of December 31	3,790	3,649	3,790	3,649
Net change in cash and cash equivalents	375	179	–127	–150
Net cash from operating activities	10,965	9,258	3,090	2,480
Net cash used in investing activities	–3,179	–2,181	–2,087	–1,204
Net cash used in financing activities	–7,411	–6,898	–1,130	–1,426

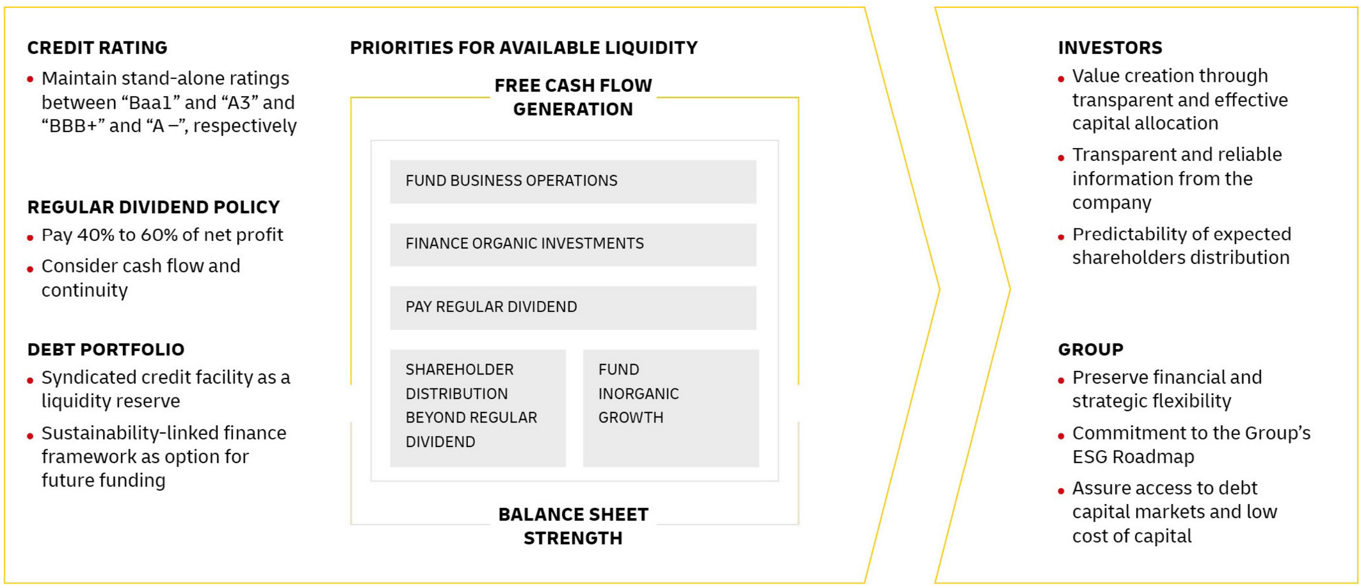
Financial management is a centralized function in the Group

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

Creating value through transparent and effective capital allocation

Building on the principles and objectives of financial management, and in light of the Group's strong financial position, the Corporate Board most recently updated the finance strategy in January 2022. It takes into account the shareholders' interests and the lenders' requirements, focusing on value creation through a transparent and effective allocation of capital. It also aims to maintain financial flexibility and a low cost of capital for the Group with a high degree of continuity and predictability for investors, and to support the Group's ESG Roadmap. One key component of the strategy is a stand-alone target rating between "Baa1" and "A3" and "BBB+" and "A–," respectively. The strategy also sets clear priorities on how available liquidity is allocated. It will first be used to fund business operations, finance organic investments and make regular dividend payments. Thereafter, additional dividend payments or share buybacks as well as inorganic growth will be considered.

FINANCE STRATEGY



Cash and liquidity managed centrally

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

Limiting market risks

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

Flexible and stable financing

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

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

As part of our banking policy, we spread our business volume widely and maintain long-term relationships with the financial institutions we entrust with our business. We meet our borrowing requirements primarily through independent sources of financing, such as bonds and leases. Most debt is taken out centrally in order to leverage economies of scale and specialization benefits and hence minimize borrowing costs.

In June 2023, we placed a sustainability-linked bond with an issue volume of €500 million and a term through 2033. Moreover, a promissory note loan in the amount of €100 million was repaid in September 2023 and one bond in the amount of €500 million was repaid in October 2023. Information on bonds is contained in **note 39 to the consolidated financial statements.**

Group's credit rating unchanged

As of the reporting date, our credit rating was still at "BBB+" with a positive outlook according to Fitch Ratings and was classified as "A2" with a stable outlook by Moody's Investor Service. The solid investment-grade ratings ensure unfettered access to the capital market. The following table shows the ratings as of the reporting date and the underlying factors. The complete and current analyses by the rating agencies and the rating categories can be found under **creditor relations.**

AGENCY RATINGS AS OF DECEMBER 31, 2023

FITCH RATINGS

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

+ Rating factors

- Company size and geographic diversification
- Broad portfolio of services and customers
- Market leadership
- Balanced business risk profile between the parcel and express segments, which are growing due to online retail, contract logistics business and the cyclical freight forwarding business
- Solid credit metrics and liquidity

– Rating factors

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

MOODY'S INVESTORS SERVICE

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

+ Rating factors

- Strong business profile and large scale, supported by the company's global leadership positions in express and logistics services, and its large German mail business
- Support related to its government-related issuer (GRI) status because of the German government's 21% indirect ownership of the company and the importance of the company's services to the German economy
- Solid financial profile

– Rating factors

- Muted economic conditions, which impair volumes
- Challenges in the company's domestic postal division stemming from the structural decline in the traditional mail business and wage cost inflation
- Exposure to highly competitive mature markets and volatile market conditions in the logistics business
- Increasing capital spending, which hampers cash generation

Liquidity and sources of funds

As of the reporting date, the Group reported centrally available liquidity in the amount of €1.3 billion (previous year: €2.0 billion), which is comprised of cash and cash equivalents as well as current financial assets. Due to our solid liquidity situation, the syndicated credit line in the amount of €2 billion was not drawn. In addition, unused bilateral credit lines totaling €1.6 billion were available to the Group as of the reporting date. The following table gives a breakdown of the financial liabilities reported in the balance sheet. Further information on available liquidity and financial liabilities can be found in **note 43.1 and 39 to the consolidated financial statements.**

FINANCIAL LIABILITIES

€m	2022[1]	2023
Lease liabilities	13,514	14,080
Bonds	6,180	6,189
Amounts due to banks	530	560
Promissory note loans	100	0
Derivatives	134	116
Other financial liabilities	1,708	1,773
	22,166	**22,718**

1 Prior-year figures adjusted.

Capital expenditure for assets acquired below prior-year level

Investments in property, plant and equipment and intangible assets acquired (excluding goodwill) amounted to €3,370 million in the year under review (previous year: €4,123 million). Please refer to **note 10, 22 and 23 to the consolidated financial statements** for a breakdown of capex into asset classes and regions.

CAPEX AND DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES, FULL YEAR

	Express		Global Forwarding, Freight		Supply Chain		eCommerce		Post & Parcel Germany		Group Functions		Consolidation[1]		Group	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Capex (€m) relating to acquired assets	1,528	1,119	159	188	504	485	431	451	1,043	782	459	345	–1	0	**4,123**	**3,370**
Capex (€m) relating to leased assets	1,860	1,276	281	293	900	862	135	212	27	13	536	683	0	0	**3,739**	**3,339**
Total (€m)	**3,388**	**2,395**	**440**	**481**	**1,404**	**1,347**	**566**	**663**	**1,070**	**795**	**995**	**1,028**	**–1**	**0**	**7,862**	**6,709**
Depreciation, amortization and impairment losses (€m)	1,690	1,784	318	335	859	963	198	223	354	372	758	800	0	0	**4,177**	**4,477**
Ratio of total capex to depreciation, amortization and impairment losses	2.00	1.34	1.38	1.44	1.63	1.40	2.86	2.97	3.02	2.14	1.31	1.29	–	–	**1.88**	**1.50**

1 Including rounding.

CAPEX AND DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES, Q4

	Express		Global Forwarding, Freight		Supply Chain		eCommerce		Post & Parcel Germany		Group Functions		Consolidation[1]		Group	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Capex (€m) relating to acquired assets	825	423	59	65	155	141	213	161	375	354	178	77	–2	1	1,803	**1,222**
Capex (€m) relating to leased assets	470	430	91	115	237	285	41	65	6	4	166	169	1	0	1,012	**1,068**
Total (€m)	**1,295**	**853**	**150**	**180**	**392**	**426**	**254**	**226**	**381**	**358**	**344**	**246**	**–1**	**1**	**2,815**	**2,290**
Depreciation, amortization and impairment losses (€m)	428	482	84	90	232	257	52	61	97	107	199	207	0	0	1,092	**1,204**
Ratio of total capex to depreciation, amortization and impairment losses	3.03	1.77	1.79	2.00	1.69	1.66	4.88	3.70	3.93	3.35	1.73	1.19	–	–	2.58	**1.90**

1 Including rounding.

As before, investments in the Express division related to buildings and technical equipment. Continuous maintenance and renewal of our intercontinental air fleet represented an additional focus of investment spending. Some of these investments were attributable to rights of use. In the Global Forwarding, Freight division, we invested in warehouses, office buildings and IT. In the Supply Chain division, the majority of funds were invested to support customer implementations in all regions, above all in the

Americas, EMEA and Asia Pacific regions. In the eCommerce division, most of the investments were attributable to network expansion in the Netherlands, the United States, Poland and the United Kingdom. In the Post & Parcel Germany division, the largest capex portion was attributable to the expansion of our infrastructure. The acquisition and development of property were continued in the year under review. An additional key focus was expanding Pack- and Poststations. At Group Functions, investments in the reporting year were mainly in the vehicle fleet and IT solutions.

Decline in net cash from operating activities

Net cash from operating activities fell from €10,965 million to €9,258 million. All noncash income and expenses, including the income from the increase in the shareholding in DHL Logistics, were eliminated based upon EBIT, which at €6,345 million was down substantially on the prior-year figure. The lower EBIT was partially compensated for by the higher cash inflow from the change in the working capital. The cash inflow was €536 million in the year under review, compared with an inflow of €215 million in the previous year. Income taxes paid declined by €157 million to €1,625 million.

Net cash used in investing activities decreased from €3,179 million to €2,181 million. In the previous year, this was primarily shaped by the purchase price payment for the acquisition of the Hillebrand Group in the net amount of €1,379 million. Cash paid to acquire property, plant and equipment and intangible assets fell from €3,912 million to €3,381 million and related primarily to the expansion and renewal of our air fleet as well as network infrastructure. The cash inflow from the change in current financial assets decreased from €1,664 million to €963 million. In the previous year, we sold money market funds to enable the purchase of subsidiaries and other business units in the amount of €1,613 million, in addition to the payment of the dividend.

Free cash flow fell from €3,067 million to €2,942 million. In the previous year, this figure was significantly characterized by the purchase price payment for Hillebrand. Excluding the payments for acquisitions and divestitures, it decreased by €1,284 million.

CALCULATION OF FREE CASH FLOW

€m	2022	2023	Q4 2022	Q4 2023
Net cash from operating activities	**10,965**	**9,258**	**3,090**	**2,480**
Sale of property, plant and equipment and intangible assets	112	153	36	48
Acquisition of property, plant and equipment and intangible assets	–3,912	–3,381	–1,507	–933
Cash outflow from change in property, plant and equipment and intangible assets	**–3,800**	**–3,228**	**–1,471**	**–885**
Disposals of subsidiaries and other business units	69	–1	0	–1
Disposals of investments accounted for using the equity method and other investments	4	78	0	48
Acquisition of subsidiaries and other business units	–1,613	–424	–99	–423
Acquisition of investments accounted for using the equity method and other investments	0	–34	0	–13
Cash outflow from acquisitions/divestitures	**–1,540**	**–381**	**–99**	**–389**
Proceeds from lease receivables	179	195	45	49
Interest from lease receivables	21	29	6	8
Repayment of lease liabilities	–2,283	–2,445	–631	–631
Interest on lease liabilities	–452	–540	–123	–152
Cash outflow for leases	**–2,535**	**–2,761**	**–703**	**–726**
Interest received (without leasing)	159	224	46	49
Interest paid (without leasing)	–182	–170	–81	–94
Net interest paid/received	**–23**	**54**	**–35**	**–45**
Free cash flow	**3,067**	**2,942**	**782**	**435**

Net cash used in financing activities decreased from €7,411 million to €6,898 million. The placement of the sustainability-linked bond is reflected in the assumption of noncurrent financial liabilities in the amount of €501 million. Despite an increased dividend per share, the dividend distribution of €2,205 million remained unchanged year over year due to the share buyback program. Payments for the acquisition of treasury shares in the amount of €986 million (previous year: €1,099 million) were incurred in particular from the current share buyback program. Cash and cash equivalents fell from €3,790 million as of December 31, 2022, to €3,649 million.

Net assets

SELECTED INDICATORS FOR NET ASSETS

		Dec. 31, 2022	Dec. 31, 2023
Equity ratio[1]	%	34.6	34.3
Net debt	€m	15,856	17,739
Net interest cover		18.6	13.9
Net gearing	%	40.1	43.7

1 Prior-year figure adjusted.

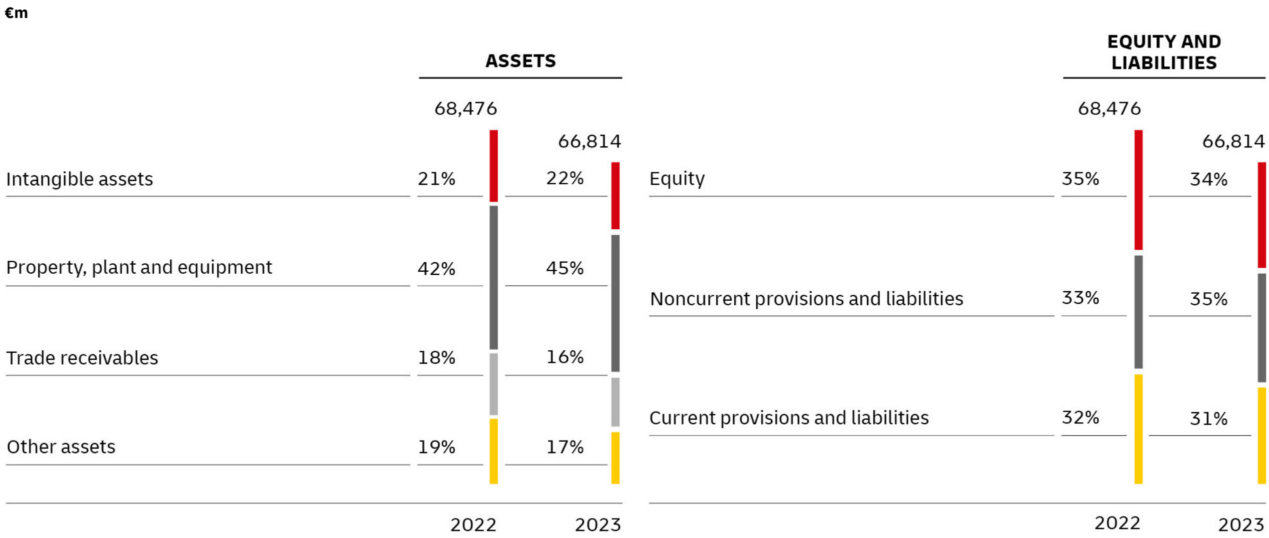
Decrease in consolidated total assets

The Group's total assets amounted to €66,814 million as of December 31, 2023, and were thus €1,662 million lower than on December 31, 2022 (€68,476 million).

Intangible assets rose from €14,121 million to €14,567 million. In particular, the acquisition of MNG Kargo and the shareholding increase in DHL Logistics caused an increase in goodwill. Property, plant and equipment grew from €28,688 million to €29,958 million, as investments exceeded disposals, depreciation, amortization and impairment losses and negative currency effects. Current financial assets dropped considerably from €1,799 million to €833 million, due mainly to the liquidation of short-term investments. Trade receivables decreased by €1,716 million to €10,537 million. Other current assets declined from €3,107 million to €2,415 million, primarily because prepaid expenses for transport costs fell.

At €22,477 million, equity attributable to Deutsche Post AG shareholders was lower than on December 31, 2022 (€23,236 million). The consolidated net profit for the period increased this figure, while the dividend distribution, currency effects, share buybacks and the remeasurement of pension obligations decreased it. In particular, remeasurements resulted in a significant increase of €583 million in provisions for pensions and similar obligations to €2,519 million. Financial liabilities increased from €22,166 million to €22,718 million, primarily because lease liabilities increased on account of investments. Trade payables declined from €9,933 million to €8,479 million. Also, because tax liabilities fell, other current liabilities decreased by €652 million to €5,536 million.

BALANCE SHEET STRUCTURE OF THE GROUP AS OF DECEMBER 31[1]



1 Prior-year figures adjusted, **note 4 to the consolidated financial statements.**

Higher net debt

Our net debt increased from €15,856 million as of December 31, 2022, to €17,739 million as of December 31, 2023. At 34.3%, the equity ratio was in line with the figure as of December 31, 2022 (34.6%). The net interest cover ratio indicates the extent to which net interest expenses are covered by EBIT. At 13.9, it was considerably below the prior-year level (18.6). Net gearing expresses the ratio of net debt to the total of equity and net debt. This figure was 43.7% as of December 31, 2023.

NET DEBT

€m	Dec. 31, 2022	Dec. 31, 2023
Noncurrent financial liabilities	17,616	17,882
+ Current financial liabilities	3,486	3,897
= Financial liabilities[1]	**21,102**	**21,779**
– Cash and cash equivalents	3,790	3,649
– Current financial assets[1]	1,355	364
– Positive fair value of noncurrent derivatives[2]	101	27
= Financial assets	**5,246**	**4,040**
Net debt	**15,856**	**17,739**

1 Less operating financial liabilities and/or operating financial assets.
2 Recognized in noncurrent financial assets in the balance sheet.

DEUTSCHE POST AG (HGB)

Deutsche Post AG as parent company

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

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

There are no separate performance indicators relevant for management purposes that are applicable to the parent company Deutsche Post AG. For this reason, the following presentation focuses in particular on the annual results under the HGB.

Employees

The number of full-time equivalents at Deutsche Post AG as of the reporting date was 159,265 (previous year: 161,772).

Results of operations

Revenue rose by a total of €416 million (2.6%) year over year.

Revenue from the German letter mail business was €7,193 million in the year under review and thus 4.6% below the prior-year level of €7,537 million. Of this revenue, €4,569 million (previous year: €4,861 million) was attributable to Mail Communication, €1,653 million (previous year: €1,711 million) to Dialogue Marketing and €971 million (previous year: €965 million) to other services. Revenue in the German parcel business in the reporting year was €6,452 million, exceeding the prior-year figure of €5,820 million by 10.9%. This is primarily attributable to higher intra-Group remuneration. Revenue of €2,153 million (previous year: €2,049 million) was reported for our International business unit in the reporting period. Other revenue amounted to €750 million (previous year: €726 million) and included mainly income from service level agreements, rental agreements and leases and reimbursements for employee leasing.

INCOME STATEMENT FOR DEUTSCHE POST AG (HGB) – JANUARY 1 TO DECEMBER 31

€m	2022	2023
Revenue	16,132	16,548
Other own work capitalized	96	101
Other operating income	1,265	1,034
	17,493	**17,683**
Material expense	–5,887	–5,988
Staff costs	–8,740	–9,090
Amortization of intangible assets and depreciation of property, plant and equipment	–338	–352
Other operating expenses	–2,636	–2,528
	–17,601	**–17,958**
Financial result	**3,078**	**3,403**
Taxes on income	**–369**	**–342**
Result after tax/Net profit for the period	**2,601**	**2,786**
Retained profits brought forward from previous year	**8,034**	**6,430**
Net retained profit	**10,635**	**9,216**

Other operating income registered a year-over-year decrease of €231 million, or 18.3%, driven mainly by lower income from currency translation (€176 million lower) and lower income from the reversal of provisions (€67 million lower).

Due to higher costs on account of inflation, material expense rose by €101 million on account of an increase in the cost of transport services for letters and parcels as well as an increase for leases and rents.

Staff costs were up by €350 million. In the year under review, inflation compensation payments in the amount of €387 million were made.

The decrease in other operating expenses by €108 million stemmed mainly from lower expenses from currency translation (€165 million).

The financial result in the amount of €3,403 million mainly comprises net investment income of €2,864 million (previous year: €3,739 million) and a net interest income of €541 million (previous year: expense of €657 million). The change in net investment income is due to the €874 million decrease in income from profit transfer agreements attributable to Deutsche Post Beteiligungen Holding GmbH, whose earnings were the result of higher intra-Group interest expenses and lower income from investments. Income from the discounting of provisions and higher intra-Group interest income due to increased interest rates in the market environment led to the improvement in net interest income of Deutsche Post AG.

After accounting for taxes on income of €–342 million, net profit for the period totaled €2,786 million. Including retained profits carried forward, net retained profit for the period amounted to €9,216 million.

Net assets and financial position

Total assets down

Total assets declined to €45,425 million as of the reporting date.

Fixed assets increased from €17,882 million to €18,103 million. Investments in property, plant and equipment totaled €526 million (previous year: €828 million) and related to land and buildings (€178 million), technical equipment (€164 million), other equipment and operating and office equipment (€65 million), as well as assets under development (€119 million). Investments were made mainly in mail and parcel centers, conveyor and sorting systems, Pack- and Poststations and real estate for network expansion. Noncurrent financial assets were down by €68 million, due primarily to lower loans to affiliated companies.

BALANCE SHEET OF DEUTSCHE POST AG (HGB) AS OF DECEMBER 31

€m	2022	2023
ASSETS		
Intangible assets	281	337
Property, plant and equipment	4,409	4,642
Noncurrent financial assets	13,192	13,124
Fixed assets	**17,882**	**18,103**
Inventories	88	94
Receivables and other assets	26,436	25,556
Cash and cash equivalents	2,026	1,281
Current assets	**28,550**	**26,931**
Prepaid expenses	**303**	**391**
TOTAL ASSETS	**46,735**	**45,425**
EQUITY AND LIABILITIES		
Subscribed capital	1,239	1,239
Treasury shares	–40	–58
Issued capital	1,199	1,181
(Contingent capital: €159 million)		
Capital reserves	4,679	4,682
Earnings reserves	2,711	3,954
Net retained profit	10,635	9,216
Equity	**19,224**	**19,033**
Provisions	**5,867**	**6,005**
Liabilities	**21,510**	**20,195**
Deferred income	**134**	**192**
TOTAL EQUITY AND LIABILITIES	**46,735**	**45,425**

Current assets fell by €1,619 million, with receivables from affiliated companies decreasing by €1,032 million, mainly as a result of the decline in short-term loans (€199 million) and the lower receivables from profit transfer agreements (€874 million). Cash and cash equivalents decreased by €745 million, due primarily to money market investments being €1,104 million lower.

Equity was down from €19,224 million in the previous year to €19,033 million. Net profit for 2023 of €2,786 million exceeded the dividend paid to shareholders of €2,205 million in 2023. Earnings reserves rose by €1,243 million, in particular due to the transfer of €2,000 million to earnings reserves and the issue of shares primarily for executive remuneration plans in the amount of €209 million. The decline of €966 million in earnings reserves had the opposite effect and was due to the offsetting of share buybacks. The equity ratio increased slightly from 41.1% to 41.9%. For the disclosures pursuant to Section 160(1), no. 2, of the Aktiengesetz (German Stock Corporation Act), please refer to notes 26 and 27 to the financial statements of Deutsche Post AG, as well as appendix 5, for the 2023 fiscal year.

Provisions were up by €138 million in the reporting period. Provisions for pensions and similar obligations decreased by €179 million due to discounting effects from the higher overall interest rates and higher fair values of the plan assets. The change in provisions for taxes of €266 million is primarily attributable to the increase in provisions for income taxes (€262 million).

Liabilities decreased by €1,315 million to €20,195 million. The liabilities arising from bonds remain unchanged. Liabilities to banks declined by €96 million. Trade payables decreased by €115 million, liabilities to investees by €62 million and other liabilities by €107 million. The decrease in liabilities to affiliated companies amounting to €935 million resulted largely from intra-Group cash management.

Decline in cash funds

Deutsche Post AG's cash funds fell by €745 million to €1,281 million in the 2023 fiscal year.

Decrease in debt

Deutsche Post AG's debt (provisions and liabilities) fell by €1,177 million to €26,200 million compared with the previous year. The decrease was due chiefly to a decrease in liabilities to affiliated companies (€935 million).

Expected developments, opportunities and risks

The international strategy and associated performance forecast of DHL Group also reflect the expectations for Deutsche Post AG as the parent company. Since Deutsche Post AG is interconnected with the companies of DHL Group through arrangements, including financing and guarantee commitments and direct and indirect investments in its investees, Deutsche Post AG's opportunities and risks fundamentally align with those of the Group. The section titled **expected developments, opportunities and risks** therefore also covers expected developments, opportunities and risks with respect to Deutsche Post AG as the parent company. The Post & Parcel Germany division reflects Deutsche Post AG's core business in material respects. The subsidiaries have an indirect influence on Deutsche Post AG through net investment income from profit transfer agreements. Earnings development in 2023 corresponded with the forecast from the previous year and enables the planned dividend distribution in 2024 from the net profit for 2023.

In addition to its own operations, the subsidiaries' future operating results influence the future results of Deutsche Post AG. The HGB financial statements are material to calculating the dividend. Without one-off effects from the financial result, we anticipate for the 2024 fiscal year a result for Deutsche Post AG at the level of the previous year, which should enable a dividend payment compatible with our financial strategy.

NONFINANCIAL STATEMENT

pursuant to Sections 289b to 289e and 315b, 315c in conjunction with 289c to 289e HGB with respect to Deutsche Post AG and DHL Group.

General information

Report boundary and framework

All disclosures in the nonfinancial statement relate to the **entire consolidated group** of the company, as used as the basis for the consolidated financial statements. Any deviations from this rule are indicated accordingly. The report contents and the material topics are guided by the GRI Standards (core option) as a framework, supplemented by HGB requirements. The performance indicators used for managing the Group were determined in accordance with the HGB and German Accounting Standard 20 was applied. We illustrate the definition of the performance indicators in the **steering metrics** chapter. The nonfinancial statement also includes information aimed at facilitating sustainable investment (EU Taxonomy). In the interest of avoiding repetition, we refer to other sections of the management report for reporting on mandatory disclosures, provided that they already are explained in greater detail there. Information regarding employees applies to all of the Group's staff; exceptions are noted as such.

Report contents and material topics

Six topics were derived from the materiality analysis for 2021 (pursuant to GRI Standards core option and HGB) that our business has a material influence on and that, conversely, can affect our business: climate and environmental protection, employee engagement, diversity and inclusion, occupational health and safety, compliance and cybersecurity. These topics also form the foundation for our ESG Roadmap. The Board of Management and the Supervisory Board reviewed and confirmed the direction for the 2023 fiscal year.

CONTENTS OF THE NONFINANCIAL STATEMENT (COMBINED)[1]

HGB aspects	Concepts	Performance indicators, further measures[2]		Target 2023	Result	Target 2024[2]
General information **Business model**	Global logistics company	–		–	–	–
Environment **Environmental matters**	Climate and environmental protection: Avoiding GHG emissions	Logistics-related GHG emissions[3]	Mt CO_2e[10]	39	33.27	34.9
		Realized Decarbonization Effects[3, 4]	Mt CO_2e[10]	1.3	1.3	1.5
Social **Employee matters**	Maintain employee engagement and motivation at a high level	Employee Engagement[3, 4, 5]	%	>80	83	>80
	Fill management positions with women	Share of women in middle and upper Management[3]	%	27.7	27.2	28.8
	Ensure health at work, avoid accidents	Lost time injury frequency rate (LTIFR) per 200,000 working hours[3, 6]	Ratio	3.5	3.1	3.3
Social responsibility **Social matters**	Employee pride in contribution to society	Approval rate in the annual survey of employees	%	–	78	–
Corporate governance **Anti-corruption and bribery matters**	Compliance with laws, principles and policies	Share of valid compliance training certificates[3, 7]	%	98	98.6	98
Respect for human rights	Carry out internal audits with regard to human rights	Internal audits	Number	–	53	–
	Implement human rights in the workforce	Carry out on-site reviews	Countries	–	10	–
		Share of valid training certificates in middle and upper management	%	–	99.5	–
	Implement standards in the supply chain	Supplier spend covered by an accepted Supplier Code of Conduct	€ billion	–	>35	–
		Potential high-risk suppliers assessed	Number	–	>4,000	–
Company-specific **Cybersecurity**	Guarantee IT systems and data security	Cybersecurity rating[3, 4]	Points	690[8]	750	690
Voluntary disclosures **Taxes**	Avoid corporate structures for tax optimization	–	€m	–	5,274[9]	–

1 Reporting pursuant to Sections 289b to 289e and 315b, 315c in conjunction with 289c to 289e HGB.
2 Performance indicators are steering-relevant and are assigned target values (pursuant to Sections 289b to 289e and 315b, 315c in conjunction with 289c to 289e HGB).
3 Performance indicator, steering-relevant in the reporting period.
4 Remuneration-relevant in the reporting period.
5 Represents the aggregated and weighted results of five statements in the annual Group-wide survey of employees.
6 Work-related accidents resulting in at least one working day of absence following the day of the accident.
7 Middle and upper management.
8 In line with changes to the rating agency's method, we adjusted our target from 710 to 690 points.
9 Income taxes paid, other business taxes, employer social security contributions.
10 Mt CO_2e = million metric tons of CO_2e.

REPORTING ON THE FACILITATION OF SUSTAINABLE INVESTMENTS (EU TAXONOMY)[1]

%	2022	2023
Taxonomy-eligible shares		
Revenue	53	65
Capital expenditure (capex)	63	91
Operating expenditure (opex)	58	82
Taxonomy-aligned shares		
Revenue	12	15
Capital expenditure (capex)	25	30
Operating expenditure (opex)	11	15

1 Pursuant to Article 8 of Regulation 2020/852 of the European Parliament and of the Council as well as Delegated Regulations 2021/2178 and 2023/2486 of the European Commission.

Sustainability anchored in strategy and remuneration

For us, sustainability and sustainable business practices are above all an opportunity that we recognize as a meaningful factor in differentiating ourselves from the competition, which is also reflected in our purpose of "Connecting people, improving lives." The long-term success of our company is determined by the degree to which we meet the needs of our key stakeholder groups, minimize the environmental impact of our business, act as trustworthy business partners and increase our contributions to society.

With our **ESG Roadmap**, we have geared our climate and environmental protection activities (**e**nvironment) more toward decarbonization to minimize our environmental footprint. The strategic approaches toward social responsibility (**s**ocial) and corporate governance (**g**overnance) were more clearly defined with the objective of providing a safe and motivating working environment and ensuring transparent, legally compliant business practices throughout the Group. In this way, we also take our potential for opportunities and risks into account within the context of sustainability.

Sustainability is factored into the annual bonus of Board of Management members in the form of the three ESG performance indicators Realized Decarbonization Effects, Employee Engagement and cybersecurity rating, each of which is weighted at 10%. The details are provided in a separate statutory **remuneration report.** In the year under review, these ESG performance indicators were also included in the annual bonus calculation for executives in upper management.

Supporting sustainability initiatives

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

In addition, we take part in various **sustainability initiatives**, for example to promote the development of sustainable fuels and technologies, and are working with our transport partners on reducing fuel consumption and the emission of greenhouse gases (GHG). In addition, we are involved in committees of the EFRAG and the International Sustainability Standards Board to develop European and global reporting standards for sustainability. In the year under review, DHL Group became a member of Transparency International Germany.

Guidelines define implementation of ESG standards throughout the Group

We conduct our business in accordance with applicable law and pursuant to our own ESG standards. DHL Group signed the UN Global Compact in 2006. The ten principles of this compact – as well as the principles of the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work and the principle of social partnership – are anchored in the Group through our Code of Conduct for Employees and our Human Rights Policy Statement; additional internal guidelines provide further specificity on these principles.

We provide for compliance with our ethical, social and environmental values in the supply chain by means of our Code of Conduct for Suppliers (Supplier Code of Conduct). The Supplier Code of Conduct is a binding component of the Group's relationships with our suppliers, including subcontractors. By signing, they commit to complying with our standards and implementing them in their own supply chains.

Our Code of Conduct, along with the internal policy on anti-corruption and standards for business ethics derived from it, provides all employees and managers with clear rules and standards for complying with laws and regulations while contributing to the success of the Group within the scope of their jobs and responsibilities. All our employees, but in particular our managers, play a key role when it comes to implementing our values and objectives, so we have made the Code of Conduct an integral component of their employment contracts.

The codes of conduct and the Group guidelines are reviewed annually to ensure that they are complete and up to date.

Steering and planning

Our performance indicators, key figures and targets are completely integrated in our financial systems and reporting and planning processes, as well as in the internal control system and the opportunity and risk management process. The development of actual versus planned performance indicators is presented to the Board of Management along with financial KPIs and discussed monthly; the Employee Engagement performance indicator is determined and discussed once per year. Approaches to solutions are discussed and resolved in the event of deviations from plan; in the year under review, the focus in this regard was on managing the procurement of sustainable fuels.

Nonfinancial risks

Opportunity and risk management takes place in Group Controlling and covers sustainability-related aspects. Opportunities and risks arising from climate change are assessed using a scenario analysis according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which also takes the provisions of the EU Taxonomy into account. This involves discussing and assessing both transitory and physical **risks stemming from climate change** using various scenarios.

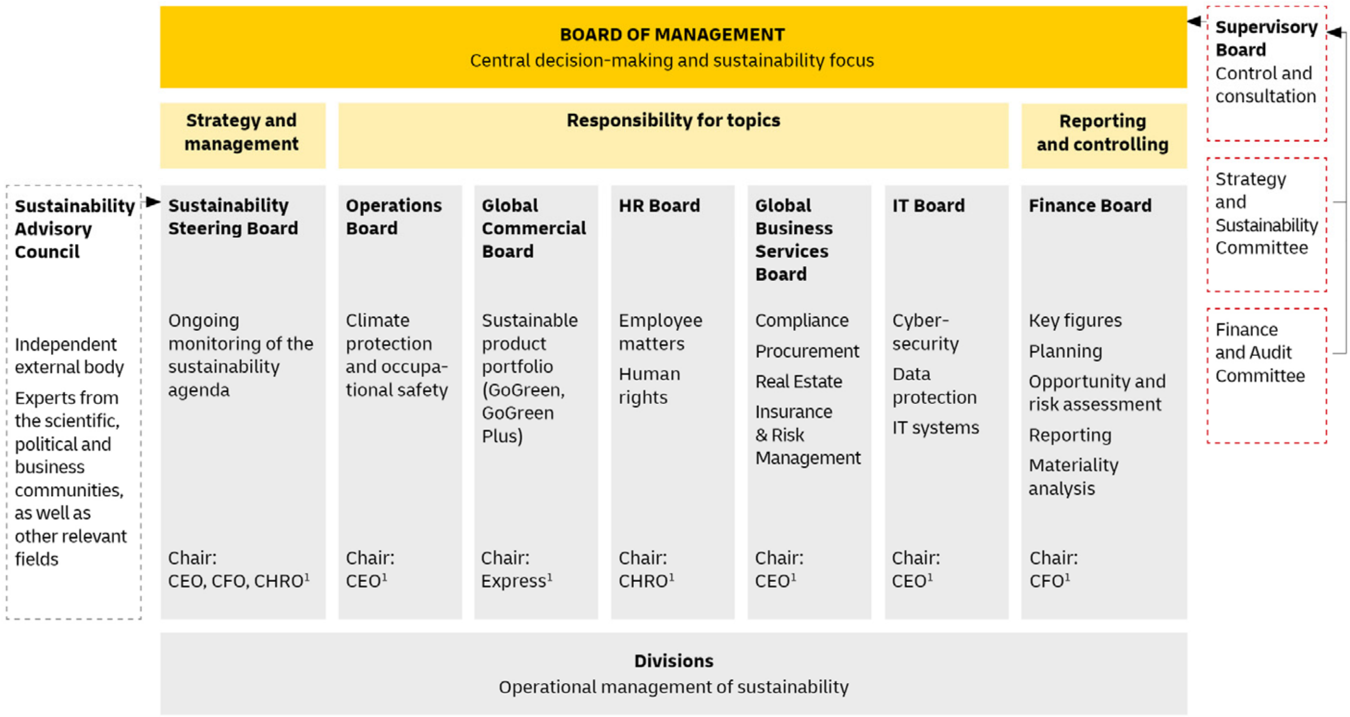
In the reporting period, the **ESG risks** identified in the previous year in the material issues of climate change (risk categories: operational, market- and customer-specific and from regulation) and information technology were confirmed. These risks are assessed as being of medium significance for the Group.

Organization of sustainability

The Board of Management is the central decision-maker on Group-wide sustainability focus, whereas the divisions are responsible for implementation of the measures. The progress achieved is regularly discussed by the **Board of Management**. The ESG topics are also regularly dealt with in the meetings of the Supervisory Board as well as its Strategy and Sustainability Committee and Finance and Audit Committee. The perspective of external stakeholder groups is included through the **Sustainability Advisory Council.**

- Department Chief Executive Officer: Responsible for strategic orientation, stakeholder dialogue and implementation of the ESG programs. The ESG topics are developed further in the Group strategy and regularly reviewed by the Sustainability Steering Board. The Sustainability Steering Board comprises the CEO, the CFO and the Board member for Human Resources, as well as managers from central and divisional functions. As of January 1, 2024, responsibility for the Group-wide cybersecurity standards was shifted from the Department Global Business Services to the Department Chief Executive Officer.
- Department Human Resources: Develops Group-wide concepts for leadership and corporate culture, for the promotion of talents and skills, specifications related to HR processes and services as well as for maintaining relationships with the employee representatives and for respecting human rights in our workforce.
- Department Finance: Responsible for ESG reporting and controlling, opportunity and risk assessment, integration of the internal control system and the financial systems, compliance management and data protection. In the year under review, responsibility for the materiality analysis was moved from the Department Chief Executive Officer to the Department Finance.
- Department Global Business Services: Among other topics, responsible for determining the Group-wide standards for sustainable procurement and the process for selecting suppliers, as well as the specifications for Insurance & Risk Management and Corporate Real Estate.

SIGNIFICANT DECISION-MAKING BODIES FOR SUSTAINABILITY



1 CEO = Chief Executive Officer, Board of Management members responsible for Finance (CFO), HR (CHRO), Express.

Focus areas in the reporting period

In June 2023, the first sustainability-linked bond was placed with an issue volume of €500 million and a term through 2033. The interest rate of the bond is linked to our medium-term target of significantly reducing GHG emissions by 2030.

The focus throughout the year was on the interpretation and application of the European Union's (EU) new requirements of sustainability reporting that have to be applied starting in the 2024 fiscal year. The materiality analysis was conceptualized and carried out in consideration of the new requirements of materiality. As part of this, the effects, risks and opportunities were evaluated during internal expert meetings and in-depth assessments were carried out. This also included a comprehensive location-based analysis of aspects related to biodiversity. The results were discussed with internal as well as external stakeholders. According to our current assessment, we classify the ESRS topics of climate protection, own workforce, workers in the value chain and business conduct, as well as cybersecurity as a company-specific topic, as material. In addition, ESG metrics, responsibilities and internal collection and reporting systems were reviewed for necessary adjustments or expansions; moreover, the additional requirements of the EU Taxonomy were implemented.

Environment

Climate protection in the focus of our operations

The main environmental impact of our business activities is caused by logistics-related greenhouse gases (GHG), which contribute to climate change. The EU also classifies the transport sector as energy-intensive **(high climate impact sector)**. Within the framework of our ESG Roadmap, we have defined measures and ambitious targets to minimize these effects, to realize opportunities and to avoid risks.

Medium-term target: We have set ourselves a target of reducing our logistics-related GHG emissions to below 29 million metric tons of CO_2e by the year 2030. In addition to our own GHG emissions in Scope 1 and Scope 2, we also include the Scope 3 emissions from upstream transportation and distribution (category 4), fuel- and energy-related activities (category 3) and business travel (category 6) in this target.

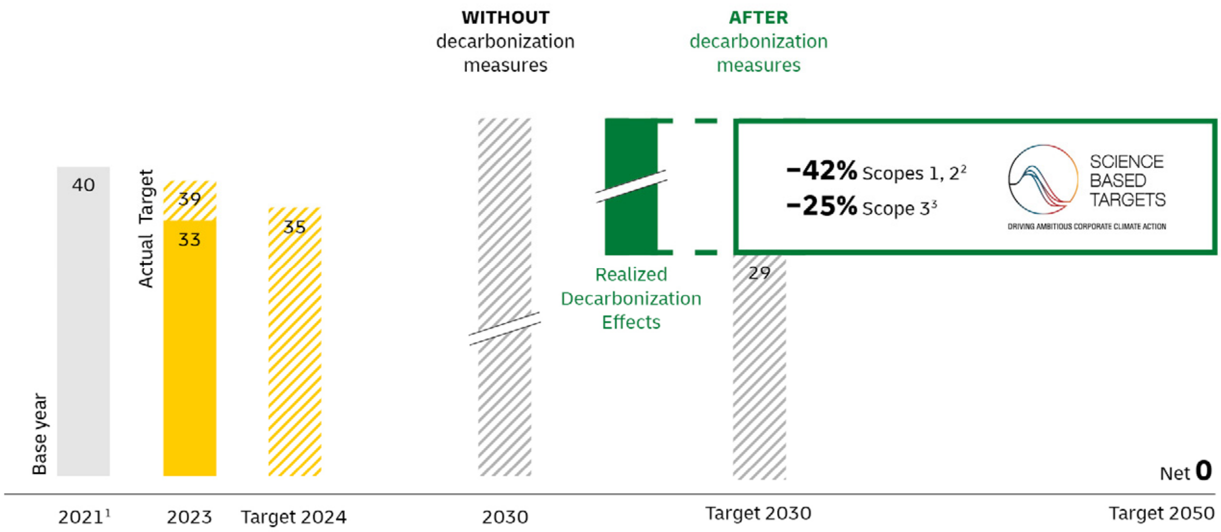
This target was developed based on the requirements of the Science Based Targets initiative (SBTi) and supports global efforts to limit global warming in accordance with the Paris Agreement of the United Nations. The SBTi verified the following subtargets in this regard and assessed them as aligned with limiting global warming to 1.5 degrees Celsius: using 2021 as the base year, DHL Group has committed to reducing its direct net GHG emissions from the use of fuels and the indirect emissions from purchased energy (Scopes 1 and 2) by 42% by the year 2030. Logistics-related Scope 3 emissions from fuel- and energy-related activities, upstream transportation and distribution and business travel are to be reduced by 25% by 2030. The interest rate of our first sustainability-linked bond is linked to these subtargets.

The use of sustainable fuels is a significant focus of our climate protection activities. The reduction effects generated through these measures offer us the opportunity to implement climate protection directly in the transport sector and in our supply chain in a targeted manner. As part of this, fossil fuels are replaced by either the direct use of certified sustainable fuels or the documented use thereof (book and claim). This makes a positive impact on our target calculation. To calculate the market-based effects, we use the guidelines of the Voluntary Market Based Measures Framework for Logistics Emissions Accounting and Reporting published by the Smart Freight Centre.

Long-term target: We want to reduce the GHG emissions of our logistics services to net zero by 2050. That means we will use active reduction measures to reduce these emissions (Scopes 1, 2 and 3) down to an unavoidable minimum, which is to be fully compensated for with recognized countermeasures (excluding offsetting).

DECARBONIZATION TARGETS

Million metric tons of CO_2e



1 Includes the effect from the acquisition of the Hillebrand Group in the 2022 fiscal year, recognized starting in the **2022 Annual Report.**
2 Market-based method.
3 Includes the Scope 3 categories 4 (upstream transportation and distribution), 3 (fuel- and energy-related activities) and 6 (business travel).

Implementing climate objectives

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

The central climate protection activities are developed in the Department Chief Executive Officer and Group guidelines are adapted accordingly or drafted and implemented throughout the Group. The Department Finance collects environmental data, monitors progress toward goals, assesses opportunities and risks and carries out internal and external reporting, embedded in the internal control system.

Our orientation with regard to climate and environmental protection is set out in Group policies: in the Code of Conduct and the Supplier Code of Conduct, in the Environmental and Energy Policy and the internal policies for sustainable fuels and procurement processes. In the year under review, the Environmental and Energy Policy was completely revised and adapted in line with the ESG Roadmap.

In addition, together with our subcontractors, we work as part of a wide range of initiatives to develop sustainable fuels and technologies in order to reduce fuel consumption and lower GHG emissions. This also enables us to procure the consumption and emissions data necessary for subcontractor management. The Clean Cargo Initiative of the global shipping industry and our internal **Green Carrier Certification** for road freight are examples of this.

Risks arising from climate change

Opportunities and risks arising from climate change were assessed using a scenario analysis according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This involved applying the Representative Concentration Pathways (RCPs) of the Intergovernmental Panel on Climate Change including average warming of the planet by less than 2, more than 2 or more than 4 degrees Celsius through the year 2100 to assess physical risks that could result from a rise in ocean levels, for instance. For transitory risks, we used the sustainable development scenario of the International Energy Agency.

Together with the respective Board of Management members responsible for the divisions, as part of the financial and nonfinancial **risk assessment**, we also analyzed and evaluated the possible effects of climate change on our business models, strategy and operational business as well as our mission of achieving net zero GHG emissions by 2050. Moreover, the assessment of locations with increased physical risk was confirmed.

This results mainly in transitory risks for the Group, particularly with regard to GHG emissions: operational limitations due to stricter regulation (carbon taxes and levies) as well as the lack of availability of sustainable fuels for air transport (sustainable aviation fuels) and energy from renewable sources.

Progress in decarbonization

The management of our measures is focused on the development of net logistics-related GHG emissions (GHG emissions) and the GHG emissions avoided by the company's own decarbonization measures. Our calculation for this includes the entire process chain for generating and supplying energy for transport with the Scope 3 categories 4 (upstream transportation distribution), 3 (fuel- and energy-related activities) and 6 (business travel) of the GHG Protocol (well-to-wheel). The other Scope 3 categories not directly related to logistics are not taken into account as part of our medium-term target.

The calculation of Scope 1 GHG emissions takes the use of sustainable fuels into consideration on the basis of amounts purchased. For calculating Scope 3 emissions, we use an activity-based calculation model that also accounts for fuel amounts and reduction measures documented by transport companies. In the Scope 1 and 3 GHG emissions, reduction effects from market-based processes are also included that represent a substitution of fossil fuels – without direct physical procurement of the fuels – documented by means of certificates (book and claim).

The GHG emissions are the result of the modes of transport and are broken down as follows: 68% air, 24% land and 7% ocean (previous year: 69% air, 22% land and 8% ocean); buildings still contribute 1%. In the year under review, GHG emissions fell by 9.1% to 33.27 million metric tons of CO_2e. The Scope 1 net and Scope 2 (market-based method) GHG emissions decreased by 0.8% to 8.30 million metric tons of CO_2e; the net Scope 3 emissions decreased by 11.5% to 24.97 million metric tons of CO_2e.

The decrease in GHG emissions is primarily influenced by the declining development of shipment volumes. Realized Decarbonization Effects from our measures of 1.3 million metric tons of CO_2e (previous year: 1 million metric tons of CO_2e) made a reduction contribution, meaning we achieved our target for the year under review. As part of this, the use of electricity from renewable sources, the electrification of our pickup and delivery fleet and fueling with sustainable fuels and/or the voluntary blending in the distribution networks used had an emissions-reducing effect.

An additional reduction of 128 metric kilotons of CO_2e results from the statutorily mandated blending of biofuels (previous year adjusted: 140 metric kilotons of CO_2e) that is not included in our Realized Decarbonization Effects. The burning of biomass (biological material made up of carbon, hydrogen and oxygen) resulted in emissions in the amount of 787 metric kilotons of CO_2e (previous year: 538 metric kilotons of CO_2e) that are not attributable to Scopes 1, 2 and 3 under the GHG Protocol. In the year under review, GHG intensity was 407 grams of CO_2e per € of revenue (previous year adjusted: 387 grams of CO_2e per € of revenue).

GHG EMISSIONS[1]

Million metric tons of CO_2e	2022 adjusted	2023	+/–%
Total logistics-related net GHG emissions	**36.59**	**33.27**	**–9.1**
Scope 1 net	**8.30**	**8.25**	**–0.6**
Scope 1 without market-based measures	8.30	8.26	–0.5
of which air transport	6.91	6.97	0.9
road transport	1.13	1.05	–7.1
buildings	0.26	0.24	–7.7
Reduction through market-based measures	> –0.01	–0.01	0.0
Scope 2 (market-based method)	**0.07**	**0.05**	**–28.6**
of which electricity (road transport and buildings)	0.04	0.02	–50.0
district heating and cooling (buildings)	0.03	0.03	0.0
Scope 3 (logistics-related) net	**28.22**	**24.97**	**–11.5**
Scope 3 (logistics-related) without market-based measures	28.27	25.09	–11.2
of which Category 3 – Fuel- and Energy-Related Activities	1.87	1.87	0.0
Category 4 – Upstream Transportation and Distribution	26.33	23.14	–12.1
Category 6 – Business Travel	0.07	0.08	14.3
Reduction through market-based measures	–0.05	–0.12	140.0
For informational purposes			
Scope 2 (location-based method)[2]	0.69	0.67	–2.9
Scope 3 (not logistics-related)[2]	5.91	5.88	–0.5
of which Category 1 – Purchased Goods and Services	3.00	2.78	–7.3
Category 2 – Capital Goods	2.29	2.49	8.7
Category 7 – Employee Commuting	0.62	0.61	–1.6

1 Emissions factors from EN 16258 (kerosene, diesel and other fossil fuels), from the GLEC Framework (fuels from natural gas and biogas) and from the IEA (electricity and district heating) are used to calculate the GHG emissions.
2 Not included in the 2030 targets.

Using sustainable technologies and fuels

The focus of our measures remains mainly on the modes of transport using the most fuel and generating the most emissions, namely air and ocean freight and road transport, and further increasing the electrification of our fleet of pickup and delivery vehicles. We also invest in technologies to design our own new buildings to be climate-neutral. The share of sustainable fuels is to top 30% in air and ocean freight as well as land transport by 2030. In pickups and deliveries, 60% of vehicles used are to be electric vehicles. We want to design all of our new buildings to be climate-neutral.

Sustainable technologies and fuels are often more expensive than conventional technologies and fossil fuels. In the year under review, the additional expenses for decarbonization measures as a result of this increased by 55.6% to €442 million. This enables a reduction of around 1.3 million metric tons of CO_2e (previous year: 1 million metric tons of CO_2e), including 127 metric kilotons of CO_2e from market-based mechanisms. The share of sustainable fuels increased by 1.1 percentage points to 2.8% (previous year: 1.7%). In pickups and deliveries, we increased the share of e-vehicles used in the reporting period to 37.6%; the number of e-vehicles was around 35,200 (previous year: 27,800). We therefore made significant progress toward achieving our goal of reaching a share of 60% by 2030. At 97%, the share of electricity from renewable sources used was well above the level of the previous year (previous year: 94%).

ADDITIONAL EXPENSES FOR DECARBONIZATION

€m	2022	2023	+/–%
Sustainable fuels and technologies	284	442	55.6
of which sustainable fuel	66	135	104.5
of which aviation fuel	53	113	113.2
electrification of the fleet	179	244	36.3
buildings	24	38	58.3
additional measures[1]	15	25	66.7

1 Shifting shipments to rail, biogas trucks, including supply infrastructure, electricity from renewable sources.

We are also driving decarbonization with our portfolio of GoGreen Plus products. We enable our customers to make a conscious decision for sustainable transport solutions or the use of sustainable fuels. We already offer sustainable alternatives for around two-thirds of our classic product range. We also launched the DHL GoGreen Dashboard, a digital reporting platform for our customers that enables them to consolidate their GHG emissions across all modes of transport, with various options for displaying and breaking down the data.

As a supplement to GoGreen Plus, we still offer our customers offsetting products to compensate for their GHG emissions. However, in accordance with the GHG Protocol and for the presentation of the Realized Decarbonization Effects, this offsetting is not taken into account as an emissions reduction for the calculation of our own GHG footprint. In the year under review, **certificates** in the amount of 1.0 million metric tons of CO_2e were retired for the 2022 fiscal year.

Divisions drive decarbonization

Express was able to conclude further delivery contracts for sustainable aircraft fuels. Moreover, the modernization of the aircraft fleet for use on intercontinental and regional routes was continued and the network of partnerships with transport subcontractors was expanded further. Furthermore, Express continued with the expansion of its fleet of e-vehicles.

Global Forwarding, Freight concluded additional partnerships for insetting with sustainable fuels. Our Green Carrier Certification for transport partners creates transparency regarding the sustainability of our subcontractors. Around 1,000 Freight users already receive emissions reports; via myDHLi, we offer Global Forwarding users reports containing real-time data on air and ocean freight. Our customers are thus supported in achieving their own sustainability goals.

Supply Chain is driving the decarbonization of its supply chains with a portfolio of state-of-the-art, sustainable products for carbon-neutral storage, transport and packaging. In the year under review, a guideline for sustainable transports for relevant subsidiaries was introduced that describes the effective use of sustainable drive technologies and fuels in consideration of economic aspects. In addition, the focus was on the further expansion of carbon-neutral warehouses and sustainable transport. Some of our fueling stations in the Great Britain were converted from diesel to HVO (hydrotreated vegetable oil). In Ireland, biogas production is being expanded by partners to enable fueling trucks with sustainably produced gas.

eCommerce continues to focus on the expansion of the fleet of e-vehicles and the increased use of electricity from renewable sources. Delivery and pickup in the Netherlands are being made more climate-friendly through the increased use of HVO.

Post & Parcel Germany continued the expansion of its fleet of e-vehicles. In addition, further measures were tested to make transport between our locations more sustainable. Using gas-powered trucks (sustainably produced compressed natural gas – CNG) for longer transport routes was identified as a solution. Moreover, the portfolio of sustainable products was expanded. The CO_2e Sustainability Report offers business customers additional transparency regarding the GHG emissions caused by the transport of their national goods shipments.

Energy consumption and efficiency

Air freight is the most energy-intensive mode of transport in our business model. With continuous modernization processes in our own fleet and at our locations, we can have a positive impact on our energy consumption. For this reason, we are increasingly shifting transports to our own more efficient fleet and continuing to train the pilots in the use of energy-conserving flight maneuvers.

In the year under review, Group-wide energy consumption (Scopes 1 and 2) increased to 35,056 million kWh, while the use of energy from renewable sources was increased by 35.1% compared with the previous year. The transport sector is among the most energy-intensive sectors, which is why the so-called energy intensity is calculated on the basis of **Group revenue.** In the fiscal year, this figure amounted to 0.43 kWh per € of revenue (previous year: 0.37 kWh per € of revenue).

In the year under review, we were able to once again increase the share of electricity from renewable sources, which now comes in at 97% (previous year: 94%). Use is largely documented by means of certificates. The resulting savings in GHG emissions are reflected in the Scope 2 emissions (market-based method). In addition, we use the electricity we produce and purchase electricity from renewable sources directly via power purchase agreements.

ENERGY CONSUMPTION OF FLEETS AND BUILDINGS (SCOPES 1 AND 2)

Million kWh	2022 adjusted	2023	+/–%
Total energy consumption	**34,493**	**35,056**	**1.6**
From fossil sources	**32,226**	**31,994**	**–0.7**
of which air transport	26,648	26,853	0.8
road transport (excluding e-vehicles)	4,237	3,899	–8.0
buildings and facilities	1,341	1,242	–7.4
From renewable sources[1]	**2,267**	**3,062**	**35.1**
of which air transport	343	881	156.9
road transport[2]	242	390	61.2
of which e-vehicles[3]	58	81	39.7
buildings and facilities	1,682	1,791	6.5

1 Includes 41 million kWh through market-based measures for fuels.
2 Includes legally required blending.
3 Europe: largely regulated energy attribute certificates (EACs). North America: renewable energy certificates (RECs), global: international renewable energy certificates (I-RECs).

Progress report on the sustainability-linked bond

Our sustainability-linked **bond** has an issue volume of €500 million and a term through 2033. The interest rate of the bond is linked to our medium-term target of reducing Scope 1 and 2 GHG emissions by 42% and Scope 3 GHG emissions by 25%.

For the validation process of our medium-term target by the SBTi, we had already taken into account the effect of the acquisition of Hillebrand Group on our logistics-related GHG emissions in our calculations for the 2021 base year. The acquisition was completed in the 2022 fiscal year and, since then, Hillebrand has been included in consolidation.

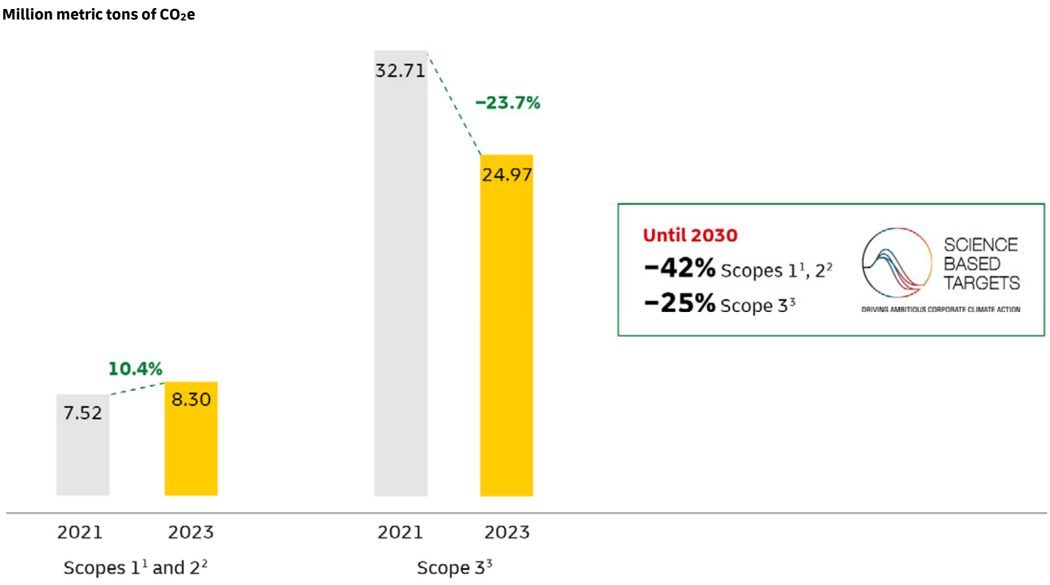
CALCULATING TOTAL GHG EMISSIONS FOR THE 2021 BASE YEAR

Million metric tons of CO_2e	2021
Total GHG emissions (science-based target)	40.23
of which DHL Group[1]	39.36
Hillebrand Group[2]	0.87

1 As reported in the **2021 Annual Report.**
2 Acquisition carried out in the 2022 fiscal year, recognized starting in the **2022 Annual Report.**

Logistics-related GHG emissions are undergoing declining development, in line with expectations. This trend is primarily the result of economic developments and our decarbonization measures. In the year under review, Scope 1 and 2 GHG emissions amounted to 8.30 million metric tons of CO_2e, and 24.97 million metric tons of CO_2e in Scope 3. This corresponds to an increase of 10.4% in Scopes 1 and 2, as well as a decrease of 23.7% in Scope 3, compared with the base year of 2021. The increase in Scope 1 emissions is due primarily to the shift of transports to our own efficient fleet, while the decrease in shipment volumes is reflected in the Scope 3 emissions. Additionally, our decarbonization measures are making an impact across all scopes.

PROGRESS MADE COMPARED WITH THE BASE YEAR



1 The calculation takes the use of sustainable fuels into consideration on the basis of amounts purchased and reduction effects from market-based measures.
2 Market-based method.
3 Includes the Scope 3 categories 4 (upstream transportation and distribution), 3 (fuel- and energy-related activities) and 6 (business travel). Calculation is carried out on the basis of an activity-based calculation model and contains reduction effects from market-based measures.

Social

Common DNA as a factor for success

Our corporate culture makes us strong. It is underpinned by common values, convictions and behaviors and is one of the most important factors in our business success. We call it our Common **DNA.** This culture connects us across all business units and operating regions and defines who we are and how we operate.

As early as 2006, we defined a **Code of Conduct** for our employees that is applicable throughout the Group. We value the diversity of our workforce and act with respect, so that we may work together cooperatively and lay the foundation for our company's financial success.

Being an employer of choice

Our employees are our most valuable asset. With more than 590,000 employees worldwide, we are one of the world's largest employers in our sector and aim to be an employer of choice.

We aim to attract competent and committed employees, continuously develop them and retain them over the long term – because only motivated employees deliver excellent service quality, meet our customers' needs satisfactorily and therefore ensure the sustainable profitability of our business activities.

For this reason, we want to strengthen and lock in their commitment at a high level. We are dedicated to the principles of diversity, equity, inclusion and belonging to create a safe work environment free of discrimination where each individual is valued and to guarantee workplaces that promote health.

EMPLOYEE MATTERS

Material topic	Performance indicators[1], further measures		2022	2023	Target 2024	Target 2025
Employee Engagement	Employee Engagement[1, 2]	%	83	83	>80	>80
	Continuing education	Million hours	3.7	4.7	–	–
Diversity and inclusion	Share of women in middle and upper Management[1, 3]	%	26.3	27.2	28.8	At least 30
	Employees with disabilities[4]	Headcount	14,274	14,014	–	–
	Employment rate[4]	%	8.0	7.9	–	–
Occupational health and safety	LTIFR[1, 3, 5]	Ratio	3.46	3.1	Maximum 3.3	<3.1
	Sickness rate	%	6.3	5.7	–	–

1 Performance indicators are steering-relevant and are assigned target values (pursuant to Sections 289b to 289e and 315b, 315c in conjunction with 289c to 289e HGB).
2 Steering- and remuneration-relevant in the year under review. Represents the aggregated and weighted results of five statements in the annual Group-wide survey of employees.
3 Steering-relevant KPIs in the year under review.
4 Deutsche Post AG (principal company in Germany), pursuant to Section 163 SGB IX.
5 Work-related accidents per 200,000 working hours resulting in at least one working day of absence following the day of the accident.
6 Includes accident-related injuries to external employees who are subject to instruction in the Supply Chain division.

Preserving employee interests

In addition to direct dialogue with their superiors or other managers, our employees can turn to employee representatives, for example works councils, trade unions and other bodies, to indirectly represent their interests.

At the global level, we engage in regular, open dialogue with international trade union confederations such as UNI Global Union (UNI) and International Transport Workers' Federation (ITF). We are also continuing the **OECD Protocol** from 2016, which was agreed upon with the two global trade union confederations. A wide range of topics was discussed as part of this during the year under review, for example our Human Rights Policy Statement and the different working time arrangements in our divisions.

At the European level, employee concerns are regularly discussed with our European works council, the DHL Forum. The Board Member for Human Resources takes part in the discussions twice per year. UNI and the ITF are also represented.

In addition, as the largest postal service provider in Europe, the Group is a member of the EU Commission's European Social Dialogue Committee for the Postal Sector and is the Committee Chair. The work of this committee involves exchange between the employers and union representatives in the postal sector of European member states on relevant topics – for example future changes in the working world and their impact on employees – in consideration of social matters.

Our remuneration system

We foster employee loyalty and motivation by offering performance-based remuneration in line with market standards. The remuneration includes a base salary plus the agreed variable remuneration components such as bonus payments.

In many countries – including Germany, the Great Britain, the Netherlands, Switzerland and the United States – we also provide employees with access to defined benefit and defined contribution **retirement plans.** Around 70% of our employees participate in these plans.

We also use neutral job evaluations to prevent discrimination on the basis of personal characteristics. These evaluations focus on the type of job, position in the company and responsibilities assigned and rely on, in addition to formal qualifications, relevant professional experience to increase the equity of opportunities for suitable applicants. This systematic approach enables an independent and balanced remuneration structure.

In Germany, wages or salaries are generally regulated through either industry-level or company-level collective wage agreements. In many of our subsidiaries throughout Germany, our wage-scale employees also receive a performance-based bonus in addition to their monthly wage or salary. The collectively bargained principles are gender-neutral, so the use of collective agreements ensures equity in pay for women and men. Employees of Deutsche Post AG covered by the collective wage agreement may opt to take additional time off in lieu of a pay increase. A total of 19.6% of the workforce there had exercised this option as of December 31, 2023. The remuneration of employees in a non-pay-scale employment relationship (Deutsche Post AG, principal entity in Germany) is bound by existing works agreements.

A resolution was reached in the reporting year on a lasting and significant **wage increase** for the approximately 160,000 employees of Deutsche Post AG subject to collective bargaining. In spite of the downward trend in profits in the German post and parcel business and the regulatory conditions in this area, significant pay raises and additional compensation for inflation will be provided to employees. The pay increase means an average raise of 11.5% over a term of two years across all income groups that takes effect starting on April 1, 2024.

Piloted share program

In addition to managers, we want our employees to share in the long-term success of our company and, in doing so, promote their loyalty and motivation. In the reporting year, another **share program** was therefore developed that will initially be piloted in 12 countries. We thus enable our employees participating in the program to acquire shares of Deutsche Post AG at a discount of 15% from the market price, up to an annual cap of €3,600. The shares acquired are not subject to a lockup period. Through this pilot project, the Board of Management hopes to test the interest of employees in and the administrative burden of such a program.

Workforce development

As of December 31, 2023, we employed 594,396 people around the world. Added to this, an average throughout the year of 81,782 external FTEs (previous year: 83,951 FTEs) subject to the control and direction of the Group were employed at our locations.

Staff costs amounted to €26,977 million and thus exceeded the prior-year figure (€26,035 million). This includes the tax-free bonus payment to compensate for inflation.

WORKFORCE DEVELOPMENT

		2022	2023	+/–%
Employees at year-end[1]	Headcount	600,278	594,396	–1.0
Employees (annual average)[1]	Headcount	589,109	591,412	0.4
Share of female employees	%	34.4	34.3	–0.3
FTEs at year-end[1]	FTE[2]	554,975	551,233	–0.7
of which Express	FTE	114,151	110,411	–3.3
Global Forwarding, Freight	FTE	48,053	46,026	–4.2
Supply Chain	FTE	182,403	185,608	1.8
eCommerce	FTE	32,721	33,687	3.0
Post & Parcel Germany	FTE	163,904	161,428	–1.5
Group Functions[3]	FTE	13,743	14,073	2.4
FTEs (annual average)[1]	FTE	542,917	547,692	0.9
Share of part-time employees	%	17	17	–
Average age of Group employees	Years	40	41	–
Unplanned employee turnover	%	14	11	–

1 Including trainees.
2 FTE = full-time equivalent. Part-time employees are converted to full-time.
3 Including rounding.

Measuring Employee Engagement

Motivated and dedicated employees are central prerequisites for the sustainable success of our business. Each year, we measure employee satisfaction and engagement by conducting a Group-wide survey. As part of the survey, all employees have the opportunity to anonymously rate the company's strategy and values as well as its working conditions. This important tool helps us determine where we are in our journey toward becoming an employer of choice. We use the analysis of the annual survey to derive the Employee Engagement KPI, which also makes up 10% of the **annual bonus of the Board of Management.**

In the year under review, 77% of employees took the opportunity to express their opinion and provide feedback. This is used as the foundation for creating the best possible working conditions at our company, thus corresponding to our strategic goal of being an employer of choice. We once again exceeded the target of more than 80% with a figure of 83% (previous year: 83%) for this reporting period.

KEY FIGURES FROM THE ANNUAL SURVEY OF EMPLOYEES

%	2022	2023
Response rate	75	77
Employee Engagement[1]	83	83

1 Steering- and remuneration-relevant in the fiscal year. Represents the aggregated and weighted results of five statements in the annual Group-wide survey of employees.

Motivating employees

Training and opportunities for professional development can have a positive influence on the motivation of a workforce, which is why all of our employees generally have the option of taking advantage of our training offers digitally or as part of in-person events. Our training offers convey knowledge about our Group strategy and how each employee can make an individual contribution to our success. One example is our Group-wide “Certified” employee motivation and development program, which aims to make our employees certified specialists in their respective areas of responsibility. It also creates an atmosphere that places our customers at the heart of our activities and ensures we provide excellent service. In addition to a certified foundation module, we offer our employees a wide range of follow-up modules customized to their specific roles and areas of expertise. In addition, we offer numerous professional development opportunities related to the topic of digitalization, including courses on the application of data science.

With leadership attributes, we give our employees a guide for how to conduct themselves respectfully and in a results-oriented manner on a daily basis when dealing with internal and external stakeholders. In addition, we encourage them to take on challenges with a positive attitude and to focus on their own strengths. We place additional emphasis on providing training for managers so that, together with their employees, they can make internal and external stakeholders successful.

We also offer qualified employees a number of personal development options, such as special training for those with potential and development ambitions, including coaching, mentoring and participation in interdisciplinary or international projects; these options are determined as part of an individual development plan together with the respective manager.

In the year under review, our employees spent a total of 4.7 million hours (previous year: 3.7 million hours) on training and professional development throughout the Group. Moreover, the Group invested time and money in qualification elements integrated in the job, such as orientation and service training, which are not included in this figure.

Diversity, Equity, Inclusion & Belonging

Our organization brings together people from cultures and cultural backgrounds from all over the world who possess a wide range of experiences, abilities and perspectives, with 179 nationalities represented at our German sites alone. The diversity of our employees is not only an asset to the company but also one of its major strengths.

Diversity, inclusion and freedom from discrimination are anchored in the form of our **Code of Conduct** throughout the Group. We expressly reject any and all forms of discrimination. We take an equal-opportunity approach to new hirings, both internally and externally, and look exclusively to a candidate’s qualifications when deciding on their suitability.

The scope of our diversity management activities includes the topics of equity and belonging, in addition to diversity and inclusion. The DEIB (Diversity, Equity, Inclusion & Belonging) Board is comprised of executives in upper management from various central and divisional functions. Among other things, new concepts for employee retention were piloted during the year under review that are becoming increasingly important in the competition for skilled workers and qualified employees. Moreover, employee resource groups were established for the first time. Employees organize themselves voluntarily into these groups to promote a diverse and integrative working environment that aligns with our company purpose, our values, the business practices and our goals. Groups focusing on the topics (diversity dimensions) of physical and mental abilities as well as sexual orientation and gender identity (LGBTQ+) were founded in the year under review. During the Group-wide DEIB Week, a campaign on the topic of awareness for a sense of belonging was started, for which we received positive feedback from our employees.

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

Our focus remains on the share of women in management positions. By 2025, we aim for women to occupy at least 30% of middle- and upper-management positions in the Group. The company uses various approaches and programs, such as coaching, mentoring and networking, to specifically empower female junior staff for the next step in their careers on the way to becoming middle- or upper-level executives. The share was 27.2% in the year under review (previous year: 26.3%). We therefore fell just short of our target of women occupying 27.7% of middle- and upper-management positions in the year under review.

In line with our inclusive approach, we give disabled individuals professional prospects. In Germany, employers of a certain size and above are required by law to ensure that employees with disabilities make up at least 5% of their workforce. At Deutsche Post AG, our principal entity in Germany, 14,014 persons with disabilities were employed in the reporting year (previous year: 14,274), 22 of whom were trainees; that represents 7.9% of the total workforce (previous year: 8.0%).

The average age of employees throughout the Group is 41 years old (previous year: 40 years old). In response to demographic developments, we have placed an additional focus of our employee retention measures on recruiting and retaining young talents. In doing so, we concentrate on **positions with on-the-job training** as well as **trainee and dual-study programs.** In Germany, we offered a total of around 1,900 spots in our postsecondary educational training and dual-study programs during the reporting year. We provide college and university graduates with the chance to choose between various postgraduate training programs.

Occupational health and safety

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

In the Group policy on occupational health and safety, we define our understanding and the importance of this topic; with our internal Safety First framework, we provide our employees with clear guidelines for implementation. Our management system complies with the international ISO 45001 standards, to which various business units of the divisions are also externally certified. Our Supplier Code of Conduct requires suppliers and subcontractors to adhere to these same high standards.

Accident prevention in the workplace is the top priority of our occupational health and safety activities. Some of our biggest challenges are in our pickup and delivery operations, because external influences can only be managed to a certain extent in this area. Bad weather, roadwork, complex traffic situations and dealing with animals require employees to pay attention, concentrate and take responsibility for themselves. The most frequent causes of accidents remain slipping, tripping and falling, as well as dropped objects. Accidents are analyzed, the respective material root causes are identified and measures are introduced that facilitate the continuous improvement of safety for our employees. Solutions proven in practice to reduce or eliminate potential hazards are shared across the Group. We promote this via systematic, Group-wide exchange on potential improvements and corrective measures. To this end, an IT-supported process was implemented throughout the Group in the year under review. Measures can now be directly assessed and used in other divisions. The measures receiving the best assessments are nominated for internal awards. In addition, regular work meetings and workplace inspections are carried out at our locations and areas with greater hazard potential are identified with corresponding signage.

To measure the success of our efforts, we use the performance indicator of lost time injury frequency rate (LTIFR), which we calculate based on the number of work-related accidents per 200,000 working hours resulting in an absence of at least one working day for the affected person following the day of the accident. This also includes accident-related injuries to external employees who are subject to instruction. We use the accident investigations to derive measures to eliminate the respective root causes of these accidents and to avoid reoccurrence. The lost time injury frequency rate (LTIFR) dropped to 3.1 in the year under review, meaning we significantly exceeded our target value of 3.5.

In the year under review, we unfortunately documented 11 fatal accidents with our own employees and one with an external employee subject to instructions. Of these 12 accidents, 11 of them were traffic accidents. We expressly regret this development. Each death is presented to and discussed in detail by the Operations Board, which is chaired by the CEO. The Operations Board is informed on an ongoing basis about the developments of work-related accident statistics.

WORK-RELATED ACCIDENT STATISTICS

		2022[1]	2023
Lost time injury frequency rate (LTIFR) per 200,000 working hours[2, 3]	Ratio	3.4	3.1
of which Express	Ratio	1.6	1.4
Global Forwarding, Freight	Ratio	0.8	0.8
Supply Chain	Ratio	0.5	0.5
eCommerce	Ratio	1.6	1.6
Post & Parcel Germany	Ratio	10.9	9.9
Group Functions	Ratio	0.3	0.2
Lost time injury frequency rate (LTIFR) per million working hours[4]	Ratio	17.0	15.4
Working days lost per accident	Number	18.2	18.7
Number of fatalities due to workplace accidents	Number	7	12
of which as a result of traffic accidents	Number	5	11

1 Includes accident-related injuries to external employees who are subject to instruction in the Supply Chain division.
2 Steering-relevant.
3 Work-related accidents per 200,000 working hours resulting in at least one working day of absence following the day of the accident.
4 For informational purposes; key figure will be converted to this presentation starting in 2024.

Health and well-being

We regard health as a state of physical, mental and social well-being, and not merely the absence of illness. Work can be a major source of satisfaction, and therefore also of health. At our company, a healthy workplace is somewhere that employees and managers work together to promote the well-being of everyone.

Within this context, through our Employee Benefits program, we offer our employees and their families insurance cover in the form of financial security in the event of death or disability as well as health insurance benefits. This offer depends upon provisions of labor law and the common market practices in many countries. Currently, around 280,000 employees in 100 countries are covered by this program. In particular as part of this program, incentives are provided to local management to offer health-promoting programs to employees and their families. We carry out such health projects and local initiatives to create a health-promoting work environment and raise awareness of a healthy lifestyle among our employees.

The Chief Medical Officer (CMO) advises the Board of Management in all matters regarding occupational health management – for instance the development of physical and mental diseases in the work context and concepts for how to deal with epidemic or pandemic risks.

In the reporting year, we approved and implemented the **declaration on health and well-being** throughout the Group as a supplement to the Group policy on occupational health and safety. In addition, we established the Health & Well-Being Forum, which is comprised of experts and managers from all divisions.

The Group-wide sickness rate decreased to 5.7% in the year under review (previous year: 6.3%).

Social responsibility

Contributing to economic development and social progress

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

Partnerships and initiatives

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

We also support employee engagement through our Global Volunteer Day, the “DHL’s Got Heart” initiative and the Improving Lives Fund. Volunteering encourages employees to participate in local communities.

Based on the Group-wide annual survey of employees, we know that corporate citizenship is a relevant factor in determining the overall level of motivation. They want to contribute to social and environmental objectives not only in their personal lives but also at work, to help society and the environment and to enhance the Group’s reputation. We therefore measure the success of our initiatives using the approval rate for the survey question asking whether our employees are proud of DHL Group’s contribution to society. In the year under review, 78% (previous year: 79%) of all employees responded positively.

Employees take part in the Go programs in large numbers

In the year under review, our employees once again took part in social projects in large numbers as part of our Go programs. The focal points were on humanitarian missions following the severe earthquakes in Turkey, Syria and Morocco. Our GoHelp teams supported efforts on the ground with their logistics expertise. Our internal We Help Each Other aid fund also provided financial support for employees affected by natural disasters and war. Employee donations were matched by the Group, thus doubling our employees’ contributions. In addition, we implemented minimum standards for GoTeach and strengthened the GoTrade training programs.

Corporate governance

Role model for responsible corporate governance

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

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

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

CORPORATE GOVERNANCE

Material topic	Performance indicators[1], further measures		2022	2023	Target 2024
Cybersecurity	External rating[1, 2, 3]	Points	700	750	At least 690
Compliance	Share of valid compliance training certificates[1, 2, 4]	%	98.1	98.6	98
Respecting human rights	Internal audits by Corporate Internal Audit	Number	33	53	–
In the workforce	Carry out on-site reviews	Countries	10	10	–
	Share of valid training certificates in middle and upper management	%	98.4	99.5	–
Implement standards in the supply chain	Supplier spend covered by an accepted Supplier Code of Conduct	€ billion	>27	>35	–
	Potential high-risk suppliers assessed	Number	>2,700	> 4,000	–

1 Performance indicators are steering-relevant and are assigned target values (pursuant to Sections 289b to 289e and 315b 315c in conjunction with 289c to 289e HGB).
2 Steering-relevant in the fiscal year.
3 Remuneration-relevant.
4 Middle and upper management.

Trusted business partner thanks to compliance culture

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

Ensuring legally compliant conduct in our business activities and in our interactions with employees is an essential task of all Group management bodies. Our compliance management system (CMS) has been implemented Group-wide. Responsibility for designing the CMS lies with the Chief Compliance Officer, who reports directly to the CFO. This establishes uniform minimum standards to ensure compliance with applicable law, for example anti-corruption legislation, and relevant internal guidelines such as the Anti-Corruption and Business Ethics Policy (Anti-Corruption Policy). The divisional compliance officers are tasked with the implementation of the CMS within the divisions.

With our Code of Conduct and Anti-Corruption Policy, along with training on these topics, we provide clear guidance and help employees identify situations in which the integrity of the company could be called into question.

Participation of executives in middle and upper management, as well as of employees in certain functions, in various types of relevant compliance training is mandatory. In this way, we raise our employees' awareness for potential compliance risks and enable them to mitigate such risks in an appropriate manner. The compliance training courses comprise our Core Compliance Curriculum (anti-corruption, competition compliance, Code of Conduct) and training on data protection. All employees in the target group are required to repeat the training courses every two years. We use the share of valid training certificates among executives in middle and upper management as a steering-relevant KPI.

Potential violations can be reported 24/7 – if legally permitted, anonymously – via our compliance incident reporting system (whistleblower hotline). In addition, potential violations can also be reported by telephone. Third parties can also use the system to report potential violations. Reports are reviewed and investigated internally for potential violations as part of a standardized process. Key figures on compliance notifications and issues are recorded throughout the Group via the compliance reporting tool (BKMS Dashboard). 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.

The importance and value that compliance has for the Group was once again emphasized for employees by means of a campaign – Compliance Awareness Week – which was rounded out by measures tailored to the specific divisions and regions. The campaign was accompanied by statements from the Board of Management members ("tone from the top") and supported by panel discussions with managers. To strengthen the internal dialogue, our workforce was made aware of and informed about compliance aspects on an ongoing basis by means of further communication measures and via the compliance channels.

The compliance training certification rate was 98.6% in middle and upper management in the year under review (previous year: 98.1%), meaning we exceeded our target of 98% in the year under review. In the context of its 219 audits, Corporate Internal Audit also reviewed compliance management system processes and the implementation of agreed-upon follow-up measures. Findings from the regular audits facilitate the identification of other compliance risks and the refinement of the compliance program.

Respecting human rights

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

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

With our measures for respecting human rights in the workforce and in the supply chain, we are in compliance with the requirements of the Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG). Implementation of the measures is monitored by the LkSG Council. The board is made up of executives in upper management from the Group functions Human Resources, Corporate Development, Corporate Public Affairs, Legal Services and Global Compliance, Corporate Procurement and Corporate Internal Audit.

As part of its audits, Corporate Internal Audit also conducted reviews relating to respect for human rights and verified that the agreed-upon follow-up measures had been implemented. In the reporting year, 53 such reviews took place.

Human rights in the workforce

With our internal management system, we ensure that our Human Rights Policy Statement is implemented among our workforce. In addition, it ensures that we adhere to due diligence requirements. Our management system is comprised of annual as well as ad hoc assessments of human rights risks, measures to raise awareness among employees and managers, annual reporting on Group-wide fulfillment of due diligence requirements and the professional compliance incident reporting system.

We carry out both an abstract and a concrete risk analysis to determine human rights risks. First, the risk is analyzed using external data (Verisk Maplecroft). Then, it is substantiated by evaluating questionnaires completed by our country organizations on the basis of their specific risk profile.

Targeted on-site reviews are carried out based on the risk assessments. These reviews are conducted by specially trained and externally SMETA-certified (Sedex Members Ethical Trade Audit) professionals from our divisions and corporate headquarters. The countries are selected based on the results of weighting and prioritization of the identified risks, including – among other factors – the findings from the questionnaires, the number of employees, the assessments of relevant Group committees and responsible experts and recommendations from international trade union confederations. If there are violations identified at locations, these are then immediately addressed as part of a structured action plan. In the year under review, on-site reviews under the leadership of the HR department were carried out at more than 30 subsidiaries in ten countries, including in Asia, Latin America, Africa and Europe.

We encourage our employees to participate in the training courses for raising awareness for respect for human rights. Participation is mandatory, however, for executives in middle and upper management; the certification rate was 99.5% in the reporting period (previous year: 98.4%).

Standards in the supply chain

Corporate Procurement selects suppliers that meet our ethical, social and environmental standards. This selection process is based on a standardized assessment process that also takes aspects such as diversity and respect for human rights into account, as well as external criteria such as those from Transparency International (Corruption Perceptions Index) and Verisk Maplecroft. In the year under review, the supplier assessment was supplemented with additional internal measures and expanded with external audits (including in accordance with the SMETA method). In the event of findings, remedial measures are discussed and plans for corrective measures are agreed upon.

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

In the year under review, we continued developing the Group-wide risk management system for supplier assessments. We calculate the potential for risk of suppliers at the level of purchase categories (material groups). The risk assessment is influenced by 46 types of risk within eight risk domains (ESG, economic, technical, legal and political risks, as well as cybersecurity) that are evaluated for each individual purchasing category. The ultimate classification of the risk potential is based on the evaluation of the probability and the possible impact. More than 4,000 potential high-risk suppliers were assessed in the year under review (previous year: >2,700).

We use supplier spend covered by an accepted Supplier Code of Conduct to measure the successful implementation of our standards in the supply chain. We record progress regarding the key figure via the central financial systems, report to management on a monthly basis and discuss developments with the CEO and the CFO. In the year under review, supplier spend covered by an accepted Supplier Code of Conduct rose to more than €35 billion (previous year: >€27 billion).

Cybersecurity

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

Since January 1, 2024, the Group Chief Information Security Officer (Group CISO) has reported directly to the CEO (previous year: Corporate Board Member for Global Business Services). The IT Board determines the cybersecurity strategy and defines and manages Group-wide measures for cybersecurity, for protecting systems and data and for digitalization processes. The Information Security Committee is made up of the central functions of Group CISO, IT Audit, Human Resources, Legal Services, Data Protection and Corporate Security, as well as the divisional CISOs. The committee assesses potential threats on an ongoing basis, evaluates the potential of new risks and monitors compliance with our security standards.

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

A variety of communication measures and training sessions help our workforce become more aware of possible cybersecurity risks. All employees and managers with a corporate email address are continuously made aware of risks via phishing simulations. We also draw attention to current risks using IT crisis simulations. Participation in Information Security Awareness training is mandatory for all employees with a computer workstation. All participants who have already completed their training must update their certification every two years.

Our cybersecurity undergoes independent assessment by the external rating agency BitSight. This rating is based on the technical analysis of any weak points and brings potential security risks to the attention of the rated company; this is carried out by an automated service on a daily basis. Unlike with a self-assessment, a cybersecurity rating offers greater transparency and enables comparison with other companies thanks to standardization. We compare our performance with DAX 40 companies as well as with major customers and logistics companies that are not covered by the DAX 40. The target amount is determined by the aspiration to be within the upper quarter of this comparison group.

The cybersecurity rating has been remuneration-relevant since this reporting period. This performance indicator makes up 10% of the annual bonus calculation for the Board of Management. As announced, the rating scale for the cybersecurity rating in the year under review has changed due to adjustments to the method of the rating agency. In line with the change, we adjusted our target for the 2023 fiscal year from 710 to 690 points. The rating amounted to 750 of 820 achievable points as of the end of the year under review (previous year: 700 points). The target for the year under review was thus exceeded.

Tax strategy as a standard adhered to worldwide

Our tax strategy is aligned with our Group strategy and must be adhered to throughout the Group. The overarching approach applied by the Group is that taxes are always incidental to and follow business needs.

We do not undertake aggressive tax planning or enter into artificial arrangements with the goal of avoiding taxes. Our Group maintains locations in more than 220 countries and territories, including some with lower tax rates than those in Germany. These locations are necessary for carrying out our operational business in those regions. None of our companies was established with the purpose of obtaining tax benefits or is currently used to pursue aggressive tax structuring.

In interpreting and applying tax legislation, we follow the letter of the law; in case of ambiguity, we follow the law's spirit and intended purpose. As a globally active group of companies, our activities necessarily include operations in countries where uncertainty is high. In order to mitigate this uncertainty and obtain the greatest possible degree of legal certainty, we are in continual dialogue with tax authorities and tax advisers. This allows us to meet tax compliance requirements in the countries in which we operate. Our Group risk management system incorporates a tax risk management framework that enables us to monitor tax risks and respective countermeasures.

In the year under review, we recognized taxes and social security contributions totaling €5,274 million.

TAXES AND SOCIAL SECURITY CONTRIBUTIONS

€m	2022	2023	+/–%
Total	**5,354**	**5,274**	**–1.5**
Income taxes paid[1]	1,782	1,625	–8.8
Other business taxes[1]	380	363	–4.5
of which taxes on capital, real estate and vehicles	150	171	14.0
other operating taxes	230	192	–16.5
Employer's social security contributions[1]	3,192	3,286	2.9

1 **Notes to the consolidated financial statements:** Income taxes paid: **note 42.1**; other business taxes: **note 17**; employer contributions: **note 15**.

EU Taxonomy

Pursuant to Article 8 of Regulation 2020/852 of the European Parliament and of the Council as well as Delegated Regulations 2021/2178 and 2023/2486 of the European Commission.

Contribution to the climate and environmental objectives of the European Union

We report our contribution to the European Union's (EU) six environmental objectives according to the guidelines laid down in the EU Taxonomy regulation and report the taxonomy-aligned (aligned) and taxonomy-eligible shares of revenue, capital expenditure (capex) and operating expenditure (opex).

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

Aligned activities exclusively make a substantial contribution to EU environmental objective 1. No aligned activities were identified in conjunction with EU environmental objective 2 that make a substantial contribution to risk avoidance or the reduction of the risk of adverse effects of the current and projected climate on the activity itself or on people, nature or assets without increasing the risk of adverse effects on people, nature or assets. The activities in the area of construction and real estate make no substantial contribution to EU environmental objective 4.

SIX EU ENVIRONMENTAL OBJECTIVES

1 Climate change mitigation
2 Climate change adaptation
3 Sustainable use and protection of water and marine resources
4 Transition to a circular economy
5 Pollution prevention and control
6 Protection and restoration of biodiversity and ecosystems

The requirements of the EU Taxonomy were expanded in the year under review: new activities in the air freight sector were added to the first EU environmental objective, and further activities were added to the EU environmental objectives 3 to 6. The taxonomy eligibility was determined and reported for these new activities. In accordance with this, we primarily carry out activities in EU environmental objectives 1 and 2; with regard to EU environmental objective 4, two activities fall under the area of construction and real estate.

The Group policy for implementing the requirements of the EU Taxonomy includes the guidelines for determining the aligned shares of revenue, capex and opex. The data is collected accordingly in the Group-wide finance and controlling systems. In the year under review, the Group policy and the Group-wide finance and controlling systems were adapted with regard to the additional requirements. For the first time, we can now report the taxonomy-eligible shares of our air freight operations.

Development of the Taxonomy KPIs

The taxonomy-eligible and -aligned shares increased compared with the previous year. The expansion of the taxonomy requirements in the area of air freight in particular played a significant role in the increase in taxonomy eligibility. The increase in taxonomy alignment results from our decarbonization measures in the pickup and delivery fleet and the improved identification of taxonomy-aligned activities.

TAXONOMY-ELIGIBLE AND -ALIGNED SHARES

%	2022	2023
Taxonomy-eligible shares		
Revenue	53	65
Capital expenditure (capex)	63	91
Operating expenditure (opex)	58	82
Taxonomy-aligned shares		
Revenue	12	15
Capital expenditure (capex)	25	30
Operating expenditure (opex)	11	15

Determining taxonomy eligibility

In the year under review, the reporting approach for the taxonomy-eligible activities was reviewed and confirmed: We still assign our transport services, including the necessary infrastructure and buildings, to Sector 6 “Transport,” while real estate not used for transport services is assigned to Sector 7 “Construction and real estate.” The reporting approach for the following activities was supplemented, reviewed and adapted.

CHANGES IN REPORTING APPROACH

Activity		Change
6.15	Infrastructure enabling low-carbon road transport and public transport	Air transport hubs with transshipment to road freight are now reported as taxonomy-eligible.
6.19	Passenger and freight air transport	New
6.20	Air transport ground handling operations	New
7.3	Installation, maintenance and repair of energy efficiency equipment	Previously reported in activity 6.15. Now reported separately.
7.6	Installation, maintenance and repair of renewable energy technologies	Previously reported in activity 6.15. Now reported separately.

The EU Taxonomy still does not take into account all economic activities that are relevant for our business. Revenue from operating warehouses (Supply Chain division) in particular is therefore not reported as taxonomy-eligible.

Capex generated by the addition of assets can be assigned directly to individual activities, while revenue and opex can generally not be directly assigned. In these cases, we primarily use a cost-based allocation logic that reflects the business models of the divisions. We avoid double counting by assigning revenue, capex and opex to only one activity respectively and taking intra-Group relationships into account on a consolidated basis. Property, plant and equipment from business combinations were primarily allocated to the "Construction and real estate" and "Transport" sectors; intangible assets from business combinations were classified as not taxonomy-eligible.

Determining taxonomy alignment

All taxonomy-eligible activities were reviewed with regard to their alignment in the year under review. The following statements are in regard to the aligned assets per activity and the associated shares of revenue, capex and opex.

APPLIED EVALUATION METHOD

Technical evaluation criterion	Method
Substantial contribution to climate change mitigation: Does no significant harm (DNSH) to the EU environmental objectives of the sustainable use and protection of water and marine resources (DNSH 3), the transition to a circular economy (DNSH 4), pollution prevention and control (DNSH 5), the protection and restoration of biodiversity and ecosystems (DNSH 6)	Carried out on the basis of individual assets or groups of assets, provided that the evaluation of the criteria is possible on a superordinate level by means of uniform Group processes and within the framework of applicable national or EU regulations. These values were assessed as not aligned in all other cases. Various technical screening criteria relate to requirements from applicable EU legislation. If no equivalent requirements apply in non-EU countries, no alignment can be demonstrated accordingly.
Does no significant harm (DNSH) to the EU environmental objective of climate change adaptation (DNSH 2)	The climate-change-related risk assessment was carried out based on the TCFD analysis, which we supplemented with adjustment solutions for physical climate risks.
EU minimum safeguards for the respect for human rights and the preserving of employees' rights, as well as regarding anti-corruption, fair competition and taxation	Ensured with our Code of Conduct, the Group policies on anti-corruption and standards for business ethics, the environment and energy, the Competition Compliance Policy, the Human Rights Policy Statement, the corresponding processes and management systems, the regular audits carried out by Corporate Internal Audit and the Group Tax Strategy. Ensured in the supply chain with our Supplier Code of Conduct, the procurement processes and supplier management, as well as the implementation of the requirements under the **LkSG.** At the time this report was prepared, there were no relevant legal proceedings ongoing in this context.

We generate a significant portion of our revenue from transport services (transport sector) in collaboration with suppliers and subcontractors, who render their services on an independent basis from a legal perspective. As a result, these activities and the assets associated with them must be evaluated there with regard to alignment with the EU Taxonomy. At the time this report was prepared, we largely did not have any information on the meeting of technical criteria for these activities and assets, so we are reporting them as not taxonomy-aligned, in particular in the activities 6.2, 6.5, 6.6 and 6.10. Even suppliers and subcontractors who report pursuant to the EU Taxonomy were unable to confirm to us the alignment of their underlying activities. If shares of revenue and opex cannot be directly assigned to aligned activities, we apply specific allocation keys – such as the percentage of taxonomy-aligned vehicles in the entire fleet – that also take individual characteristics of the divisions into account.

DETERMINING TAXONOMY ALIGNMENT (EU ENVIRONMENTAL OBJECTIVE OF CLIMATE CHANGE MITIGATION)

Activity		Method
6.2	Freight rail transport	Our service providers were unable to confirm any alignment for the subcontracted rail transport.
6.4	Operation of personal mobility devices, cycle logistics: devices not subject to permits	Assets within this activity, e. g. bicycles, meet the requirements of the substantial contribution to cycle logistics. Thanks to partnerships with certified recycling companies, compliance with the requirements of DNSH 4 can be ensured and demonstrated.
6.5	Transport by motorbikes, passenger cars and light commercial vehicles: Light commercial vehicles[1]	Our electric vehicles operate without emissions and therefore meet the requirements of the substantial contribution. Compliance with regard to recyclability (DNSH 4) and emissions thresholds (DNSH 5) is a basic requirement for approval of electric vehicles in Europe, which is why we considered these to be met. In addition, the simultaneous meeting of the criteria for fuel efficiency and rolling noise of tires represents a substantial requirement of DNSH 5. For this reason, we have determined the respective vehicle- and use-specific requirements of the tires, including the load-capacity index, and identified the highest class containing some products in the EPREL[2] database for each specification as well as checked the tire classification under DNSH 5 for each vehicle.
6.6	Freight transport services by road[3]: Heavy-duty vehicles[4]	Method is analogous to 6.5. Our electric vehicles do not transport any fossil fuels and are evaluated as aligned.
6.10	Sea and coastal freight water transport, vessels for port operations and auxiliary activities	Our service providers were unable to confirm any alignment for the subcontracted ocean transport.
6.15	Infrastructure enabling low-carbon road transport and public transport: Infrastructure necessary for transport, for example sorting and distribution centers (including integral equipment) and air transport hubs with transshipment to road freight	Sorting and distribution centers, Packstation parcel lockers and hubs enable cargo handling between road freight and other modes of transport and therefore fulfill the substantial contribution of this activity. Compliance with the requirements of DNSH 4 could not be demonstrated for the construction of new buildings[5] in particular outside of the EU. The analysis of the location and noise pollution of our sites showed that nearly all of them meet the requirements of DNSH 5 and 6.
7.1	Construction of new buildings: Office and administration buildings as well as warehouses	Within the EU, we were unable to demonstrate alignment; outside of the EU, alignment could not be evaluated due to a lack of well-founded thresholds for nonresidential buildings.
7.2	Renovation of existing buildings: Office and administration buildings as well as warehouses	Only major renovations are taxonomy-eligible. Generally, renovations do not make a substantial contribution (reduction of the primary energy need by 30%).
7.3	Installation, maintenance and repair of energy efficiency equipment: Relates to energy-efficient sources of light, among other things	There are no specific DNSH criteria for all of the measures mentioned except for insulation measures. These are therefore always taxonomy-aligned. For insulation measures, additional criteria under DNSH 5 have to be fulfilled (DNSH 2 and EU minimum safeguards are reviewed across activities).
7.6	Installation, maintenance and repair of renewable energy technologies: Relates to photovoltaic systems, among other things	Activity is always aligned, as there are no specific DNSH criteria (DNSH 2 and EU minimum safeguards are reviewed across activities).
7.7	Acquisition and ownership of buildings: Office and administration buildings as well as warehouses	Within the EU, we were able to demonstrate alignment for some office buildings and warehouses (buildings) with particularly low energy consumption that were constructed before 2021. For buildings built in or after 2021, alignment could not be demonstrated. Outside of the EU, alignment could not be verified due to a lack of thresholds, as well as inapplicable EU criteria for energy certificates.
8.1	Data processing, hosting and related activities	Our data centers do not meet the criteria for a substantial contribution to climate change mitigation and are therefore not aligned.

1 EU Taxonomy vehicle classes M1 and N1 (unladen weight of up to 2.8 metric tons and total permitted weight of up to 3.5 metric tons).
2 European Product Registry for Energy Labeling.
3 Not including subcontracted road freight.
4 EU Taxonomy vehicle classes N1 to N3 (unladen weight of more than 2.8 metric tons or total permitted weight of more than 3.5 metric tons).
5 The criteria for recycling requirements for construction and demolition works are not applicable to existing buildings.

PROPORTION OF REVENUE FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2023

		2023		Substantial contribution criteria						DNSH criteria (do no significant harm)							2022		
Economic activities	Code	Revenue	Proportion of Revenue	Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) revenue	Category enabling activity	Category transitional activity
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
		m€	%	Y[1]; N[2]; N/EL[3]	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	%	E[4]	T[5]
A Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Transport		**11,956**	**14.6**														**12.0**		
Operation of personal mobility devices, cycle logistics	CCM 6.4	2,096	2.5	Y	N	N/EL	N/EL	N/EL	N/EL		Y	Y[6]	Y[6]	Y	Y[6]	Y	2.2		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	3,086	3.8	Y	N	N/EL	N/EL	N/EL	N/EL		Y	Y[6]	Y	Y	Y[6]	Y	2.4		
Freight transport services by road	CCM 6.6	322	0.4	Y	N	N/EL	N/EL	N/EL	N/EL		Y	Y[6]	Y	Y	Y[6]	Y	0.2		
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	6,452	7.9	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	7.2	E	
Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**11,956**	**14.6**	**14.6%**	**0.0%**												**12.0**		
Of which Enabling		6,452	7.9	7.9%	0.0%						Y	Y	Y	Y	Y	Y	7.2	E	
Of which Transitional		0	0.0	0.0%							Y	Y	Y	Y	Y	Y	0.0		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				EL[7]; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Transport		**40,840**	**50.0**														**41.1**		
Freight rail transport	CCM 6.2	28	0.0	EL	EL	N/EL	N/EL	N/EL	N/EL								0.1		
Operation of personal mobility devices, cycle logistics	CCM 6.4	3	0.0	EL	EL	N/EL	N/EL	N/EL	N/EL								0.1		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	10,051	12.3	EL	EL	N/EL	N/EL	N/EL	N/EL								8.8		
Freight transport services by road	CCM 6.6	12,945	15.9	EL	EL	N/EL	N/EL	N/EL	N/EL								18.3		
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	3,741	4.6	EL	EL	N/EL	N/EL	N/EL	N/EL								8.5		

Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	3,685	4.5	EL	N/EL	N/EL	N/EL	N/EL	N/EL	5.3
Passenger and freight air transport[8]	CCM 6.19	9,976	12.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL	
Air transport ground handling operations[8]	CCM 6.20	411	0.5	EL	N/EL	N/EL	N/EL	N/EL	N/EL	
Construction and real estate activities		**320**	**0.4**							**0.4**
Construction of new buildings	CCM 7.1	320	0.4	EL	EL	N/EL	EL	N/EL	N/EL	0.4
Revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**41,160**	**50.4**	**50.4%**	**0.0%**		**0.0%**			**41.5**
A Revenue of Taxonomy eligible activities (A.1 + A.2)		**53,116**	**65.0**	**65.0%**	**0.0%**		**0.0%**			**53.5**
B Taxonomy-non-eligible activities										
Revenue of Taxonomy-non-eligible activities		**28,642**	**35.0**							
Total (A + B)		**81,758[9]**	**100.0**							

1 Yes, taxonomy-eligible and taxonomy-aligned activity with the relevant objective.
2 No, taxonomy-eligible but not Taxonomy-aligned activity with the relevant objective.
3 Not eligible, taxonomy-non-eligible activity for the relevant objective.
4 Enabling.
5 Transitional.
6 No DNSH criteria established.
7 Eligible, taxonomy-eligible activity for the relevant objective.
8 Taxonomy-alignment will be assessed for fiscal-year 2024 onwards.
9 Revenue pursuant to the **Income statement.**

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2023

		2023		Substantial contribution criteria						DNSH criteria (do no significant harm)							2022		
Economic activities	Code	Capex	Proportion of Capex	Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) Capex	Category enabling activity	Category transitional activity
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
		€m	%	Y[1]; N[2]; N/EL[3]	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	%	E[4]	T[5]
A Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Transport		**2,004**	**29.4**														**25.2**		
Operation of personal mobility devices, cycle logistics	CCM 6.4	1[6]	0.0	Y	N	N/EL	N/EL	N/EL	N/EL		Y	Y[7]	Y[7]	Y	Y[7]	Y	0.0		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	295[8]	4.4	Y	N	N/EL	N/EL	N/EL	N/EL		Y	Y[7]	Y	Y	Y[7]	Y	2.5		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	2[9]	0.0	Y	N	N/EL	N/EL	N/EL	N/EL		Y	Y[7]	Y	Y	Y[7]	Y	0.0		T
Freight transport services by road	CCM 6.6	64[10]	0.9	Y	N	N/EL	N/EL	N/EL	N/EL		Y	Y[7]	Y	Y	Y[7]	Y	0.2		
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	1,642[11]	24.1	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	22.5	E	
Construction and real estate activities		**35**	**0.5**														**0.0**		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	5[12]	0.1	Y	N	N/EL	N/EL	N/EL	N/EL		Y	Y[7]	Y[7]	Y[7]	Y[7]	Y	0.0	E	
Acquisition and ownership of buildings	CCM 7.7	30[13]	0.4	Y	N	N/EL	N/EL	N/EL	N/EL		Y	Y[7]	Y[7]	Y[7]	Y[7]	Y	0.0		
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**2,039**	**29.9**	**29.9%**	**0.0%**												**25.2**		
Of which Enabling		1,647	24.2	24.2%	0.0%						Y	Y	Y	Y	Y	Y	22.5	E	
Of which Transitional		2	0.0	0.0%							Y	Y[7]	Y	Y	Y[7]	Y	0.0		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				EL[14]; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Transport		**2,845**	**41.7**														**20.0**		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	247	3.6	EL	EL	N/EL	N/EL	N/EL	N/EL								2.3		
Freight transport services by road	CCM 6.6	393	5.8	EL	EL	N/EL	N/EL	N/EL	N/EL								5.5		

Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	1,001	14.7	EL	N/EL	N/EL	N/EL	N/EL	N/EL	12.2
Passenger and freight air transport[15]	CCM 6.19	1,164	17.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL	
Air transport ground handling operations[15]	CCM 6.20	40	0.6	EL	N/EL	N/EL	N/EL	N/EL	N/EL	
Construction and real estate activities		**1,327**	**19.5**							**17.3**
Construction of new buildings	CCM 7.1	0	0.0	EL	EL	N/EL	EL	N/EL	N/EL	0.1
Renovation of existing buildings	CCM 7.2	21	0.3	EL	EL	N/EL	EL	N/EL	N/EL	0.0
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	1	0.0	EL	EL	N/EL	N/EL	N/EL	N/EL	0.1
Acquisition and ownership of buildings	CCM 7.7	1,305	19.2	EL	EL	N/EL	N/EL	N/EL	N/EL	17.1
Information and communication		**10**	**0.1**							**0.1**
Data processing, hosting and related activities	CCM 8.1	10	0.1	EL	EL	N/EL	N/EL	N/EL	N/EL	0.1
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**4,182**	**61.3**	**61.3%**	**0.0%**		**0.0%**			**37.4**
A Capex of Taxonomy eligible activities (A.1 + A.2)		**6,221**	**91.2**	**91.2%**	**0.0%**		**0.0%**			**62.6**
B Taxonomy-non-eligible activities										
Capex of Taxonomy-non-eligible activities		**598**	**8.8**							
Total (A + B)		**6,819[16,17]**	**100.0**							

1 Yes, taxonomy-eligible and taxonomy-aligned activity with the relevant objective.
2 No, taxonomy-eligible but not Taxonomy-aligned activity with the relevant objective.
3 Not eligible, taxonomy-non-eligible activity for the relevant objective.
4 Enabling.
5 Transitional.
6 Of which property, plant and equipment: €1 million.
7 No DNSH criteria established.
8 Of which property, plant and equipment: €92 million, right-of-use assets: €203 million.
9 Of which property, plant and equipment: €2 million.
10 Of which property, plant and equipment: €51 million, right-of-use assets: €13 million.
11 Of which intangible assets: €24 million, property, plant and equipment: €848 million, right-of-use assets: €770 million.
12 Of which property, plant and equipment: €5 million.
13 Of which right-of-use assets: €30 million.
14 Eligible, taxonomy-eligible activity for the relevant objective.
15 Taxonomy-alignment will be reported as of fiscal-year 2024.
16 Including Capex pursuant to segment reporting and investment properties: €6,709 million, **Note 10 and 24 to the consolidated financial statements.**
17 Including additions from business combinations: €109 million, of which intangible assets (excluding goodwill): €14 million, property, plant and equipment: €46 million, right-of-use assets: €49 million **Note 22 and 23 to the consolidated financial statements.**

PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2023

		2023		Substantial contribution criteria						DNSH criteria (do no significant harm)							2022		
Economic activities	Code	Opex	Proportion of Opex	Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) Opex	Category enabling activity	Category transitional activity
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
		€m	%	Y[1]; N[2]; N/EL[3]	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	%	E[4]	T[5]
A Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Transport		**420**	**14.7**														**11.4**		
Operation of personal mobility devices, cycle logistics	CCM 6.4	30[6]	1.0	Y	N	N/EL	N/EL	N/EL	N/EL		Y	Y[7]	Y[7]	Y	Y[7]	Y	1.0		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	76[8]	2.7	Y	N	N/EL	N/EL	N/EL	N/EL		Y	Y[7]	Y	Y	Y[7]	Y	1.8		
Freight transport services by road	CCM 6.6	9[9]	0.3	Y	N	N/EL	N/EL	N/EL	N/EL		Y	Y[7]	Y	Y	Y[7]	Y	0.3		
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	305[10]	10.7	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	8.3	E	
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**420**	**14.7**	**14.7%**	**0.0%**												**11.4**		
Of which Enabling		305	10.7	10.7%	0.0%						Y	Y	Y	Y	Y	Y	8.3	E	
Of which Transitional		0	0.0	0.0%							Y	Y	Y	Y	Y	Y	0.0		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				EL[11]; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Transport		**1,327**	**46.3**														**25.2**		
Operation of personal mobility devices, cycle logistics	CCM 6.4	1	0.0	EL	EL	N/EL	N/EL	N/EL	N/EL								0.1		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	298	10.4	EL	EL	N/EL	N/EL	N/EL	N/EL								6.8		
Freight transport services by road	CCM 6.6	291	10.2	EL	EL	N/EL	N/EL	N/EL	N/EL								12.5		
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	2	0.1	EL	EL	N/EL	N/EL	N/EL	N/EL								0.2		

Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	158	5.5	EL	N/EL	N/EL	N/EL	N/EL	N/EL	5.6
Passenger and freight air transport[12]	CCM 6.19	567	19.8	EL	N/EL	N/EL	N/EL	N/EL	N/EL	
Air transport ground handling operations[12]	CCM 6.20	10	0.3	EL	N/EL	N/EL	N/EL	N/EL	N/EL	
Construction and real estate activities		**583**	**20.4**							**20.5**
Construction of new buildings	CCM 7.1	2	0.1	EL	EL	N/EL	EL	N/EL	N/EL	0.1
Acquisition and ownership of buildings	CCM 7.7	581	20.3	EL	EL	N/EL	N/EL	N/EL	N/EL	20.4
Information and communication		**24**	**0.8**							**0.8**
Data processing, hosting and related activities	CCM 8.1	24	0.8	EL	EL	N/EL	N/EL	N/EL	N/EL	0.8
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**1,934**	**67.5**	**67.5%**	**0.0%**		**0.0%**			**46.5**
A Opex of Taxonomy eligible activities (A.1 + A.2)		**2,354**	**82.2**	**82.2%**	**0.0%**		**0.0%**			**57.9**
B Taxonomy-non-eligible activities										
Opex of Taxonomy-non-eligible activities		**509**	**17.8**							
Total (A + B)		**2,863[13]**	**100.0**							

1 Yes, taxonomy-eligible and taxonomy-aligned activity with the relevant objective.
2 No, taxonomy-eligible but not Taxonomy-aligned activity with the relevant objective.
3 Not eligible, taxonomy-non-eligible activity for the relevant objective.
4 Enabling.
5 Transitional.
6 Of which costs for maintenance, repair and spare parts: €10 million, expenses for short-term and low-value leases: €20 million.
7 No DNSH criteria established.
8 Of which costs for maintenance, repair and spare parts: €72 million, expenses for short-term and low-value leases: €4 million.
9 Of which costs for maintenance, repair and spare parts: €8 million, expenses for short-term and low-value leases: €1 million.
10 Of which costs for maintenance, repair and spare parts: €231 million, expenses for short-term and low-value leases: €74 million.
11 Eligible, taxonomy-eligible activity for the relevant objective.
12 Taxonomy-alignment will be assessed for fiscal-year 2024 onwards.
13 Including investment-related Opex in particular costs for maintenance and non-capitalised lease expenses pursuant to **Note 14 to the consolidated financial statements.**

PROPORTION OF REVENUE / TOTAL REVENUE

%	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM[1]	14.6	65.0
CCA[2]	0.0	39.9
WTR[3]		0.0
CE[4]	0.0	0.4
PPC[5]		0.0
BIO[6]		0.0

PROPORTION OF CAPEX / TOTAL CAPEX

%	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM[1]	29.9	91.2
CCA[2]	0.0	34.8
WTR[3]		0.0
CE[4]	0.0	0.3
PPC[5]		0.0
BIO[6]		0.0

PROPORTION OF OPEX / TOTAL OPEX

%	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM[1]	14.7	82.2
CCA[2]	0.0	45.9
WTR[3]		0.0
CE[4]	0.0	0.1
PPC[5]		0.0
BIO[6]		0.0

1 Climate Change Mitigation.
2 Climate Change Adaptation.
3 Water and Marine Resources.
4 Circular Economy.
5 Pollution Prevention and Control.
6 Biodiversity and Ecosystems.

EXPECTED DEVELOPMENTS, OPPORTUNITIES AND RISKS

Forecast period

The information contained in the report on expected developments generally refers to the 2024 fiscal year.

Future economic prospects

Geopolitical instability restrains global economic recovery

The ongoing geopolitical dislocations will likely continue to dampen global demand and trade in 2024. The easing tensions in global energy markets seen in 2023 could persist in 2024, thus supporting the current declining trend for inflation. However, the associated increase in real purchasing power will provide only a partial offset to the prevailing unsettledness among investors and consumers. Overall, global annual average GDP growth should weaken modestly once again from 2.7% in 2023 to 2.3% in 2024.

For the most important countries and regions, S&P Global Market Intelligence predicts the following GDP growth rates in 2024: growth in China and the United States is expected to weaken to 4.7% and 1.7%, respectively, and to remain roughly steady at a very subdued 0.4% in the eurozone. The German economy should see mild GDP growth of 0.3%, reflecting a gradual strengthening of growth momentum throughout the year following the recession experienced during the second half of 2023.

Highly cyclical international express market

Growth in the international express market, particularly in the B2B segment, is highly dependent upon the economic situation. For 2024, we still expect only moderate growth, depending on economic development.

Freight business influenced by demand and geopolitical developments

Developments in freight logistics are also heavily dependent upon the economic situation and are difficult to predict in light of the uncertain market situation. However, in air and ocean freight, we expect a cautious revival in terms of demand due to the economic conditions and anticipate moderate growth for 2024. In addition, for the ocean freight market especially, the speed with which the capacity bottleneck tensions ease on the Red Sea is of importance.

In light of rather moderate economic development, we also expect only restrained volume growth in the European road transport market in 2024, but we are also still faced with high prices.

Contract logistics market continues to grow

Growth in omnichannel e-commerce as well as geopolitical challenges will continue to increase the complexity of supply chains. This, together with the apparent vulnerability of traditional supply chains and the increasing complexity of global trade relations, will increase the demand for flexible and agile solutions, further driving outsourcing. Furthermore, in the current phase of the economic cycle, many companies are reviewing their structures and cost situations, which could result in a slightly increased willingness to outsource logistics. Therefore, the market for contract logistics is likely to continue growing, yet inflation, general economic conditions and labor shortages represent both an opportunity and a threat.

Stable growth prospects for eCommerce

It is to be expected that the share of e-commerce in total retail revenue will continue to grow. In line with the implementation of our plans for expansion, we will continue to invest in our network, efficient workflows for the last mile and infrastructure so that we remain reliable and affordable for our customers. We also see additional opportunities for growth thanks to our entry into the Turkish market as well.

Stable trends in the relevant post and parcel markets

The German market for paper-based mail communication will decline further as digital communication increases. We will continue to adapt the Post & Parcel Germany product portfolio to reflect this development.

The German advertising market should rise slightly in 2024. However, the shift from paper-based advertising to online marketing will continue, so that the volumes in the physical advertising market – and thus for our Dialogue Marketing services – are expected to be in decline.

According to current predictions, the rising number of goods shipments will partially compensate for significantly declining volumes of documents in international business. Intra-European and international e-commerce could once again grow significantly.

We expect development in e-commerce to stabilize and the German parcel market to grow slightly again in 2024 and are therefore expanding our parcel network and our network of Pack- and Poststations. We are also expanding our range of electronic communications services, securing our standing as a quality leader and, where possible, making our transport and delivery costs more flexible.

Expected developments

Result well over the pre-pandemic level, even in face of persistent economic situation

The first half of the 2024 fiscal year will foreseeably still be shaped by the lack of any broad upward trend in the economy. The comparison with the first half of the previous year, when freight rates were still extraordinarily high in some cases, could be negative. If the economic forecasts currently available prove to be largely accurate, the result in the second half of the year should come in above the level of the comparable prior-year period. With undiminished focus on cost and price management, however, we still expect Group profit to be well above the level of the pre-pandemic years, even with a continuation of weak economic development.

Expectations for consolidated EBIT

In the 2024 fiscal year, we anticipate consolidated EBIT between €6.0 billion and €6.6 billion. The DHL divisions are projected to generate total EBIT of more than €5.7 billion. In the Post & Parcel Germany division, EBIT is forecast to come in at more than €0.8 billion. Group Functions is anticipated to contribute around €–0.45 billion to earnings.

Dividend proposal: €1.85 per share

The Board of Management and the Supervisory Board will propose to the shareholders at the Annual General Meeting on May 3, 2024, a **dividend** of €1.85 per share for the 2023 fiscal year (previous year: €1.85).

Group's credit rating remains the same

As of the reporting date, our credit rating was still at "A2" with a stable outlook according to Moody's Investor Service and was classified as "BBB+" with a positive outlook by Fitch Ratings. As part of our finance strategy, we still strive for a stand-alone target rating between "Baa1" and "A3" and "BBB+" and "A–," respectively.

Liquidity remains solid

Due to the dividend payment for the 2023 fiscal year in May 2024, our liquidity is expected to decrease up to mid-year 2024. Due to the usually good business development in the second half of the year, the liquidity situation should improve again toward the end of the year.

Investments of €3.0 billion to €3.6 billion

As in the previous year, we want to manage investments in our strategic goals and further growth in a balanced way, in line with the challenging economic environment. We plan for capital expenditure (excluding leases) to range between €3.0 billion and €3.6 billion in 2024, while focusing on the same areas as in previous years.

Expected EAC and free cash flow

In view of the expected EBIT development in combination with a predicted increase in the asset charge, we expect the EAC to be down slightly year over year. Free cash flow is projected at around €2.75 billion, including a €250 million overall budget for M&A expenses.

Limiting greenhouse gas emissions

The development of GHG emissions in the 2024 fiscal year will also depend on the development of the global economy. If transport volumes undergo weaker development, we expect logistics-related GHG emissions to remain approximately at the prior-year level; if the economy proves to be more dynamic, we aim to limit GHG emissions to a maximum of 34.9 million tons of CO_2e. This includes decarbonization effects of 1.5 million tons of CO_2e. We continue to expect a significant reduction to not come until the second half of the decade.

Continued strong employee engagement

Employee Engagement should amount to more than 80% across the Group in the 2024 fiscal year as well; this figure is expected to remain steady at least this high level through 2025.

Increase share of female executives

In the 2024 fiscal year, 28.8% of the positions in middle and upper management should be held by women; the share of women should rise to at least 30% by 2025.

Keep LTIFR stable

The LTIFR per 200,000 working hours should be kept at a maximum of 3.3 in the 2024 fiscal year; by 2025, this figure should be reduced to less than 3.1. Beginning in the 2024 reporting period, we will adjust the performance indicator to one million working hours, which means the target then corresponds to 16.5 and 15.5 in the year 2025.

Conduct compliance-relevant training

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

External cybersecurity rating

The cybersecurity rating from BitSight should be within the upper quartile of the comparison group and amount to at least 690 points. If BitSight once again changes its rating scale, we will adjust this figure in line with the change.

Opportunity and risk management

Uniform reporting standard

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

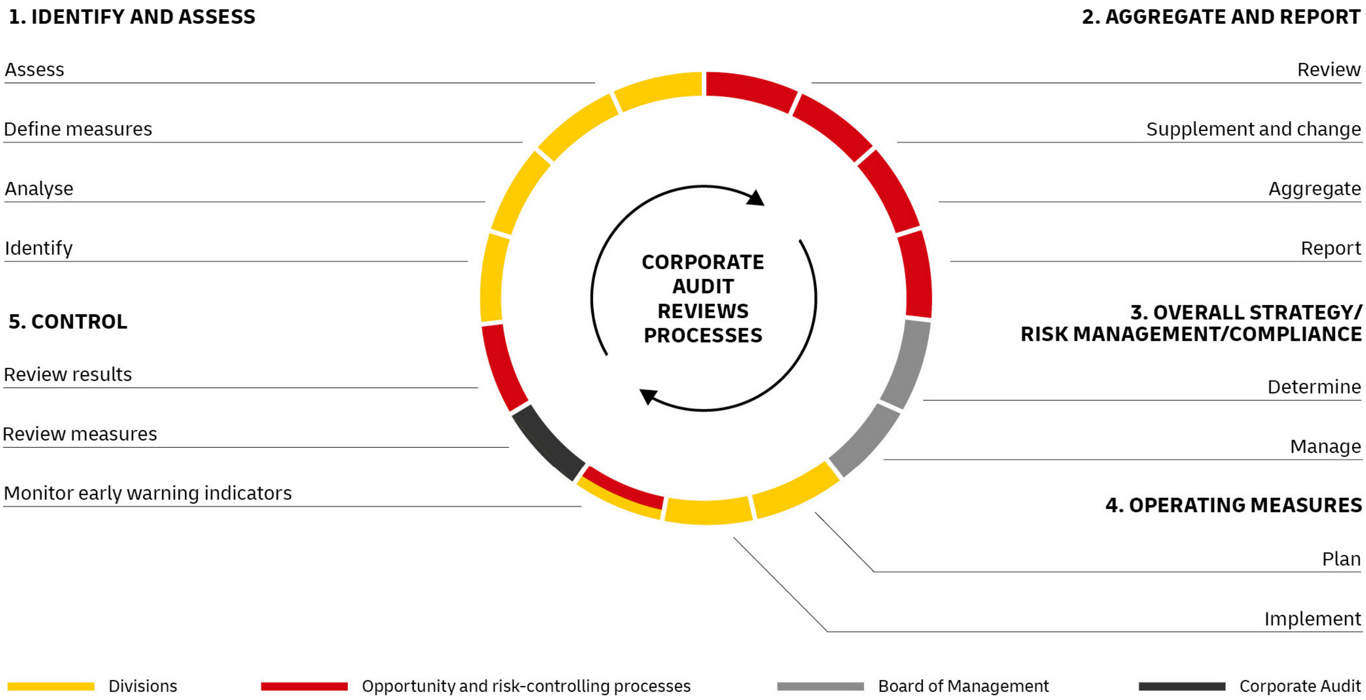
We implemented the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as well as the provisions of the EU Taxonomy also in 2023. This involves discussing and assessing both transitory and physical risks stemming from climate change using various scenarios. The material risks identified during this process are explained in “Opportunity and risk categories.”

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

The simulation is a stochastic model that takes the probability of occurrence of the underlying risks and opportunities into consideration and is based upon the law of large numbers. Randomly selected scenarios – one for each opportunity and risk – are combined on the basis of the distribution functions for each individual opportunity and risk.

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

OPPORTUNITY AND RISK MANAGEMENT PROCESS



1. Identify and assess: Managers in all divisions and regions evaluate the opportunity and risk situation on a quarterly basis and document the actions taken. They use scenarios to assess best, expected and worst cases. The measurement period usually corresponds to the planning period, but it can also be long term or latent. Each identified risk is assigned to at least one risk owner who assesses and monitors the risk, specifies possible procedures for going forward and then files a report. The same applies to opportunities. At least one management process used to measure net risk exposure must be reported for each opportunity or risk. In isolated cases where it is not initially possible to make a quantitative assessment, risks may be assessed on a qualitative basis to ensure that the full scope of all risks is captured. The results are compiled in a database. We also conduct an annual risk workshop for each division with the Divisional Boards, as supplements to the quarterly process. Workshop discussion focuses on opportunities and risks of significance to the whole division. At the same time, newly identified opportunities and risks are subsequently integrated into the quarterly process.

2. Aggregate and report: The controlling units collect the results, evaluate them and review them for plausibility. If individual financial effects overlap, this is noted in our database and taken into account in the compilation process. After being approved by the division risk owners, all results are passed on to the next level in the hierarchy. The last step is complete when Corporate Controlling reports to the Group Board of Management and the Supervisory Board on significant opportunities and risks as well as on the potential overall impact each division might experience. For this purpose, opportunities and risks are aggregated for the key organizational levels. We use two methods for this. In the first method, we calculate a possible spectrum of results for the divisions and combine the respective scenarios. The totals for “worst case” and “best case” indicate the total spectrum of results for the respective division. Within these extremes, the total “expected cases” shows current expectations. The second method makes use of a Monte Carlo simulation, the divisional results of which are regularly included in the opportunity and risk reports to the Board of Management and the Supervisory Board.

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

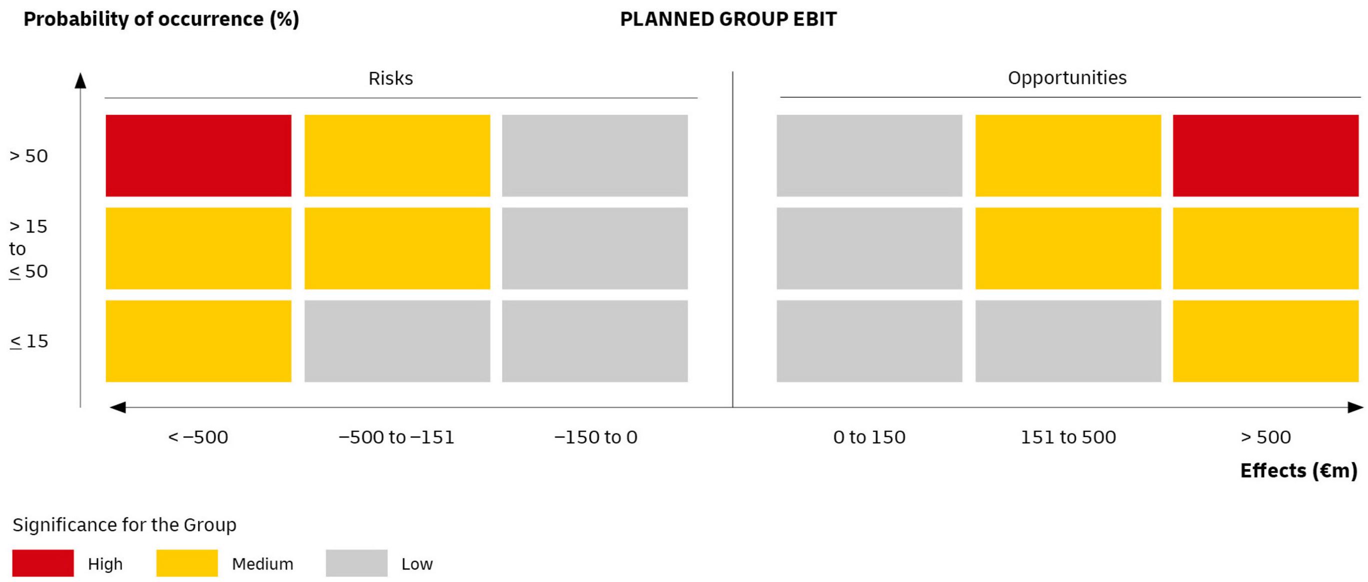
4. Operating measures: The measures to be used to take advantage of opportunities and manage risks are determined within the individual organizational units. They use cost–benefit analyses to assess whether risks can be avoided, mitigated or transferred to third parties.

5. Control: With respect to key opportunities and risks, early-warning indicators have been defined that are monitored constantly by the risk owners. Corporate Internal Audit has the task of ensuring that the Board of Management’s specifications are adhered to. It also reviews the quality of the entire opportunity and risk management operation. The control units regularly analyze all parts of the process as well as the reports from Corporate Internal Audit and the independent auditor, with the goal of identifying potential for improvement and making adjustments to processes where necessary.

Reporting and assessing opportunities and risks

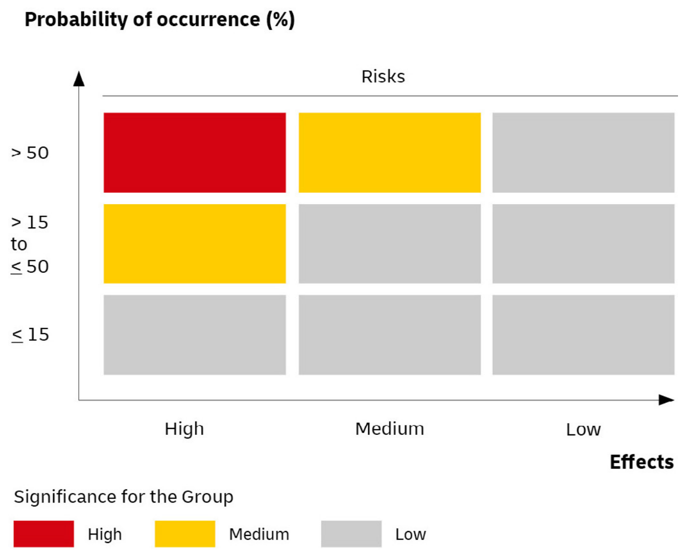
In the following, we have reported mainly on those risks and opportunities that, from a current standpoint, could have a significant impact on the Group during the forecast period beyond the impact already accounted for in the business plan. In addition, we consider both long-term as well as latent opportunities and risks, with the latter unable to be assigned to a particular year or time horizon. Opportunities and risks are assessed according to their probability of occurrence and their impact. As part of this, the effects for quantitative opportunities and risks are measured by EBIT, the financial result and direct effects on equity. The assessment is used to classify opportunities and risks as either low, medium or high. Medium and high risks and opportunities are considered significant and are shown as red or yellow in the following table. The following assessment scale is used (measured on a net basis):

CLASSIFICATION OF RISKS AND OPPORTUNITIES



The following assessment scale is used for qualitative risks (measured on a net basis):

ASSESSING QUALITATIVE RISKS



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

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

Opportunities and risks are identified and assessed decentrally at DHL Group. Reporting on possible deviations from projections, as well as long-term and latent opportunities and risks, occurs primarily at the country or regional level. In view of the degree of detail provided in the internal reports, we have combined the decentrally reported opportunities and risks in categories for the purposes of this report. It should be noted that the figures provided in the underlying individual reports exhibit a significant correlation with the performance of the world economy and global economic output. Unless otherwise specified, a low relevance is attached to the individual opportunities and risks within the respective categories. The opportunities and risks generally apply to all divisions, unless indicated otherwise.

Opportunity and risk categories

Overview of material opportunities and risks

We identify opportunities and risks along the categories described in the following overview. In the overview, we allocated our material opportunities and risks to these categories with the corresponding significance and measurement and explained them in the following pages:

OVERVIEW OF MATERIAL OPPORTUNITIES AND RISKS ALONG OUR CATEGORIES

Category	Material opportunity/material risk[1]	Significance	Measurement
Corporate strategy	Market pressure on pricing (1)	Medium	Quantitative
Legal and compliance-related	None	–	–
Capital expenditure and projects	None	–	–
Operational	Risk of operational restrictions due to climate change (2)	Medium	Qualitative
Human resources	None	–	–
Information technology	IT security incident (3)	Medium	Quantitative
Financial	Influence of interest rates on pension obligations (opportunity and risk) (4)	Medium	Quantitative
	Currency effects (opportunity and risk) (5)	Medium	Quantitative
Tax-related	None	–	–
Real estate	None	–	–
Market- and customer-specific	Customer insolvencies (6)	Medium	Quantitative
	Development of the global economy (7)	Medium	Quantitative
	Inflation (8)	Medium	Quantitative
	Availability of renewable energy and sustainable aviation fuels (SAF) (9)	Medium	Quantitative/ Qualitative
Regulation	Regulatory framework of the German post and parcel market (10)	Medium	Quantitative
	Carbon taxation (11)	Medium	Qualitative
	Restriction of greenhouse gas emissions (12)	Medium	Qualitative
Environment, catastrophes and epidemics	None	–	–

1 Material opportunities and risks are referenced based on the corresponding figures in the following descriptions of individual categories.

Both the material as well as the immaterial opportunities and risks from the overview are specified in the following. Unless otherwise explicitly labeled, these are considered immaterial.

Opportunities and risks arising from corporate strategy

Over the past few years, the Group has ensured that its business activities are well positioned in the world's fastest-growing regions and markets. We are also constantly working to create efficient structures in all areas to enable us to flexibly adapt capacities and costs to demand, which is a condition for lasting, profitable business success. With respect to our strategic orientation, we are focusing on our core competencies in the logistics and letter mail businesses. Our earnings projections regularly take account of development opportunities arising from our strategic orientation.

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

In the Express division, our future success depends, above all, upon general factors such as trends in the competitive environment, costs and quantities transported. In addition, market capacities could restrict our pricing leeway due to market pressure from customers and competitors, which represents a risk of medium significance for us (1). We plan to keep growing our international business and expect a further increase in shipment volumes over the medium and long term. Based upon this assumption, we are investing in our network, our services, our employees and the DHL brand.

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

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

The eCommerce division is responsible for domestic and international non-time-definite standard parcel delivery services in various countries around the globe. It predominantly serves customers in the fast-growing e-commerce sector. Our goal is to leverage our international resources and services to build a cross-border solutions platform that can be connected to the most cost-efficient networks for last-mile delivery. We want to grow profitably in all sectors and segments. To counteract the fundamental risk of rising cost pressure, we took measures with which we intend to improve network efficiency and cost flexibility. Whether e-commerce merchants invest in the establishment and operation of delivery organizations in addition to other market participants results in opportunities and risks for the eCommerce division, as well as for the parcel business in Germany. In this regard, it can be observed that this type of investing activity currently appears to be in decline among e-commerce merchants.

In the German mail and parcel business, we are responding to the challenges posed by the structural shift from a physical to a digital business and the continual decline in letter mail occurring parallel to the steady increase in volumes of parcels and merchandise mail items. We are counteracting the risk arising from changing demand by expanding our range of services. Due to the rise in e-commerce, we expect our parcel business to continue growing in the coming years and are therefore expanding our network of Pack- and Poststations. We are also expanding our range of electronic communications services, securing our standing as a quality leader and, where possible, making our transport and delivery costs more flexible. We follow developments in the market very closely and take them into account in our earnings projections.

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

Legal and compliance-related opportunities and risks

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

Compliance with laws, regulations and agreements is a clearly formulated obligation of all employees of the Group, and ensuring this is one of the fundamental tasks of our managers. To support our employees and managers, we have established a corporate compliance unit differentiated according to relevant topics that, on the basis of our risk management system, monitors compliance with Group-wide standards at both Group and divisional level with respect to typical compliance risks. Thus, in addition to our compliance initiative aimed at preventing fraud and fighting corruption and violations of cartel and competition law, we have introduced initiatives in all divisions intended to ensure compliance with data protection laws – for example, to ensure adherence to the provisions of the European Union's General Data Protection Regulation (GDPR). A similar, Group-wide compliance initiative aims to ensure adherence to international and national export controls and embargo regulations. Moreover, our compliance unit supports, coordinates and monitors the observance of human rights and the fundamental environmental standards in our own operations as well as in our external supply chain.

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

Opportunities and risks arising from capital expenditure and projects

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

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

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

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

Operational opportunities and risks

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

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

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

Increased restrictions imposed by law to combat climate change can be expected in the coming years, including limits on air transport or access to city centers. In certain cases, this may also affect our business models. The resulting risk represents a risk of medium significance for us currently (2).

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

Opportunities and risks arising from human resources

Qualified, dedicated and motivated employees are a prerequisite for sustainable success. Demographic change and a tense labor market situation across all job types in some regions represent a challenge for recruiting workers on a local level. To address this adequately and to avoid labor shortages, we place particular emphasis on our recruiting activities. In addition, we prevent staff shortages through recruiting measures abroad, by using skilled labor migration and by hiring refugees.

For our business success and a low level of staff turnover, it is important to provide our employees with development opportunities and foster their long-term loyalty to the company. In this context, we value the professional development of our executives, with our Group-wide Leadership Attributes serving as a guide for action. Furthermore, we ensure that our employees are able to continuously improve their skills in line with their needs through on-the-job learning opportunities as well as off-the-job training courses.

The health and safety of our employees are of central importance for DHL Group. We therefore place a high value on health and occupational safety measures. With respect to occupational health, we make use of initiatives tailored to local requirements and cooperate across divisions in the management of healthcare initiatives. This is supplemented with health and exercise programs and targeted checkup offers on-site. In addition, we address risks in the area of mental health using prevention, including by means of a continuously refined system for assessing risks associated with mental stresses and as part of our Certified programs for staff development.

As a globally active company with approximately 590,000 employees (headcount as of December 31, 2023) in over 220 countries and territories, upholding human rights is a top priority for us. We account for this responsibility through our Human Rights Policy Statement. If infringements are reported, we will take appropriate measures for clarification.

The development of staff costs is a key factor for us due to the large number of employees. This factor is also being driven by the currently high levels of inflation. The current collective bargaining agreement of Deutsche Post AG is valid for 2023 and 2024. The development of staff costs is no longer a risk of material significance for us at this time.

Overall, we do not currently see any personnel-related opportunities or risks of material significance.

Opportunities and risks arising from information technology

The security of our information systems is particularly important to us. The goal is to ensure continuous IT system operation and prevent unauthorized access to our systems and databases. To this end, we have defined guidelines, standards and procedures based upon ISO 27001, the international standard for information security management. In addition, IT risks are monitored and assessed on an ongoing basis by Group Risk Management, Corporate Internal Audit, Data Protection and Corporate Security.

For our business processes to run smoothly at all times, the essential IT systems must be continuously available. We have therefore designed our systems to protect against complete system failure. Our software is monitored and updated regularly to address potential bugs, close gaps in security and increase functionality. We employ a patch management process – a defined procedure for managing software upgrades – to control risks that could arise from outdated software or from software upgrades. In this context, we use structured processes to collect and check the devices and software versions used in our IT network, the goal being to achieve the highest possible level of coverage.

We limit access to our systems and data such that employees can generally only access the data they need to perform their duties. Systems and data are backed up on a regular basis, and critical data are replicated across data centers. We make use of outsourced data centers of established providers and operate central data centers in the Czech Republic, Malaysia and the United States. Our systems are thus geographically separate and, in addition, are replicated at local disaster recovery locations.

To assess risks in the area of information security, we take a uniform Group-wide approach that factors in risks from the lack of availability, manipulation, misuse, spying and infection of data and information, as well as physical damage to IT facilities. In total, these represent a latent risk of medium significance (3).

Artificial intelligence (AI) opens up a wide range of possibilities, but it also comes with increasing risks for the Group due to the dangers of cybercrime. In addition, complying with regulations in dealing with generative AI is a compliance topic in general.

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

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

Financial opportunities and risks

As a global operator, we are exposed to financial opportunities and risks arising from fluctuating foreign exchange rates, interest rates and commodities prices, as well as the Group's capital requirements. Changes in pension obligations also impact our business. Due to the high volatility of recent years, the influence of interest rates on our pension obligations represents both a risk as well as an opportunity of medium significance for us (4). We attempt to reduce the volatility of our financial performance due to financial risk by implementing both operational and financial management measures. Within the Group, financial instruments are used exclusively for hedging purposes and thus reduce existing risks. Detailed information on risks in relation to the Group's defined benefit retirement plans can be found in **note 37 to the consolidated financial statements.**

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

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

We currently assess the aggregate effect of all foreign currency gains and losses both as an opportunity and a risk of medium significance for the Group (5).

As a logistics group, our biggest commodity price risks result from changes in fuel prices (kerosene, diesel and marine fuels). In the DHL divisions, most of these risks are passed on to customers via operating measures (fuel surcharges).

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

Further information on the Group's financial position and finance strategy, as well as on the management of financial risks, can be found in the Report on economic position and in **note 43 to the consolidated financial statements.**

Risks may also arise from our accounting, controlling, budgetary and financial processes. We monitor those processes continuously to prevent such risks from materializing.

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

Tax-related opportunities and risks

Due to the international scope of our operations, we are subject to a variety of tax regimes. Opportunities and risks arise from the introduction of new types of taxes, legislative changes and judicial rulings. As such, opportunities and risks could arise from the different interpretation of complex tax regulations, for instance.

We mitigate this risk through continual dialog with taxation authorities and tax advisers to obtain the greatest possible degree of legal certainty. This allows us to meet tax compliance requirements in the countries in which we operate to the best of our knowledge and belief. Our Group risk management system incorporates a tax risk management framework that enables us to monitor and avoid tax risk as far as possible.

Currently, we have not identified any significant tax-related opportunities or risks.

Opportunities and risks related to real estate transactions

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

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

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

Market- and customer-specific opportunities and risks

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

As a provider of choice, our business is based on our customers' needs. Our customers are likewise exposed to macroeconomic trends that impact growth in their respective sectors. We monitor market developments on an ongoing basis and review the potential financial effects of relationships with business partners and suppliers at regular intervals, to enable us to avert any risk that could arise from potential insolvencies, for example, at an early stage. Our Customer Solutions & Innovation unit uses a risk dashboard for this purpose. Due to the current economic situation, potential customer bankruptcies represent a risk of medium significance (6).

Global trade weakened significantly due to economic developments, geopolitical crises such as the war in Ukraine, the energy crisis and the corresponding high levels of inflation and increased interest rates. In addition, the easing of the market capacities for transport services that were heavily used in previous years is leading to a normalization of freight rates. We expect moderate business performance in 2024. In spite of the continued expectation of weaker global economic growth, we will see opportunities for growth, for instance through structural growth in e-commerce. The general trend of businesses outsourcing processes continues as well. In addition, our DHL divisions are benefitting from rising demand for complex and integrated logistics solutions thanks to our position as the global market leader.

Our strong position in all the regions in which we operate allows us to compensate, at least partially, for declines in certain trade lanes, often based on growth in others. Cyclical risks can affect our divisions differently depending on their magnitude and point in time, which could mitigate the total effect. Moreover, we have taken measures in recent years to make costs more flexible and to allow us to respond quickly to changes in market demand. However, an additional weakening of global economic growth represents a risk of medium significance (7).

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

As a logistics concern, we are additionally exposed to the effects of fluctuations in market prices on Group profit. Despite the recent decline in inflation, this still represents a risk of medium significance (8).

The availability of renewable energy is of central importance for us to achieve our sustainability goals. In line with our ESG Roadmap, we aim to have more than 30% of the total fuel we use for air freight come from sustainable sources (sustainable aviation fuel – SAF) by 2030. The current availability and planned projects do not yet appear to be sufficient to meet the demand for sustainable aviation fuels. The possibility that the market supply of renewable energy and SAF may not be sufficient therefore represents a risk of medium significance (9).

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

Opportunities and risks arising from political, regulatory or legal conditions

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

In addition, the international transport of goods is subject to the import, export and transit regulations of more than 220 countries and territories as well as their applicable foreign trade laws. In recent years, not only the number but also the complexity of such laws and regulations has increased significantly (including their extraterritorial application). Violations are also being pursued more aggressively by the competent authorities, with stricter penalties imposed. We have implemented, on the one hand, ongoing monitoring of the regulatory and legislative developments in the markets most relevant for us and, on the other, a Group-wide compliance program in response to this development. This comprises the legally prescribed checking of all senders, recipients, suppliers and employees against current embargo lists. In addition, this includes in particular the legally required review of shipments for the purpose of enforcing applicable export restrictions as well as country sanctions and embargoes. DHL Group also cooperates with the responsible authorities, both in working to prevent violations as well as in assisting in the investigation of any infringements in order to avoid or limit potential sanctions.

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

The German federal government had agreed in the coalition agreement that the Postal Act (*Postgesetz*) would again be amended. The described aim was to further enhance social and environmental standards and strengthen fair competition. The German federal cabinet passed a draft law to modernize the Postal Act on December 20, 2023. The draft will now go through the ordinary legislative process in the Bundestag and Bundesrat. The amended Postal Act is expected to enter into effect in the course of 2024.

Depending upon the structure of this new regulatory framework and its application by the German federal network agency, along with its interpretation by the responsible courts, opportunities and risks may arise for the company's regulated areas.

Revenue and earnings risk can arise, in particular, from the price cap procedure used to determine the rates for letter mail. Approval of the rates for the period from January 1, 2022, to December 31, 2024, was issued by the German federal network agency on April 29, 2022. The German federal network agency would have to issue the approval of the rates applicable from 2025 onward in 2024 on the basis of the version of the German Postal Act applicable at the time.

An association from the CEP sector and customers have filed an action with the Cologne Administrative Court against the price cap approval of the German federal network agency for the years 2022 to 2024. The proceedings are still pending. The same CEP association, as well as postal service providers and other customers, had previously filed an action with the Cologne Administrative Court against the pricing approvals granted as part of the price cap procedure for the years 2016 to 2018 and 2019 to 2021. In a ruling issued on August 17, 2022, the Cologne Administrative Court overturned the approval for the years 2019 to 2021 in relation to the association as well as the postal service providers as a result of a ruling of the German Federal Administrative Court from May 27, 2020, due to a formal legal error in the context of the underlying legal ordinance. This formal legal error was rectified by the German government through an amendment to the German Postal Act that took effect in March 2021. The Cologne Administrative Court denied the claims of two customers because they had expired. The Cologne Administrative Court has not yet reached a decision on the other mentioned claims against the price cap approvals. The association's additional application to be granted a new approval for the years 2019 to 2021 was denied by the Cologne Administrative Court. The association has filed an appeal to this ruling with the Federal Administrative Court, as have the two customers who were completely unsuccessful in their claims with the Cologne Administrative Court; the appeals with the German Federal Administrative Court are still pending.

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

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

It cannot currently be ruled out that the effects on existing pricing approvals, or on future price cap procedures, of the court's decisions or the actions currently pending could be negative for Deutsche Post.

Especially the regulations from the Postal Act, which are currently undergoing revision, are of particular importance for us. If the regulations on terms and pricing and the clarification that so-called partial services are also a universal service proposed by the cabinet resolution dated December 20, 2023, are changed again, if it is not possible to withdraw from the provision of the universal postal service, or if the new law is not passed in a timely manner, this will come with a number of risks for our Group, including the possibility of significant impairment losses. Due to the low probability of occurrence, we currently assess this risk as medium (10) overall.

One opportunity largely taken into account in our guidance results from the tax handling of so-called partial service shipments in accordance with European legislation. If the first-instance ruling of the Cologne Finance Court on the VAT liability of partial services is confirmed by the German Federal Fiscal Court, this transport service will have to be offered without VAT. The aforementioned draft of a new Postal Act is also congruent with the European legal situation and clarifies that partial service shipments are a part of the universal postal service and thus have to be offered without VAT in the future.

We also describe significant legal proceedings in **note 45 to the consolidated financial statements.**

The fight against climate change can result in increased regulatory and legal changes in the coming years. An increase in, or stepped up introduction of, carbon taxes and levies, certification regulations and other direct costs in conjunction with CO_2 emissions (11) represents a risk of medium importance for us, as do increased restrictions on GHG emissions (12). We have implemented ongoing monitoring of the regulatory and legislative developments in the markets most relevant for us in response to this risk, but above all we constantly work to reduce our greenhouse gas emissions and have also set ourselves verified targets from the Science Based Targets Initiative to this end.

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

Opportunities and risks arising from the environment, catastrophes and epidemics

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

The year 2023 was no longer significantly impacted by the consequences of the COVID-19 pandemic. Nevertheless, our focus at all times was, and remains, on safeguarding the health of our employees. We continue to regularly review the consequences of potential more virulent variants and their possible impact on our business activities, so that we are able to counter the respective current situation with corresponding measures.

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

Internal control system

Structure of the internal control system (ICS)

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

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

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

Our ICS generally comprises all companies. The scope of the activities to be carried out by each entity differs and depends on, among other things, the materiality of the entity for the consolidated financial statements and the specific risks that are associated with the entity. All companies are analyzed on the basis of quantitative and qualitative aspects and categorized into companies material to the ICS in consideration of relevant financial figures and functional KPIs.

Internal control system in the functions

Disclosures unrelated to the management report (unaudited), **preliminary remarks.**

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

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

The goal of taking all functions of the Group into account is to ensure compliance with applicable standards and internal Group regulations as well as divisional and local provisions in all business transactions and the core processes.

The compliance management system (CMS) is a major component of the monitoring system of DHL Group. The CMS was established with the goal of creating rules, standards and processes for conduct compliant with laws and guidelines as well as measurable self-commitments. Therefore, it serves to protect DHL Group from financial risks and damage to its reputation, to minimize personal liability risks of governing bodies, managers and other employees, and to avoid competitive disadvantages.

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

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

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

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

Accounting-related internal control system

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

Within the framework of the ICS, we take organizational and process-related measures that involve all companies in the Group. Centrally standardized accounting guidelines govern the reconciliation of the single-entity financial statements and support uniform accounting pursuant to EU IFRSs throughout the Group. In addition, German generally accepted accounting principles (GAAP) have been established for Deutsche Post AG and the other Group companies subject to HGB reporting requirements. A standard chart of accounts is required to be applied by all Group companies. We immediately assess new developments in international accounting for relevance and announce their implementation in a timely manner, for example in newsletters. Often, accounting processes are pooled in a shared service center in order to centralize and standardize them. The IFRS financial statements of the individual Group companies are recorded in a standard, SAP-based system and then processed at a central location where one-step consolidation is performed. Other quality assurance components include automatic plausibility reviews and system validations of the accounting data. In addition, regular, manual checks are carried out centrally at the Corporate Center by Corporate Accounting & Controlling, Taxes and Corporate Finance. If necessary, we call in outside professionals with the requisite expertise. Finally, the Group’s standardized process of preparing financial statements by using a centrally administered financial statements calendar supports a structured and efficient accounting process.

The companies have implemented preventive and detective control mechanisms to address risks of material misrepresentation in reporting and covered division-specific as well as local requirements. To maintain the system’s effectiveness and implement continuous improvements, the ICS is subjected to regular reviews. To this end, self-assessments are carried out using the dual-control principle and documented in a central IT application. If a self-assessment results in the finding of inadequate control implementation, an action plan must be created, and the successful execution thereof must be confirmed by the person responsible for the process.

The results of the self-assessments are documented in a central reporting tool. The Supervisory Board, Board of Management and the functional bodies are regularly informed of the findings. In addition, this information is analyzed with regard to potential improvements.

Regular monitoring by Corporate Internal Audit

Over and above the ICS and risk management, Corporate Internal Audit is an essential component of the Group’s control and monitoring system. Using risk-based auditing procedures, Corporate Internal Audit regularly examines the processes related to financial reporting and reports its results to the Board of Management.

Statement on the appropriateness and effectiveness of the RMS and ICS

Disclosures unrelated to the management report (unaudited), **preliminary remarks.**

Based on the regular reporting on the RMS and ICS, the analysis of the underlying results of the self-assessments and the appraisal of the reports from the internal audit department, the Board of Management is not aware of any circumstances that would cause it to believe that the design of the risk management system and the internal control system in its entirety is not appropriate and effective for the risk situation of DHL Group.

It should, however, always be taken into consideration that no ICS, regardless of how well designed, can offer absolute certainty that all material accounting misstatements will be avoided or detected.

Overall assessment of the Board of Management

In the 2024 fiscal year, we anticipate consolidated EBIT between €6.0 billion and €6.6 billion. The DHL divisions are projected to generate total EBIT of more than €5.7. In the Post & Parcel Germany division, EBIT is forecast to come in at more than €0.8 billion. Group Functions is anticipated to contribute around €–0.45 billion to earnings. In view of the expected EBIT development in combination with a predicted increase in the asset charge, we expect the EAC to be down slightly year over year. Free cash flow is projected at around €2.75 billion, including a €250 million overall budget for M&A expenses.

The current business planning has not identified any significant changes in the Group's overall opportunity and risk situation compared with last year's risk report. No new risks with a potentially critical impact upon the Group's result have been identified according to current assessments. Based upon the Group's early-warning system and in the estimation of its Board of Management, there were no identifiable risks for the Group in the current forecast period that, individually or collectively, cast doubt upon the Group's ability to continue as a going concern. Nor are any such risks apparent in the foreseeable future. The stable to positive outlook projected for the Group is moreover reflected in our **credit rating.**

GOVERNANCE

Annual Corporate Governance Statement

pursuant to Sections 289f and 315d HGB with respect to Deutsche Post AG and DHL Group.

Declaration of Conformity with the German Corporate Governance Code
Deutsche Post AG complied with the suggestions and recommendations of the German Corporate Governance Code in the year under review. The Board of Management and Supervisory Board intend to comply with all suggestions and recommendations in the future as well. In December 2023, they issued the following Declaration of Conformity:

The Board of Management and the Supervisory Board of Deutsche Post AG declare that, since the issue of the Declaration of Conformity in December 2022, all recommendations of the Government Commission German Corporate Governance Code, as amended on April 28, 2022, and published in the *Bundesanzeiger* (Federal Gazette) on June 27, 2022, have been complied with, and that all recommendations are to be complied with going forward.

You can view the current Declaration of Conformity and the Annual Corporate Governance Statement along with the Declarations of Conformity for the past five years on the **company's website.**

Corporate governance principles and shared values
Our business relationships and activities are based upon responsible business practices that comply with applicable laws, international guidelines and ethical standards, and this also forms part of the Group's strategy. Equally, we require our suppliers to act in this way. We encourage relationships with our employees, customers and other stakeholders, as well as the shareholders, whose decisions to select DHL Group as an employer, supplier or investment are increasingly also based upon the requirement that we apply good corporate governance criteria.

With the **Code of Conduct,** we have laid out the requirements of the conduct of our employees. It is applicable across all divisions and regions. In the Code of Conduct, we commit ourselves in particular to the principles set out in the United Nations (UN) Global Compact, comply with the principles of the Universal Declaration of Human Rights and follow additional recognized legal standards, including the applicable anti-corruption legislation and agreements. In addition, we take the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises into account. In addition, we support various sustainability initiatives, for example to promote the development of sustainable fuels and technologies, and are working with transport partners on reducing fuel consumption and the emission of greenhouse gases. As a long-standing partner of the United Nations, we support the UN's Sustainable Development Goals (SDGs). In 2023, DHL Group became a member of Transparency International Germany.

The Code of Conduct also describes our understanding of diversity and inclusion. This understanding and mutual respect promote cooperation within the Group and thus contribute to economic success. The criteria for the recruitment and professional development of our employees are exclusively their skills and qualifications. The members of the Board of Management and the Supervisory Board support the diversity measures, with a particular focus on the Group's goal of increasing the number of women in management. Doing business includes using our expertise as a service provider in the mail services and logistics sector for the benefit of society and the environment, and we motivate our employees to engage personally in this regard.

Ensuring that our interactions with business partners, shareholders and the public are conducted with integrity and within the bounds of the law is vital to maintaining our reputation. This is also the foundation of DHL Group's lasting business success. Our compliance management system (CMS) is designed to promote legally compliant conduct as well as to prevent corruption and anticompetitive conduct in particular. Insights gained from compliance audits and reported violations are also used to continually improve and upgrade the CMS system. To this end, the enhanced compliance reporting tool (BKMS Dashboard) offers Group-wide, centralized and systematic collection of all key figures related to compliance notifications and the clarification of issues. In addition, further measures were taken to promote the culture of compliance and compliance reporting was established.

Cooperation between the Board of Management and the Supervisory Board, remuneration, retirement ages

As a listed German public limited company, Deutsche Post AG has a two-tier board structure comprising the Board of Management and the Supervisory Board.

Members of the Board of Management are responsible for the management of the company. They manage their Board departments independently, except where decisions of particular significance and consequence for the company or the Group require a resolution by all members of the Board of Management. Each member of the Board of Management is obligated to subordinate the interests of their individual Board departments to the collective interests of the company and to inform the Board of Management about significant developments in their departments. The Board of Management ensures compliance with statutory provisions and internal guidelines within the company (compliance). The internal control system and the risk management system comprise a CMS aligned with the risk situation of the company and also include targets related to sustainability.

The CEO conducts Board of Management business, aligns Board department activities with the company's collective goals and plans, and ensures that corporate policy is carried out. When making decisions, members of the Board of Management may not act in their own personal interest or exploit corporate business opportunities for their own benefit. Any conflicts of interest must be disclosed to the chairs of the Supervisory Board and the Board of Management without delay; the other Board of Management members must also be informed. The Supervisory Board has determined that appointments to the Board of Management should generally end by the time the member turns 65.

The members of the Supervisory Board appoint, advise and oversee the Board of Management. They propose the remuneration system for Board of Management members to the Annual General Meeting, and – together with the Board of Management – are jointly responsible for the long-term succession planning for the Board of Management. Furthermore, the statutory obligations of the Supervisory Board include the review and approval of the annual and consolidated financial statements, the review of the proposal for the appropriation of the net retained profit and the recommendation of the auditor to the Annual General Meeting.

For proposals for the election of Supervisory Board members, the Supervisory Board will ensure that their term of office ends no later than the close of the next Annual General Meeting to be held after the Supervisory Board member turns 72. As a general rule, Supervisory Board members should not serve more than three terms of office.

The company's D & O (directors and officers) insurance for the members of the Board of Management provides for a deductible as set out in the AktG.

The principles governing the Supervisory Board's internal organization, a catalog of Board of Management transactions requiring approval and the work of the Supervisory Board committees are governed by the rules of procedure, which are available on the **company's website.** The Chair, elected by the members of the Supervisory Board from their ranks, coordinates the work of the Supervisory Board and represents the Supervisory Board publicly. The Chair holds talks with investors on topics relevant to the Supervisory Board. The Supervisory Board represents the company in respect of the Board of Management members. Members of the Supervisory Board receive a fixed annual remuneration of €100,000. The remuneration for each of the chairs (plenary and committees) increases by 100%, for the Deputy Chair of the Supervisory Board and for committee members by 50%. This does not apply to the Mediation or Nomination Committees. The report on remuneration of Board of Management and Supervisory Board members can be accessed along with the auditor's report pursuant to Section 162(3) AktG on the **company's website.** There are no contracts between the company and Supervisory Board members, with the exception of the employment contracts with the employee representatives.

The Supervisory Board meets at least twice each half year, regularly also without the Board of Management present. Extraordinary meetings are held as required. In the 2023 fiscal year, Supervisory Board members held four plenary meetings, 21 committee meetings and one closed meeting. The meetings took place in person, with a few exceptions for the committee meetings. Individual members joined via videoconference. In cases where individual members were unable to participate, they submitted their votes in writing in advance of the meeting and thus ensured that the decisions made were based on the decisions of all responsible members. The overall attendance rate of 95% is broken down by member in the **report of the Supervisory Board.**

Supervisory Board decisions are prepared in advance in separate meetings of the shareholder representatives and the employee representatives, and by the relevant committees. During the plenary meetings, the committee chairs inform the other members about the work and decisions of the committees. Supervisory Board members are personally responsible for ensuring they receive training and professional development measures. They receive appropriate support from the company in the process. In 2023, the Directors' Days took place in May and September. The topics covered included the regulation of the postal market, ESG key performance indicators as a basis for corporate governance and Board of Management remuneration, as well as updates on supply chain legislation, Corporate Sustainability Reporting and the EU Taxonomy.

Succession planning for the Board of Management

Together with the Board of Management, the Supervisory Board is jointly responsible for the long-term succession planning for the Board of Management. To this end, in particular the Chair of the Supervisory Board and the Chief Executive Officer regularly discuss candidates with the potential to take on positions on the Board of Management. Within the Supervisory Board, the search for suitable Board of Management members is primarily the responsibility of the Executive Committee. In the event of an upcoming vacancy, the Executive Committee selects suitable candidates for personal interviews, taking into account specific requirements for experience and qualifications to be met by the members and the composition of the Board of Management as a whole and, after discussing this list of candidates, submits it to the Supervisory Board.

Independent of specific upcoming vacancies, potential successors from within the Group are given the opportunity to give a presentation on topics from their own areas of responsibility before the Supervisory Board. In this way, the Supervisory Board maintains an overview of the potential of Group executives who could be considered for a position on the Board of Management. When appointing new members to the Board of Management, the Supervisory Board ensures that the different skills and experiences of the members supplement the Board of Management and that its membership is thus diverse. International experience is of particular importance, in addition to industry experience. The initial term of service for members of the Board of Management generally runs for three years.

Independence of shareholder representatives on the Supervisory Board

All Supervisory Board members are independent within the meaning of the German Corporate Governance Code. This exceeds the target for the Supervisory Board of filling at least 60% of mandates on the shareholder side with independent members.

As of December 31, 2023, the largest shareholder in the company, KfW Bankengruppe, holds 20.49% of the shares in Deutsche Post AG and therefore does not exercise control, nor does the German federal government, which is an indirect shareholder via the KfW. Accordingly, Luise Hölscher and Stefan B. Wintels are also independent. On February 7, 2024, KfW Bankengruppe reduced its shareholding in Deutsche Post AG to 16.45%.

Stefan Schulte, who is resigning from the Supervisory Board after the Annual General Meeting scheduled for May 3, 2024, has contributed his comprehensive expertise and experience to the benefit of the company throughout his term of office and, as the Chair of the Financial and Audit Committee, engaged the Board of Management in differentiated and critical discussions. His independence was therefore not in question at any time for the Supervisory Board. The Supervisory Board will recommend two new independent Supervisory Board members to the Annual General Meeting to succeed Stefan Schulte and Simone Menne, who is also stepping down from the Finance and Audit Committee. More detailed information on the candidates can be found in the report of the Supervisory Board.

Lawrence Rosen's responsibility for the Board department Finance ended more than seven years ago and therefore does not impair his independence. At the same time, his profound knowledge of the company and the industry make it possible for him to support the Board of Management as an experienced and expert adviser and to perform the monitoring duties of the Supervisory Board in particular.

No Supervisory Board member exceeds the maximum age limit of 72, holds seats on governing bodies of the Group's main competitors or provides consultancy services to, or maintains other personal relationships with, such competitors.

Effectiveness of the Supervisory Board's advisory and monitoring duties

Each year, the members of the Supervisory Board review the work and decision-making processes of the Board. Discussions take place during a Supervisory Board meeting without the presence of the Board of Management. At regular intervals, most recently in the year under review, the opinions are also evaluated on the basis of a questionnaire, the results of which are incorporated into the Board's discussions. Among other topics, discussions focused on the skills profile of the Supervisory Board as well as the progress of the onboarding process for new Supervisory Board members. As a result, the Supervisory Board is of the opinion that it performed its monitoring and advisory duties effectively and efficiently.

Targets for the composition of the Supervisory Board (skills profile)

In addition to legal requirements (notably Sections 100 and 107 AktG), the composition of the Supervisory Board is guided by recommendations C.1 and C.6 of the German Corporate Governance Code (DCGK). Overall, the Supervisory Board set the following targets for its composition that also reflect the skills profile it aspires to have:

1. When proposing candidates to the Annual General Meeting for election as Supervisory Board members, the Supervisory Board is to be guided purely by the best interests of the company. Subject to this requirement, the Supervisory Board aims to ensure that the independent group of shareholder representatives as defined in C.6 of the German Corporate Governance Code is to account for at least 60% of the Supervisory Board, and that at least 30% of Supervisory Board members are women.

2. The company's international activities are already adequately reflected in the current composition of the Supervisory Board. For its future proposals to the Annual General Meeting as well, the Supervisory Board strives to find candidates whose origins, education or professional experience equip them with particular international knowledge and experience.

3. The Supervisory Board should collectively serve as a competent adviser to the Board of Management on future issues, in particular digital transformation and sustainability issues.

4. The Supervisory Board should collectively have sufficient expertise in the areas of accounting and financial statement audits. This includes knowledge of international developments in the field of accounting. Additionally, the Supervisory Board believes that the independence of its members helps guarantee the integrity of the accounting process and ensure the independence of the auditors.

5. Conflicts of interest affecting Supervisory Board members are an obstacle to providing independent advice to, and supervision of, the Board of Management. The Supervisory Board will decide how to deal with potential or actual conflicts of interest on a case-by-case basis, in accordance with the law and giving due consideration to the German Corporate Governance Code.

6. In accordance with the age limit adopted by the Supervisory Board and laid down in the rules of procedure for the Supervisory Board, proposals for the election of Supervisory Board members must ensure that their term of office ends no later than the close of the next Annual General Meeting to be held after the Supervisory Board member reaches the age of 72. As a general rule, Supervisory Board members should not serve more than three terms of office.

The current Supervisory Board meets these targets and fulfills this skills profile. The Supervisory Board took targets and the skills profile into account in the election proposals it made to this year's Annual General Meeting.

Qualification matrix pursuant to C.1 of the German Corporate Governance Code

Skills and qualifications of the individual Supervisory Board members can be found in the following overview.

QUALIFICATION MATRIX

	Dr. Nikolaus von Bomhard	Dr. Mario Daberkow	Ingrid Deltenre	Dr. Heinrich Hiesinger	Prof. Dr. Luise Hölscher	Simone Menne	Lawrence Rosen	Dr. Stefan Schulte	Dr. Katrin Suder	Stefan B. Wintels
Member since/appointed until	2016/ 2025	2018/ 2027	2016/ 2025	2019/ 2024	2022/ 2026	2014/ 2024	2020/ 2025	2009/ 2024	2023/ 2027	2022/ 2026
Independence[1]	●	●	●	●	●	●	●	●	●	●
No overboarding[1]	●	●	●	●	●	●	●	●	●	●
Gender	Male	Male	Female	Male	Female	Female	Male	Male	Female	Male
Year of birth	1956	1969	1960	1960	1971	1960	1957	1960	1971	1966
Nationality	German	German	Dutch/Swiss	German	German	German	US American	German	German	German
International experience	●	●	●	●	●	●	●	●	●	●
Educational background	Legal expert	Mathe-matician	Journalist and educational researcher	Engineer	Business adminis-tration	Business adminis-tration	Economist	Business adminis-tration	Physicist, expert in German studies, theatrical scholar	Business adminis-tration
Accounting	●	●			●	●	●	●	●	●
Finance expert pursuant to Section 100 (5) AktG	●	●			●	●[2]	●[2]	●[2]		●
Risk management	●	●	●	●		●	●	●	●	●
Logistics						●	●	●	●	●
Strategy	●	●	●	●	●	●	●	●	●	●
Sustainability	●			●	●	●		●	●	●
Corporate governance/ controlling	●	●	●	●	●	●	●	●	●	●
Digitalization, IT		●	●	●	●		●	●	●	●
Cybersecurity and IT security		●		●	●	●	●		●	
Human resources	●		●	●	●					●

1 In accordance with the German Corporate Governance Code.
2 Expert in the fields of accounting and financial statement auditing within the meaning of Sections 100(5) and 107(4) AktG.

Board of Management and Supervisory Board committees

Business review meetings are held on a quarterly basis for each division, attended by representatives of management, once with the entire Board of Management and the other three times with the CEO and CFO. Additionally, quarterly review meetings are held for the cross-divisional functions with the CEO and CFO as well as representatives of management.

The review meetings involve discussions of strategic initiatives, operational matters and the budgetary situation in the divisions. In addition, all departments have Board committees where decisions are made on the fundamental strategic orientation of the respective department and prominent topics. Finally, the responsible Board departments resolve on investment, real estate and M&A plans within certain threshold limits using defined decision-making and approval processes.

The members of the Supervisory Board's committees prepare the resolutions to be taken in the plenary meetings and perform the duties assigned to them by the law, the company's Articles of Association and the rules of procedure for the Supervisory Board.

Committees of the Supervisory Board

Executive Committee
Dr. Nikolaus von Bomhard (Chair)
Andrea Kocsis (Deputy Chair)
Ingrid Deltenre
Thomas Held
Prof. Dr. Luise Hölscher
Thorsten Kühn

Personnel Committee
Andrea Kocsis (Chair)
Dr. Nikolaus von Bomhard (Deputy Chair)
Ingrid Deltenre
Mario Jacubasch

Finance and Audit Committee
Dr. Stefan Schulte (Chair, independent and expert in the areas of accounting and auditing of financial statements as defined in Sections 100(5) and 107(4) AktG and D.3 of the German Corporate Governance Code)
Stephan Teuscher (Deputy Chair)
Jörg von Dosky
Prof. Dr. Luise Hölscher
Simone Menne (independent and expert in the areas of accounting and auditing of financial statements as defined in Sections 100(5) and 107(4) AktG and D.3 of the German Corporate Governance Code)
Yusuf Özdemir
Lawrence Rosen (independent and expert in the areas of accounting and auditing of financial statements as defined in Sections 100(5) and 107(4) AktG and D.3 of the German Corporate Governance Code)
Stefanie Weckesser

Strategy and Sustainability Committee
Dr. Nikolaus von Bomhard (Chair)
Andrea Kocsis (Deputy Chair)
Thomas Held
Dr. Heinrich Hiesinger
Stephan Teuscher
Stefan B. Wintels

Nomination Committee
Dr. Nikolaus von Bomhard (Chair)
Ingrid Deltenre
Prof. Dr. Luise Hölscher

Mediation Committee (pursuant to Section 27(3) German Co-determination Act)
Dr. Nikolaus von Bomhard (Chair)
Andrea Kocsis (Deputy Chair)
Dr. Heinrich Hiesinger
Thorsten Kühn

The Executive Committee prepares the resolutions to be taken in the plenary meetings regarding the appointment of members to the Board of Management, preparation of their service agreements (including remuneration), the system for remunerating Board of Management members, the establishment of variable remuneration targets, the establishment of variable remuneration according to degrees of target achievement, the review of the appropriateness of Board of Management remuneration and the remuneration report to be prepared annually. In addition, it regularly focuses on long-term succession planning for the Board of Management and questions of corporate governance, also providing recommendations to the Supervisory Board with regard to the latter.

The Finance and Audit Committee reviews the company's accounts, including sustainability reporting, and submits proposals for the approval of the annual and consolidated financial statements to the Supervisory Board. It oversees the company's accounting process; the effectiveness of the internal control system, the risk management system and the internal audit system; and the audit of the annual financial statements, in particular with respect to audit quality and the independence of the auditors. Consultation with the auditor also regularly takes place without the Board of Management members being present. The Finance and Audit Committee prepares the proposals of the Supervisory Board to be made to the Annual General Meeting concerning the choice of the audit firm. If the proposal is preceded by a formal selection process, as was the case prior to the 2022 Annual General Meeting, the committee is responsible for its execution. Following the selection process, the 2022 Annual General Meeting elected Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, as the new audit firm for the 2023 fiscal year.

If the auditor is to be engaged to perform nonaudit services, the Finance and Audit Committee must approve any such engagement, and the committee receives regular reports regarding the total amount of fees agreed upon for these services to ensure compliance with the statutory upper limit. It examines corporate compliance and discusses the half-yearly financial reports and the quarterly statements with the Board of Management prior to their publication. As required, the Finance and Audit Committee is also responsible for issuing findings on the required Supervisory Board approvals of significant transactions between the company and related parties.

The Chair of the Finance and Audit Committee regularly engages in dialog with the auditor outside of the meetings as well. This exchange between the Chair of the committee and the auditor concerns the progress of the audit, and the Chair reports to the committee in this regard.

The Chair of the Finance and Audit Committee, Stefan Schulte, is independent and, on account of his many years of experience as the CFO and CEO of Fraport AG, an expert both in accounting as well as in the auditing of financial statements. Simone Menne and Lawrence Rosen also have comprehensive expertise in accounting and the auditing of financial statements thanks to their many years of service as board members for finance of Deutsche Lufthansa AG (Menne) as well as Deutsche Post AG and Fresenius Medical Care AG & Co. KGaA (Rosen).

The candidates proposed to the 2024 Annual General Meeting to succeed Ms. Menne and Mr. Schulte on the Supervisory Board also possess comprehensive expertise in both of the aforementioned specialty areas. More detailed information on the candidates can be found in the report of the Supervisory Board.

An agreement has been reached with the auditor that the Chair of the Supervisory Board and the Chair of the Finance and Audit Committee will be informed without delay of any potential grounds for exclusion or for impairment of the auditors' independence that arise during the audit, to the extent that any such grounds for exclusion or impairment are not immediately remedied. In addition, it has been agreed upon that the auditor will inform the Supervisory Board without delay of all material findings and incidents occurring in the course of the audit. Furthermore, the auditor must inform the Supervisory Board if, while conducting the financial statement audit, any facts are found leading to the Declaration of Conformity issued by the Board of Management and

Supervisory Board being incorrect. The Finance and Audit Committee regularly reviews the quality of the financial statement audit. Both in the meeting of the Finance and Audit Committee held in preparation for the financial statements meeting as well as in the meeting of the plenary where the company and consolidated financial statements are approved, the members of the Supervisory Board closely examine the contents and the processes of the financial statement audit.

The Strategy and Sustainability Committee prepares the Supervisory Board's strategy discussions and regularly discusses implementation of the strategy and the competitive position of the enterprise as a whole and of the divisions. In addition, it does preparatory work on corporate acquisitions and divestitures that require the Supervisory Board's approval and takes an in-depth look at ESG topics relevant to the company. These include primarily the implementation of the sustainability strategy, in particular with regard to the goals of reducing CO_2 emissions, the safety and satisfaction of employees, the promotion of the share of women in executive positions, cybersecurity and the strengthening of compliance. All shareholder representatives on the committee have significant expertise in the field of sustainability.

The Nomination Committee is comprised exclusively of shareholder representatives. It presents the shareholder representatives of the Supervisory Board with recommendations for shareholder candidates for election to the Supervisory Board at the Annual General Meeting.

The Personnel Committee discusses human resources principles and material topics for the Group, such as occupational health and safety, recruiting and retention, as well as equal opportunities.

The task of the Mediation Committee is stipulated by the *Mitbestimmungsgesetz* (MitbestG – German Co-Determination Act): it makes proposals to the Supervisory Board on the appointment of members of the Board of Management in cases in which the required majority of two-thirds of the votes of the Supervisory Board members is not reached. The committee did not meet in the past fiscal year.

Further information about the work of the Supervisory Board and its committees in the 2023 fiscal year is contained in the **report of the Supervisory Board.** The members of the Board of Management and all additional offices held by them as well as the members of the Supervisory Board and all additional offices held by them can be found in **boards and committees.** The Board members' curriculum vitae, information about their qualifications and the terms of their current appointments are also published on our **website.** The website also has current curriculum vitae of the shareholder representatives on the Supervisory Board along with information on their professional occupation, their membership on the Supervisory Board and their current term of office.

Diversity

Diversity is one of the decisive factors in the business success of the Group – and the Board of Management is no exception. As part of the selection of members for the Board of Management, the Supervisory Board pays close attention to diversity and to ensuring that the members complement each other in terms of their personalities, qualifications, skills, origin and experience. Long-term succession planning in all divisions guarantees that there will be sufficient qualified internal candidates in the future as well. The early selection of women for executive positions also plays a key role. The members of the Board of Management come with different areas of professional expertise in the fields of engineering management, physics, business management, law and psychology. Moreover, the composition of the Board of Management reflects the international activities of the company: due to both their ethnic and cultural backgrounds as well as long professional tenures abroad of responsibility for business operations abroad, the members of the Board of Management have a broad range of experience in many countries in Europe, but also in the United States, Asia, Latin America and Australia. As of December 31, 2023, the average age of members of the Board of Management was 53, with the youngest member being 47 and the oldest 60.

With regard to long-term succession planning, the focus remains on the share of women in management positions. With two women on the Board of Management, the company has exceeded the minimum number applicable since August 2022 under Section 76(3a) AktG, which stipulates that the board of management of listed companies to which the German Co-determination Act applies include at least one woman and one man, if it consists of more than three persons. The target set by the Supervisory Board of a 25% share of women on the Board of Management by the end of 2024, which exceeds the statutory participation requirement, has also already been reached.

For the period beginning January 1, 2020, the Board of Management set a target of 30% for the percentage of women at Deutsche Post AG at both executive tiers below the Board of Management. We aim to meet these targets by December 31, 2024. The two executive tiers are defined on the basis of their reporting lines: tier 1 comprises executives assigned to the N-1 reporting line; here, the share of women was 30.2% as of December 31, 2023. Tier 2 comprises executives assigned to the N-2 reporting line; here, the share of women was 33.3% as of December 31, 2023. By 2025, women should occupy at least 30% of middle- and upper-management positions in the Group. This figure has risen continually in recent years and stood at 27.2% as of December 31, 2023.

The diversity criteria that are particularly important to the Supervisory Board when considering its own composition are also outlined in the list of its goals (skills profile). With a proportion of women of 40%, the Supervisory Board has exceeded its own target of 30%, which also reflects the minimum statutory requirement.

Shareholders and Annual General Meeting

Shareholders exercise their rights, and in particular their right to receive information and to vote, at the Annual General Meeting. Each share in the company entitles the holder to one vote. The company did not issue preference shares without voting rights. The agenda with the proposed resolutions for the Annual General Meeting and additional information will be made available on the company website directly after the Annual General Meeting is convened. A CV, which provides information about their relevant knowledge, skills and functional experience and contains an overview of their essential duties in addition to the Supervisory Board, is published for each Supervisory Board candidate put forth for election. Moreover, the **qualification matrix** offers an overview of the skills and qualifications of the Supervisory Board members.

The speech by the CEO is generally available on the company's website at least four days in advance of the respective Annual General Meeting.

We assist our shareholders in exercising their voting rights not only by making it possible to submit postal votes but also by appointing company proxies, who cast their votes at the Annual General Meeting as instructed by the shareholders. Additionally, shareholders can authorize company proxies and submit postal votes via the shareholder portal offered by the company. The voting instructions to the proxies and the postal ballots can be changed up to the point when voting begins at the Annual General Meeting. Shareholders entered into the shareholder register and their proxies will be able to watch and listen to the Annual General Meeting during an online live stream.

After three Annual General Meetings held virtually due to the pandemic, the Board of Management was able to invite the shareholders to once again attend in person last year. The 2023 Annual General Meeting also authorized the Board of Management to hold Annual General Meetings virtually if necessary for a period of two years. For the 2024 Annual General Meeting, the Board of Management decided not to make use of this option and to carry out the meeting once again as an in-person event. This is in line with the wishes of many shareholders and shareholder representatives to have the opportunity to talk personally with the members of the Board of Management and the Supervisory Board, as well as with each other.

The remuneration system applied to Board of Management members must be presented to the Annual General Meeting for approval in the event of significant changes, or at least every four years; the four-year interval also applies to the remuneration of the Supervisory Board members. The 2021 Annual General Meeting approved the Board of Management remuneration system with 93.39% and the Supervisory Board remuneration with 99.46% of the votes cast in favor. The resolution proposed to the Annual General Meeting on the remuneration of the members of the Supervisory Board for 2022 was passed with an approval rate of 99.07%. The Board of Management remuneration system and the resolutions of the Annual General Meeting on the remuneration of Supervisory Board members can also be accessed on the **company's website.** Information regarding the remuneration of the individual members of the Board of Management and the Supervisory Board can be found in the remuneration reports available there. As scheduled, the remuneration system for the Board of Management will be presented to the 2025 Annual General Meeting for approval.

Disclosures required by takeover law

Disclosures required under Sections 289a and 315a HGB and explanatory report

Composition of issued capital, voting rights and transfer of shares

As of December 31, 2023, the company's share capital totaled €1,239,059,409 and was composed of the same number of no-par-value registered shares. Each share carries the same rights and obligations stipulated by law and/or in the company's Articles of Association and entitles the holder to one vote at the Annual General Meeting (AGM). The company did not issue preference shares without voting rights or shares with special rights conveying powers of control.

The exercise of voting rights and the transfer of shares are based upon statutory provisions and the company's Articles of Association, which place no restrictions on the exercise of voting rights or transfer of shares. Under the Employee Share Plan share-based remuneration program, stocks are subject to time-related trading restrictions during the two-year holding period. As of December 31, 2023, Deutsche Post AG held a total of 58,079,379 treasury shares, which are excluded from rights for the company in accordance with Section 71b AktG.

Shareholdings exceeding 10% of voting rights

KfW Bankengruppe (KfW), Frankfurt am Main, is our largest shareholder. On December 31, 2023, it held 20.49% of share capital, which it reduced to 16.45% on February 7, 2024, according to a voting right announcement. The Federal Republic of Germany – including via the KfW – holds a 16.84% stake in the share capital of Deutsche Post AG as of February 7, 2024.

Appointment and replacement of members of the Board of Management

The members of the Board of Management are appointed and replaced in accordance with the relevant statutory provisions (cf. Sections 84 and 85 AktG and Section 31 MitbestG). Article 6 of the Articles of Association stipulates that the Board of Management must have at least two members. Beyond that, the number of Board members is determined by the Supervisory Board. If the Board of Management is comprised of more than three persons, at least one woman and at least one man must be members of the board, cf. Section 76 (3a) AktG.

Amendments to the Articles of Association

In accordance with Section 119 (1), Number 6, and Section 179 (1), Sentence 1, AktG, amendments to the Articles of Association are adopted by resolution of the AGM. In accordance with Article 21 (2) of the Articles of Association in conjunction with Sections 179 (2) and 133 (1) AktG, such amendments generally require a simple majority of the votes cast and a simple majority of the share capital represented on the date of the resolution. In such instances where the law requires a greater majority for amendments to the Articles of Association, that majority is decisive.

Board of Management authorization, particularly regarding the issue and buyback of shares

The Board of Management is authorized, subject to the consent of the Supervisory Board, to issue up to 130,000,000 new no-par-value registered shares (2021 Authorized Capital). Details may be found in Article 5 (2) of the Articles of Association. The Articles of Association can be accessed on the **company's website** or in the electronic company register. They may also be viewed in the commercial register of the Bonn Local Court.

The Board of Management has furthermore been authorized by resolution of the AGMs of April 28, 2017 (agenda item 7), April 24, 2018 (agenda item 6), August 27, 2020 (agenda item 7), and May 6, 2022 (agenda items 8 and 9), to issue Performance Share Units (PSUs). The authorization resolutions are included in the notarized minutes of the AGM, which can be viewed in the commercial register. In order to service both current PSUs and those yet to be issued, the AGM approved contingent capital increases. Details may be found in Article 5 of the Articles of Association. As of December 31, 2023, the PSUs already issued conferred rights to up to 27,787,376 Deutsche Post AG shares, assuming the conditions are met. Under the authorizations granted, up to 54,619,296 additional PSUs may still be issued.

The AGM of May 4, 2023, authorized the company to buy back shares on or before May 3, 2028, up to an amount not to exceed 10% of the share capital existing as of the date of adoption of the resolution. Further details, including the option of using the treasury shares acquired on that basis or on the basis of a preceding authorization, may be found in the authorization resolution adopted by the AGM of May 4, 2023 (agenda item 6). In addition, the AGM of May 4, 2023, authorized the Board of Management to buy back shares within the scope specified in agenda item 6, including through the use of derivatives (agenda item 7). Together with the purchases based upon the earlier authorization dated May 6, 2021, the company repurchased a total of 23,606,169 shares in the fiscal year based upon the authorization resolution.

Significant agreements that are conditional upon a change of control following a takeover bid and agreements with members of the Board of Management or employees providing for compensation in the event of a change of control

Deutsche Post AG holds a syndicated credit facility with a volume of €2 billion under an agreement entered into with a consortium of banks. If a change of control within the meaning of the agreement occurs, each member of the bank consortium is entitled, under certain conditions, to cancel its share of the credit facility as well as its share of any outstanding loans and to request repayment. The terms and conditions of the bonds issued under the Debt Issuance Program established in March 2012 and those of the convertible bond issued in December 2017 also contain change-of-control clauses. In the event of a change of control within the meaning of those terms and conditions, creditors are, under certain conditions, granted the right to demand early redemption of the respective bonds. Finally, two framework agreements are in place with a vehicle supplier, on the basis of which vehicles with a total value in the upper double-digit-million range were purchased in the fiscal year and that can be terminated without notice by the contractual partner in the event of a change of control.

In the event of a change of control, any member of the Board of Management is entitled to resign their office for good cause within a period of six months following the change of control after giving three months' notice to the end of a given month, and to terminate their Board of Management contract (right to early termination). This is not associated with a severance payment claim. With regard to the Annual Bonus Plan with Share Matching for executives, the holding period for the shares will become invalid with immediate effect in the event of a change of control of the company. The participating executives will receive the total number of matching shares corresponding to their investment (or a cash equivalent) in due course. In such a case, the employer will be responsible for any tax disadvantages resulting from a reduction of the holding period. Taxes normally incurred after the holding period are exempt from this provision. Under the Employee Share Plan and the piloted "myShares" employee participation program, if a change of control occurs, any amounts that have already been invested and for which shares have yet to be delivered are reimbursed. For the Employee Share Plan, the holding period stipulated in this plan is waived for shares that have already been granted effective immediately.

INCOME STATEMENT

JANUARY 1 TO DECEMBER 31

€m	Note	2022	2023
Revenue	11	94,436	81,758
Other operating income	12	2,925	2,787
Changes in inventories and work performed and capitalized	13	511	165
Material expense	14	−53,473	−41,663
Staff costs	15	−26,035	−26,977
Depreciation, amortization and impairment losses	16	−4,177	−4,477
Other operating expenses	17	−5,712	−5,409
Net expenses/income from investments accounted for using the equity method	25	−39	161
Profit from operating activities (EBIT)		**8,436**	**6,345**
Financial income		427	409
Finance costs		−847	−1,071
Foreign-currency result		−105	−167
Net finance costs	18	**−525**	**−829**
Profit before income taxes		**7,911**	**5,516**
Income taxes	19	−2,194	−1,581
Consolidated net profit for the period		**5,717**	**3,935**
attributable to Deutsche Post AG shareholders		5,359	3,677
attributable to noncontrolling interests		358	258
Basic earnings per share (€)	20	4.41	3.09
Diluted earnings per share (€)	20	4.33	3.04

STATEMENT OF COMPREHENSIVE INCOME

JANUARY 1 TO DECEMBER 31

€m	Note	2022	2023
Consolidated net profit for the period		**5,717**	**3,935**
Items that will not be reclassified to profit or loss			
Change due to remeasurements of net pension provisions	37	2,236	–800
+ Reserve for equity instruments without recycling		9	–18
+ Income taxes relating to components of other comprehensive income	19	–51	96
= Total, net of tax		**2,194**	**–722**
Items that will be reclassified subsequently to profit or loss			
Hedging reserves			
+ Changes from unrealized gains and losses		89	–16
+ Changes from realized gains and losses		–15	–23
Currency translation reserve			
+ Changes from unrealized gains and losses		149	–579
+ Changes from realized gains and losses		0	–6
+ Income taxes relating to components of other comprehensive income	19	–22	27
+ Share of other comprehensive income of investments accounted for using the equity method, net of tax		4	–1
= Total, net of tax		**205**	**–598**
Other comprehensive income, net of tax		**2,399**	**–1,320**
Total comprehensive income		**8,116**	**2,615**
attributable to Deutsche Post AG shareholders		7,759	2,385
attributable to noncontrolling interests		357	230

BALANCE SHEET

€m	Note	Dec. 31, 2022[1]	Dec. 31, 2023
ASSETS			
Intangible assets	22	14,121	14,567
Property, plant and equipment	23	28,688	29,958
Investment property	24	22	13
Investments accounted for using the equity method	25	76	104
Noncurrent financial assets	26	1,216	1,118
Other noncurrent assets	27	581	388
Deferred tax assets	28	1,440	1,453
Noncurrent assets		**46,144**	**47,601**
Inventories	29	927	1,061
Current financial assets	26	1,799	833
Trade receivables	30	12,253	10,537
Other current assets	27	3,107	2,415
Current income tax assets		456	663
Cash and cash equivalents	31	3,790	3,649
Assets held for sale	32	0	55
Current assets		**22,332**	**19,213**
TOTAL ASSETS		**68,476**	**66,814**
EQUITY AND LIABILITIES			
Issued capital	33	1,199	1,181
Capital reserves	34	3,543	3,579
Other reserves		–518	–1,109
Retained earnings	34	19,012	18,826
Equity attributable to Deutsche Post AG shareholders	35	23,236	22,477
Noncontrolling interests	36	482	413
Equity		**23,718**	**22,890**
Provisions for pensions and similar obligations	37	1,936	2,519
Deferred tax liabilities	28	346	410
Other noncurrent provisions	38	1,901	2,062
Noncurrent financial liabilities	39	17,683	17,939
Other noncurrent liabilities	40	297	280
Noncurrent income tax liabilities		331	392
Noncurrent provisions and liabilities		**22,494**	**23,602**
Current provisions	38	1,159	1,079
Current financial liabilities	39	4,483	4,779
Trade payables		9,933	8,479
Other current liabilities	40	6,188	5,536
Current income tax liabilities		501	449
Liabilities associated with assets held for sale	32	0	0
Current provisions and liabilities		**22,264**	**20,322**
TOTAL EQUITY AND LIABILITIES		**68,476**	**66,814**

1 Prior-year figures adjusted, note 4.

CASH FLOW STATEMENT

JANUARY 1 TO DECEMBER 31

€m	Note	2022	2023
Consolidated net profit for the period		5,717	3,935
+ Income taxes		2,194	1,581
+ Net finance costs		525	829
= Profit from operating activities (EBIT)		8,436	6,345
+ Depreciation, amortization and impairment losses		4,177	4,477
+ Net cost/net income from disposal of noncurrent assets		–51	–71
+ Other noncash income and expense		–31	–336
+ Change in provisions		78	–38
+ Change in other noncurrent assets and liabilities		–86	–57
+ Dividend received		9	27
+ Income taxes paid		–1,782	–1,625
= Net cash from operating activities before changes in working capital		10,750	8,722
+ Change in inventories		–301	–152
+ Change in receivables and other current assets		–102	2,149
+ Change in liabilities and other items		618	–1,461
= Net cash from operating activities	42	**10,965**	**9,258**
Subsidiaries and other business units		69	–1
+ Property, plant and equipment and intangible assets		112	153
+ Investments accounted for using the equity method and other investments		4	78
+ Other noncurrent financial assets		330	216
= Proceeds from disposal of noncurrent assets		515	446
Subsidiaries and other business units		–1,613	–424
+ Property, plant and equipment and intangible assets		–3,912	–3,381
+ Investments accounted for using the equity method and other investments		0	–34
+ Other noncurrent financial assets		–13	–4
= Cash paid to acquire noncurrent assets		–5,538	–3,843
+ Interest received		180	253
+ Current financial assets		1,664	963
= Net cash used in investing activities	42	**–3,179**	**–2,181**
Proceeds from issuance of noncurrent financial liabilities		1	501
+ Repayments of noncurrent financial liabilities		–3,169	–3,099
+ Change in current financial liabilities		–41	45
+ Other financing activities		100	–152
+ Net cash from/for transactions with noncontrolling interests		2	–9
+ Dividend paid to Deutsche Post AG shareholders		–2,205	–2,205
+ Dividend paid to noncontrolling-interest holders		–366	–283
+ Purchase of treasury shares		–1,099	–986
+ Interest paid		–634	–710
= Net cash used in financing activities	42	**–7,411**	**–6,898**

↙
Continuation of the
Cash Flow Statement

€m	Note	2022	2023
Net change in cash and cash equivalents		**375**	**179**
+ Effect of changes in exchange rates on cash and cash equivalents		−107	−320
+ Changes in cash and cash equivalents associated with assets held for sale		−8	0
+ Changes in cash and cash equivalents due to changes in consolidated group		−1	0
+ Cash and cash equivalents as of January 1		**3,531**	**3,790**
Cash and cash equivalents as of December 31	31	**3,790**	**3,649**

STATEMENT OF CHANGES IN EQUITY

JANUARY 1 TO DECEMBER 31

			Other reserves						
€m	Issued capital	Capital reserves	Hedging reserves	Reserve for equity instruments without recycling	Currency translation reserve	Retained earnings	Equity attributable to Deutsche Post AG shareholders	Non-controlling interests[1]	Total equity[1]
Note	33	34	34			34	35	36	
Balance as of January 1, 2022	1,224	3,533	6	–12	–727	15,013	19,037	462	**19,499**
Dividend						–2,205	–2,205	–371	**–2,576**
Transactions with noncontrolling interests			0	0	0	–145	–145	6	**–139**
Changes in noncontrolling interests due to changes in consolidated group							0	27	**27**
Capital increase/decrease	–25	10				–1,195	–1,210	1	**–1,209**
Total comprehensive income									
Consolidated net profit for the period						5,359	5,359	358	**5,717**
Currency translation differences					154		154	–1	**153**
Change due to remeasurements of net pension provisions						2,185	2,185	0	**2,185**
Other changes			52	9		0	61	0	**61**
Total							**7,759**	**357**	**8,116**
Balance as of December 31, 2022	**1,199**	**3,543**	**58**	**–3**	**–573**	**19,012**	**23,236**	**482**	**23,718**
Balance as of January 1, 2023	1,199	3,543	58	–3	–573	19,012	23,236	482	**23,718**
Dividend						–2,205	–2,205	–286	**–2,491**
Transactions with noncontrolling interests			0	0	0	4	4	–14	**–10**
Changes in noncontrolling interests due to changes in consolidated group							0	0	**0**
Capital increase/decrease	–18	36				–1,020	–1,002	1	**–1,001**
Other changes						59	59	0	**59**
Total comprehensive income									
Consolidated net profit for the period						3,677	3,677	258	**3,935**
Currency translation differences					–560		–560	–26	**–586**
Change due to remeasurements of net pension provisions						–701	–701	–2	**–703**
Other changes			–12	–19		0	–31	0	**–31**
Total							**2,385**	**230**	**2,615**
Balance as of December 31, 2023	**1,181**	**3,579**	**46**	**–22**	**–1,133**	**18,826**	**22,477**	**413**	**22,890**

1 Prior-year figures adjusted, note 4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF DEUTSCHE POST AG

Company information

DHL Group is a global mail and logistics group. As of July 1, 2023, the Group name was changed from Deutsche Post DHL Group to DHL Group. The adoption of this new name does not have any influence on the services offered by the divisions. The Deutsche Post and DHL brands of the Group will continue to be used as before. These brands represent a portfolio of logistics (DHL) and communication (Deutsche Post) services. The fiscal year of Deutsche Post AG and its consolidated subsidiaries is the calendar year. Deutsche Post AG, whose registered office is in Bonn, Germany, is entered in the commercial register of the Bonn Local Court under HRB 6792.

Basis of preparation

As a listed company, Deutsche Post AG prepared its consolidated financial statements in accordance with Section 315e *Handelsgesetzbuch* (HGB – German Commercial Code) ("consolidated financial statements in accordance with International Financial Reporting Standards") in compliance with International Financial Reporting Standards (IFRS) and related Interpretations of the International Accounting Standards Board (IASB) as adopted in the European Union in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the European Council on the application of international accounting standards.

1 Basis of accounting

The requirements of the standards applied have been satisfied in full, and the consolidated financial statements therefore provide a true and fair view of the Group's net assets, financial position and results of operations.

The consolidated financial statements consist of the income statement and the statement of comprehensive income, the balance sheet, the cash flow statement, the statement of changes in equity and the notes. In order to improve the clarity of presentation, various items in the balance sheet and in the income statement have been combined. These items are disclosed and explained separately in the notes. The income statement has been classified in accordance with the nature-of-expense method.

The accounting policies and the explanations and disclosures in the notes to the IFRS consolidated financial statements for the 2023 fiscal year are generally based on the same accounting policies used in the 2022 consolidated financial statements. Exceptions to this are the changes in international financial reporting under the IFRS described in **note 5** that have been required to be applied by the Group since January 1, 2023. The accounting policies are explained in **note 7.**

These consolidated financial statements were authorized for issue by a resolution of the Board of Management of Deutsche Post AG dated February 16, 2024.

The consolidated financial statements are prepared in euros (€). Unless otherwise stated, all amounts are given in millions of euros (€ million, €m).

2 Consolidated group

The consolidated group includes all companies controlled by Deutsche Post AG. Control exists if Deutsche Post AG has decision-making powers, is exposed, and has rights, to variable returns and is able to use its decision-making powers to affect the amount of the variable returns. The Group companies are consolidated from the date on which DHL Group is able to exercise control.

When DHL Group holds less than the majority of voting rights, other contractual arrangements may result in the Group controlling the investee.

DHL Sinotrans International Air Courier Ltd. (Sinotrans), China, is a significant company that has been consolidated despite DHL Group not having a majority of voting rights. Sinotrans provides domestic and international express delivery and transport services and has been assigned to the Express segment. The company is fully integrated into the global DHL network and operates exclusively for DHL Group. Due to the arrangements in the Network Agreement, DHL Group is able to prevail in decisions concerning Sinotrans' relevant activities. Sinotrans has therefore been consolidated although DHL Group holds no more than 50% of the company's share capital.

The complete list of the Group's shareholdings in accordance with Section 313(2), Nos. 1 to 6, and (3) HGB may be viewed in the **list of shareholdings.**

The number of companies consolidated with Deutsche Post AG is shown in the following table:

CONSOLIDATED GROUP

	2022	2023
Number of fully consolidated companies (subsidiaries)		
German	83	81
Foreign	711	690
Number of joint operations		
German	1	1
Foreign	0	0
Number of investments accounted for using the equity method		
German	1	1
Foreign	16	17

The changes are primarily the result of mergers and liquidations of immaterial companies.

Significant acquisitions can be found in **note 2.1.**

2.1 Acquisitions in 2023

The following significant acquisitions occurred in the 2023 fiscal year:

ACQUISITIONS

Name	Country	Segment	Equity interest %	Acquisition date
MNG Kargo (MNG KARGO) Yurtici ve Yurtdisi Tasimacilik A.S.	Turkey	eCommerce	100	Q4 2023
Danzas AEI Emirates LLC (renamed DHL Logistics LLG – SO)	United Arab Emirates	Global Forwarding, Freight	100	Q4 2023

MNG KARGO

At the end of July 2023, DHL Group signed an agreement to acquire 100% of shares in the Turkish company MNG Kargo and its subsidiary. The purchase was completed on October 5, 2023, following approval by the Turkish antitrust authorities. MNG Kargo is one of the leading parcel carriers in Turkey and has a strong presence in the e-commerce segment. The acquisition complements the business portfolio of DHL Group and is to contribute to the company being able to benefit from growth potential in the Turkish market and continuing to strengthen its position in Turkey and in European markets. MNG Kargo will be allocated to the eCommerce segment. The measurement of the assets acquired and liabilities and provisions assumed has not yet been completed due to time restrictions. The acquisition resulted in preliminary goodwill, which currently amounts to €267 million and cannot be deducted from tax. Current assets include trade receivables of €24 million. There was a difference of €1 million between the gross amount and the carrying amount. The final purchase price allocation will be presented at a later date.

PRELIMINARY OPENING BALANCE AS OF OCTOBER 5, 2023 — **MNG KARGO**

€m	Preliminary fair value
Noncurrent assets	35
Current assets	28
Cash and cash equivalents	15
Assets	**78**
Noncurrent provisions and liabilities	–36
Current provisions and liabilities	–50
Equity and liabilities	**–86**
Net assets	**–8**
Purchase price paid in cash	259
Goodwill	**267**

DHL LOGISTICS LLC – SO

On December 7, 2023, DHL Global Forwarding acquired the remaining 60% of shares in Danzas AEI Emirates. The company had previously been managed together with the Investment Trading Group and recognized as a joint venture to which the equity method is applied. The company is now fully consolidated with 100% ownership of shares and has been renamed DHL Logistics LLC – SO (DHL Logistics). DHL Logistics is a specialist in logistics and transport services in Dubai and the northern Emirates. Thanks to this acquisition, the Global Forwarding, Freight division can continue driving its strategic goal and accelerate profitable growth in the Middle East and Africa region. The measurement of the assets acquired and liabilities and provisions assumed has not yet been completed due to time restrictions. The acquisition resulted in preliminary goodwill, which currently amounts to €259 million and cannot be deducted from tax. It is mainly attributable to the synergies and network effects expected in Dubai and the northern Emirates. Current assets include trade receivables of €41 million. There was a difference of €2 million between the gross amount and the carrying amount. The final purchase price allocation will be presented at a later date.

PRELIMINARY OPENING BALANCE AS OF DECEMBER 7, 2023 — **DHL LOGISTICS**

€m	Preliminary fair value
Noncurrent assets	72
Current assets	48
Cash and cash equivalents	9
Assets	**129**
Noncurrent provisions and liabilities	–41
Current provisions and liabilities	–35
Equity and liabilities	**–76**
Net assets	**53**
Purchase price paid in cash	187
Fair value of the existing equity interest[1]	125
Goodwill	**259**

1 Also includes the gain from change in consolidation method in the amount of €114 million, which is recognized under net income from investments accounted for using the equity method.

Final purchase price allocation for Monta Group

DHL Supply Chain acquired a majority holding of 51% in the Netherlands-based e-commerce specialist Monta Group and its around 20 companies on October 31, 2022. The companies are consolidated in consideration of noncontrolling interests. Due to this partnership, DHL Group can better respond to the specific needs of SMEs and smaller web shops, see **2022 Annual Report, note 2 to the consolidated financial statements.** The purchase price allocation was finalized on June 30, 2023, and resulted in non-tax-deductible goodwill of €76 million, which is allocated to the Supply Chain segment. It is mainly attributable to the synergies and network effects expected from the e-commerce market in the Netherlands. There is also a call option to purchase the remaining 49% of shares that can be exercised at any time. The option is measured as a derivative at fair value through profit or loss. The customer relationships are amortized over a period of ten years and the brand name over a period of five years. The software has a useful life of five years. Current assets include trade receivables of €16 million. There was no difference between the gross amount and the carrying amount.

FINAL OPENING BALANCE AS OF OCTOBER 31, 2022 — **MONTA GROUP**

€m	Carrying amount	Adjustment	Fair value
Noncurrent assets	62	41	**103**
Software		18	
Customer relationships		17	
Brand name		6	
Current assets	18	–	**18**
Cash and cash equivalents	3	–	**3**
ASSETS	**83**	**41**	**124**
Noncurrent provisions and liabilities	–51	–10	**–61**
Deferred taxes		–10	
Current provisions and liabilities	–31	–	**–31**
EQUITY AND LIABILITIES	**–82**	**–10**	**–92**
Net assets	**1**	**31**	**32**
Purchase price paid in cash	103	0	**103**
Difference	**102**	**–31**	**71**
Less fair value of the option	10	–	**10**
Noncontrolling interests	0	15	**15**
Goodwill	**92**	**–16**	**76**

€m	MNG Kargo	DHL Logistics
Group revenue since consolidation	66	18
Group EBIT since consolidation	8	2
Transaction costs (reported in other operating expenses)	0[1]	0[1]

1 Rounded below €1 million.

If the companies had already been fully consolidated as of January 1, 2023, MNG Kargo would have additionally generated revenue of €198 million and EBIT of €23 million and DHL Logistics revenue of €223 million and EBIT of €22 million.

In the 2023 fiscal year, a total of €452 million was paid for the subsidiaries acquired during the fiscal year. The purchase prices of the acquired companies were paid by transferring cash and cash equivalents.

Investments in companies accounted for using the equity method amounted to €34 million in the 2023 fiscal year.

2.2 Disposal and deconsolidation effects

There were no material disposals of shareholdings in the 2023 fiscal year.

2.3 Joint operations

Joint operations are consolidated on a pro rata basis in accordance with IFRS 11.

Aerologic GmbH (Aerologic), Germany, a cargo airline based in Schkeuditz, is the only joint operation in this regard. Aerologic has been assigned to the Express segment. It was jointly established by Lufthansa Cargo AG and Deutsche Post Beteiligungen Holding GmbH, which each hold 50% of its capital and voting rights. Aerologic's shareholders are simultaneously its customers, giving them access to its freight aircraft capacity. Aerologic mainly serves the DHL Express network from Monday to Friday and flies for the Lufthansa Cargo network on weekends. Individual aircraft are also used exclusively by the two respective shareholders. In contrast to its capital and voting rights, the company's assets and liabilities, as well as its income and expenses, are allocated based on this user relationship.

3 Significant transactions

In addition to the business combinations mentioned under **note 2,** the following significant transactions occurred in the 2023 fiscal year:

Issue of a new bond

On June 26, 2023, Deutsche Post AG placed its first sustainability-linked bond with an issue volume of €500 million and a term through 2033. The interest rate of the bond is coupled with the medium-term target of significantly reducing greenhouse gas (GHG) emissions by 2030. The cash inflow and the liability were recognized on July 3, 2023. The ten-year term ends on July 3, 2033. The bond has a fixed interest rate of 3.375% per year. However, if one of the targets set for the reduction of greenhouse gas emissions for 2030 is not reached, the coupon to be paid increases beginning in the year 2031.The proceeds will primarily be used for general company purposes, including the refinancing of existing financial liabilities, **note 39.**

Share buyback of up to €4 billion

By a Board of Management resolution dated February 14, 2023, the current share buyback program was expanded so that a total of up to 105 million treasury shares can be purchased at a price of now up to €3 billion through to the end of 2024. The purposes remain unaffected, which means the repurchased shares will either be retired, used to service long-term executive remuneration plans and any future employee participation programs or used to meet potential obligations if rights accruing under the 2017/2025 convertible bond are exercised. The repurchase via the stock exchange started on April 8, 2022, and will end no later than in December 2024. For the first two tranches, the share buyback program was based on the authorization resolved by the company's Annual General Meeting on May 6, 2021. The third and fourth tranches were carried out based on the authorization resolved by the company's Annual General Meeting on May 4, 2023, **note 33 and 34.**

On February 12, 2024, the Board of Management resolved to expand the current share buyback program so that a total of up to 130 million treasury shares are to be purchased at a price of now up to €4 billion through the end of 2025. The intended uses remain unaffected.

4 Adjustment of prior-year figures

The following adjustments of prior-year figures were made in the 2023 fiscal year. With the final purchase price allocation (PPA) for Monta Group, adjustments were made to the balance sheet items specified below, which were accounted for in the opening balance and led to a corresponding adjusted presentation in the balance sheet as of December 31, 2022.

Moreover, for improved presentation in the balance sheet, accounts of a financial nature were reclassified from other assets and other liabilities to financial assets and financial liabilities, respectively (IFRS 7). This enables the amounts presented in the table titled “Reconciliation to carrying amounts in accordance with IFRS 9” to be allocated to the carrying amounts, note 43.

BALANCE SHEET

€m	Reason	Amount	Adjustment	Adjusted amount
December 31, 2022				
Intangible assets	PPA	14,096	25	**14,121**
Current financial assets	IFRS 7	1,355	444	**1,799**
Other current assets	IFRS 7	3,551	–444	**3,107**
Current income tax assets		283	173	**456**
Noncontrolling interests	PPA	467	15	**482**
Deferred tax liabilities	PPA	336	10	**346**
Noncurrent financial liabilities	IFRS 7	17,659	24	**17,683**
Other noncurrent liabilities	IFRS 7	321	–24	**297**
Noncurrent income tax liabilities		0	331	**331**
Current financial liabilities	IFRS 7	4,159	324	**4,483**
Other current liabilities	IFRS 7	6,512	–324	**6,188**
Current income tax liabilities		659	–158	**501**

5 New developments in international accounting under IFRS

New accounting standards effective in the 2023 fiscal year

The following standards, changes to standards and interpretations must be applied from January 1, 2023:

Standard	Subject matter and significance
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies	The amendments assist entities with deciding which accounting policies to disclose in their financial statements. The amendment of IAS 1 explains and requires that a disclosure of "material" rather than "significant" accounting policies must be made. To support this approach, the amendments to IFRS Practice Statement 2 demonstrate the application of the concept of materiality to accounting policy disclosures. The consolidated financial statements were not affected.
Amendments to IAS 8, Definition of Accounting Estimates	The amendments introduced a new definition of accounting estimates and explain how entities should distinguish changes in accounting estimates from changes in accounting policies. The consolidated financial statements were not affected.
Amendments to IAS 12, Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	The amendment limits the exemption from the (initial) recognition of deferred tax in that it no longer applies to transactions for which entities recognize both an asset and a liability (e.g., leases and decommissioning obligations). Going forward, deferred tax assets and liabilities must be recognized for such transactions to the extent that equal amounts of deductible and taxable temporary differences arise. The consolidated financial statements were not affected.
Amendments to IAS 12, International Tax Reform – Pillar Two Model Rules	The amendments to IAS 12 are carried out in conjunction with the regulations for a global minimum tax. DHL Group falls under the scope of application of the OECD model provisions for pillar two. The legal provisions for pillar two had only been implemented in some jurisdictions, so the regulations for the global minimum tax were not yet applicable throughout the Group in the year under review. Beginning with the 2024 fiscal year, the Group expects an increase in current taxes by an amount in the low double-digit millions of euros.
IFRS 17, Insurance Contracts, including amendments to IFRS 17	The standard replaces IFRS 4, Insurance Contracts, and outlines the principles governing the recognition, measurement, presentation and disclosure of insurance contracts. The objective of the standard is to ensure that the reporting entity provides relevant information that faithfully represents the effect that insurance contracts have on an entity's net assets, financial position, results of operations and cash flows. IFRS 17 was not applied for reasons of materiality.
Amendments to IFRS 17, First-Time Adoption of IFRS 17, and IFRS 9, Comparative Information	The narrow-scope amendment to IFRS 17 permits entities to apply an optional classification overlay, if certain conditions are met, with the aim of providing useful comparative information on financial instruments for 2022. The amendment was issued because the initial application of IFRS 9 is not required to be retroactive, whereas this is the case for IFRS 17. This can result in accounting mismatches for financial instruments. There were no effects.

New accounting standards adopted by the EU but only effective in future periods

The following standards, changes to standards and interpretations have already been endorsed by the EU. However, they will only be required to be applied in future periods.

Standard	Subject matter and significance
Amendments to IFRS 16, Lease Liability in a Sale and Leaseback (issued on September 22, 2022, and applicable for fiscal years beginning on or after January 1, 2024)	This amendment adds provisions governing the subsequent measurement of a lease liability in the case of a sale-and-leaseback transaction to the standard. The lease liability is to be measured so that no profit or loss on the right-of-use asset retained results from subsequent measurement. Application is not expected to have a material effect on the consolidated financial statements.
Amendments to IAS 1, Classification of Liabilities as Current or Noncurrent (issued on January 23, 2020, and applicable for fiscal years beginning on or after January 1, 2024) and Deferral of the Effective Date.	The amendments to IAS 1 relate solely to the presentation of debt and other liabilities in the statement of financial position. They clarify that a liability must be classified as noncurrent if the entity has a substantial right as of the reporting date to defer settlement of the liability for at least 12 months after the reporting date. The determining factor is that such a substantial right exists; no intention to exercise that right is required. No material effects on the consolidated financial statements are expected. The effective date was deferred to January 1, 2024, due to the COVID-19 pandemic.
Amendments to IAS 1, Noncurrent Liabilities with Covenants (issued on October 31, 2022, and applicable for fiscal years beginning on or after January 1, 2024)	The supplementary amendment to IAS 1 clarifies that, if the right to defer payment is subject to compliance with conditions to be met within 12 months of the reporting date, these conditions do not affect the presentation as either current or noncurrent. Further information on liabilities classified as noncurrent with covenants is required for risk assessment. No material effects on the consolidated financial statements are expected.

New accounting standards not yet adopted by the EU (endorsement procedure)

The IASB and the IFRIC issued further standards, amendments to standards and interpretations in the 2023 fiscal year and in previous years whose application is not yet mandatory for the 2023 fiscal year. The application of these IFRS is dependent on their adoption by the EU.

Standard	Subject matter and significance
Amendments to IAS 21, Lack of Exchangeability (issued on August 15, 2023, and applicable for fiscal years beginning on or after January 1, 2025)	The official statement contains guidelines that specify when a currency is exchangeable and how the exchange rate is to be determined if it is not. The effects on the consolidated financial statements are being assessed.
Amendments to IAS 7 and IFRS 7, Supplier Finance Arrangements (issued on May 25, 2023, and applicable for fiscal years beginning on or after January 1, 2024)	The amendments involve further disclosure requirements and explanations of existing disclosure requirements that obligate companies to provide qualitative and quantitative information about finance arrangements with suppliers. The effects on the consolidated financial statements are being assessed.

6 Currency translation

The financial statements of consolidated companies prepared in foreign currencies are translated into euros (€) in accordance with IAS 21 using the functional currency method. The functional currency of foreign companies is determined by the primary economic environment in which they mainly generate and use cash. Within the Group, the functional currency is predominantly the local currency. In the consolidated financial statements, assets and liabilities are therefore translated at the closing rates, while periodic income and expenses are generally translated at an average price that results from the monthly prices. The resulting currency translation differences are recognized in other comprehensive income. In the 2023 fiscal year, currency translation differences amounting to €–586 million (previous year: €153 million) were recognized in other comprehensive income, see the **statement of comprehensive income.**

Goodwill arising from business combinations after January 1, 2005, is treated as an asset of the acquired company and therefore carried in the functional currency of the acquired company. Goodwill that arose for foreign subsidiaries as part of acquisition accounting prior to 2005 is carried in euros at historical cost less the accumulated amortization through to the end of 2004.

The exchange rates for the currencies that are significant for the Group were as follows:

CURRENCY

		Closing rates		Average rates	
		2022	2023	2022	2023
	Country	EUR 1 =	EUR 1 =	EUR 1 =	EUR 1 =
AUD	Australia	1.5723	1.6294	1.5157	1.6351
CNY	China	7.3823	7.8843	7.0875	7.6960
GBP	United Kingdom	0.8866	0.8697	0.8549	0.8689
HKD	Hong Kong	8.3317	8.6475	8.2241	8.4813
INR	India	88.2947	92.0797	82.7138	89.4486
JPY	Japan	140.8789	156.6571	138.1186	153.2537
SEK	Sweden	11.1005	11.0919	10.6552	11.4828
USD	United States	1.0686	1.1070	1.0502	1.0830

The carrying amounts of nonmonetary assets recognized at significant consolidated companies operating in hyperinflationary economies are generally indexed in accordance with IAS 29 and thus reflect the current purchasing power as of the reporting date. Turkey has met the criteria regarding a cumulative inflation rate of more than 100% over a period of three years since the beginning of 2022. Accounting pursuant to IAS 29 was applied for the relevant companies. Upon application, the adjustments to the carrying amounts of nonmonetary assets and liabilities based on the general price index were recognized in the financial result, **note 18.** The consumer price index of the Turkish Statistical Institute was used for the adjustment of the purchasing power effects. As of January 1, 2023, this figure was 1,128 basis points and had increased to 1,859 basis points as of December 31, 2023.

In accordance with IAS 21, the monetary values such as receivables and liabilities in the financial statements of consolidated companies that have been prepared in local currencies are translated at the closing rate as of the reporting date. Currency translation differences are recognized in other operating income and expenses in the income statement. In the 2023 fiscal year, income of €452 million (previous year: €696 million) and expenses of €433 million (previous year: €673 million) resulted from currency translation differences. In contrast, currency translation differences relating to net investments in a foreign operation are recognized in other comprehensive income.

7 Accounting policies

Uniform accounting policies are applied to the annual financial statements of the entities included in the consolidated financial statements. The consolidated financial statements are prepared under the historical cost convention, except for items that are required to be recognized at their fair value.

Revenue and expense recognition

DHL Group's normal business operations consist of the provision of logistics services comprising express delivery, freight transport, supply chain management, e-commerce solutions and letter and parcel dispatch in Germany. All income relating to normal business operations is recognized as revenue in the income statement. All other income is reported as other operating income.

Revenue is recognized when control over the goods or services transfers to the customer, i.e., when the customer has the ability to control the use of the transferred goods or services provided and generally derive their remaining benefits. There must be a contract with enforceable rights and obligations and, among other things, the receipt of consideration must be likely, taking into account the customer's credit quality. Revenue corresponds to the transaction price to which the Group is expected to be entitled. Variable consideration is included in the transaction price when it is highly probable that a significant reversal in the amount of revenue recognized will not occur. Generally, the Group does not have contracts where the period between the transfer of the promised goods and/or services to the customer and payment by the customer exceeds one year. Accordingly, the promised consideration is not adjusted for the time value of money. For each performance obligation, revenue is either recognized at a point in time or over time. Performance progress is generally determined on the basis of the ratio of completed to still-outstanding transport duration.

The revenue generated by providing other logistics services is recognized in the reporting period in which the service was rendered.

Whenever third parties are involved in the performance of a service, a distinction must be drawn between the principal and agent. If DHL Group serves as the principal, then the gross amount of revenue is recognized. If the Group acts as the agent, the net amount is recognized. The transaction price for this specific service is limited to the amount of the commission to be received. DHL Group is generally the principal when transport services are provided.

Operating expenses are recognized in profit or loss when the service is utilized or when the expenses are incurred.

Intangible assets

Intangible assets, which comprise internally generated and purchased intangible assets and purchased goodwill, are measured at amortized cost.

Internally generated intangible assets are recognized at cost if it is probable that their production will generate an inflow of future economic benefits and the costs can be reliably measured. In the Group, this concerns internally developed software. If the criteria for capitalization are not met, the expenses are recognized immediately in income in the year in which they are incurred. In addition to direct costs, the production cost of internally developed software includes an appropriate share of allocable production overhead costs. Any borrowing costs incurred for qualifying assets are included in the production cost. Value-added tax arising in conjunction with the acquisition or production of intangible assets is included in the cost to the extent that it cannot be deducted as input tax.

Intangible assets (excluding goodwill) are amortized using the straight-line method over their useful lives. Impairment losses are recognized in accordance with the principles described in the **impairment** section. The useful lives of significant intangible assets are as follows:

USEFUL LIVES

	Years[1]
Software	5 to 15
Licenses	up to 5
Customer relationships	up to 20

1 The useful lives indicated represent maximum amounts specified by the Group. The actual useful lives may be shorter due to contractual arrangements or other specific factors such as time and location.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually or whenever there are indications of impairment. This includes goodwill almost exclusively. Impairment testing is carried out in accordance with the principles described in the **impairment** section.

Emissions certificates

CO_2 emissions certificates and certificates and/or proof of generation for electricity from renewable energies are recognized as intangible assets and reported under other assets. Both purchased as well as freely allocated rights are recognized at cost; no depreciation is carried out.

A provision for the obligation to submit CO_2 emissions certificates to the responsible authorities in the EU and the United Kingdom is recognized at the carrying amount of the CO_2 emissions certificates capitalized for this purpose. If a portion of the obligation is not covered by existing certificates, the provision for this is recognized at the market price of the emissions certificates on the reporting date.

Property, plant and equipment

Property, plant and equipment is carried at cost, reduced by accumulated depreciation and impairment losses. In addition to direct costs, production cost includes an appropriate share of allocable production overhead costs. Borrowing costs that can be allocated directly to the purchase, construction or manufacture of property, plant and equipment are capitalized. Value-added tax arising in conjunction with the acquisition or production of items of property, plant or equipment is included in the cost to the extent that it cannot be deducted as input tax. Depreciation is charged using the straight-line method. Significant portions of property, plant and equipment that have different useful lives are recognized and depreciated separately. If costs are incurred in conjunction with regular comprehensive maintenance work (e.g., refurbishment of aircraft and major repairs of engines), these costs are recognized as a separate component, provided that they meet the criteria for this recognition. The estimated useful lives applied to the major asset classes are presented in the table below:

USEFUL LIVES

	Years[1]
Buildings	20 to 50
Technical equipment and machinery	10 to 20
Aircraft	15 to 25
IT equipment	4 to 10
Transport equipment and vehicle fleet	5 to 20
Other operating and office equipment	7 to 10

1 The useful lives indicated represent maximum amounts specified by the Group. The actual useful lives may be shorter due to contractual arrangements or other specific factors such as time and location.

If there are indications of impairment, an impairment test must be carried out; see the **impairment** section.

Impairment losses

As of each reporting date, the carrying amounts of intangible assets, property, plant and equipment, right-of-use assets and investment property are reviewed for indications of impairment. If there are any such indications, an impairment test is carried out. This is done by determining the recoverable amount of the relevant asset and comparing it with the carrying amount.

In accordance with IAS 36, the recoverable amount is the asset's fair value less costs to sell or its value in use (present value of the pretax free cash flows expected to be derived from the asset in the future), whichever is higher. The discount rate used for the value in use is a pretax rate of interest reflecting current market conditions. If the recoverable amount cannot be determined for an individual asset, the recoverable amount is determined for the smallest identifiable group of assets to which the asset in question can be allocated and that independently generates cash flows (cash generating unit – CGU). If the recoverable amount of an asset is lower than its carrying amount, an impairment loss is recognized immediately in respect of the asset. If it can be determined, the fair value or value in use of the individual assets represents their minimum carrying amount. If, after an impairment loss has been recognized, a higher recoverable amount is determined for the asset or the CGU at a later date, the impairment loss is reversed up to a carrying amount that does not exceed the recoverable amount. The increased carrying amount attributable to the reversal of the impairment loss is limited to the carrying amount that would have been determined (net of amortization or depreciation) if no impairment loss had been recognized in the past. The reversal of the impairment loss is recognized in the income statement. Impairment losses recognized in respect of goodwill may not be reversed. Goodwill is subsequently measured at cost, less any cumulative adjustments from impairment losses. Purchased goodwill is therefore not amortized and instead is tested for impairment annually in accordance with IAS 36, regardless of whether any indication of possible impairment exists, as in the case of intangible assets with an indefinite useful life. In addition, the obligation remains to conduct an impairment test if there is any indication of impairment. Goodwill resulting from company acquisitions is allocated to the CGUs or groups of CGUs that are expected to benefit from the synergies of the acquisition. These groups represent the lowest reporting level at which the goodwill is monitored for internal management purposes. The carrying amount of a CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the unit may be impaired. Where impairment losses are recognized in connection with a CGU to which goodwill has been allocated, the existing carrying amount of the goodwill is reduced first. If the amount of the impairment loss exceeds the carrying amount of the goodwill, the difference is generally allocated proportionally to the remaining assets in the CGU.

Leases

A lease is a contract in which the right to use an asset (the leased asset) is granted for an agreed-upon period in return for compensation.

Lessee

In accordance with IFRS 16, the Group as lessee has recognized at present value assets for the right of use received and liabilities for the payment obligations entered into for all leases in the balance sheet. Lease liabilities include the following lease payments:

- fixed payments, less lease incentives offered by the lessor;
- variable payments linked to an index or interest rate;
- expected residual payments from residual-value guarantees;
- the exercise price of call options when exercise is estimated to be sufficiently likely; and
- contractual penalties for the termination of a lease if the lease term reflects the exercise of a termination option.

Lease payments are discounted at the interest rate implicit in the lease to the extent that this can be determined. Otherwise, they are discounted at the incremental borrowing rate of the respective lessee.

Right-of-use assets are measured at cost, which comprises the following:

- lease liability;
- lease payments made at or prior to delivery, less lease incentives received;
- initial direct costs and restoration obligations.

Right-of-use assets are subsequently measured at amortized cost. They are depreciated over the term of the lease using the straight-line method.

The Group makes use of the relief options provided for leases of low-value assets and short-term leases (shorter than 12 months) and expenses the payments in the income statement using the straight-line method. Additionally, the requirements do not apply to leases of intangible assets. The Group also exercises the option available for contracts comprising both lease and nonlease components to not separate these components, except in the case of real estate and aircraft leases. In addition, under IFRS 8, intra-Group leases – in line with internal management – are generally presented as operating leases in segment reporting.

Extension and termination options exist for a number of leases, particularly for real estate. Such contract terms offer the Group the greatest possible flexibility in doing business. In determining lease terms, all facts and circumstances offering economic incentives for exercising extension options or not exercising termination options are taken into account. Changes due to the exercise or nonexercise of such options are considered in determining the lease term only if they are sufficiently probable.

Lessor

For operating leases, the Group reports the leased asset at amortized cost as an asset under property, plant and equipment where it is the lessor. The lease payments received in the period are recognized under other operating income or revenue if they belong to ordinary business activities.

Where the Group is the lessor in a finance lease, it recognizes the assets as lease receivables in the amount of the net investment in the balance sheet. Certain subleases embedded in customer contracts are still reported as finance leases at the lessor.

Investments accounted for using the equity method

Investments accounted for using the equity method cover associates and joint ventures. These are recognized using the equity method in accordance with IAS 28, Investments in Associates and Joint Ventures. Based on the cost of acquisition at the time of purchase of the investments, the carrying amount of the investment is increased or reduced annually to reflect the share of earnings, dividends distributed and other changes in the equity of the associates and joint ventures attributable to the investments of Deutsche Post AG or its consolidated subsidiaries. An impairment loss is recognized on investments accounted for using the equity method, including the goodwill in the carrying amount of the investment, if the recoverable amount falls below the carrying amount. Gains and losses from the disposal of investments accounted for using the equity method are recognized in net income/expenses from investments accounted for using the equity method, as are impairments and reversals of impairments.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets include, in particular, cash and cash equivalents, trade receivables, originated loans and other financial receivables, as well as derivative financial assets. Financial liabilities include contractual obligations to deliver cash or another financial asset to another entity. These mainly comprise trade payables, liabilities to banks, liabilities arising from bonds and leases, and derivative financial liabilities.

Measurement

The Group measures financial assets and financial liabilities at fair value plus the transaction costs directly attributable to the acquisition of these financial assets and financial liabilities on initial recognition if the financial assets and financial liabilities are not subsequently measured at fair value through profit or loss. The transaction costs of assets and liabilities measured at fair value through profit or loss are recognized as expenses. For financial liabilities measured according to the fair value option, the part of the change in fair value resulting from changes in the Group's own credit risk is recognized in other comprehensive income rather than in the income statement.

Classification

Financial assets are classified in the measurement categories below. The classification of debt instruments depends on the business model used to manage the financial assets and their contractual cash flows.

Debt instruments at amortized cost

Debt instruments that are assigned to the "hold to collect contractual cash flows" business model and whose cash flows exclusively comprise interest and principal are measured and recognized at amortized cost. Interest income from these financial assets is reported in financial income using the effective interest method.

Debt instruments at fair value through other comprehensive income (FVTOCI)

Debt instruments assigned to the "hold to collect and sell" business model must be measured at fair value plus transaction costs. As a result, changes in the carrying amount due to exchange rate gains and losses, impairment gains and losses, and interest income calculated using the effective interest method are recognized in the income statement. These amounts correspond to the amounts that would have been recognized in the income statement if they had been measured at amortized cost. All other changes of the carrying amount are recognized in other comprehensive income. When the debt instruments are derecognized, the amounts recognized in other comprehensive income are to be reclassified to the income statement.

Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

Debt instruments, derivatives and equity instruments acquired to maximize their cash flows by selling them in the short to medium term are assigned to the "sell" business model. They are measured at fair value. The resulting measurement gains and losses are reported in the income statement.

Equity instruments classified as FVTOCI

Pursuant to IFRS 9, equity instruments are to be recognized at their fair value and can be assigned to the FVTOCI or FVTPL measurement categories. For strategic reasons, most of the equity instruments that the Group invests in are then assigned to the FVTOCI category. The effects of any change in the fair value of equity instruments of the FVTOCI category are recognized in other comprehensive income. Dividends are recognized in other operating income in the income statement. If the equity instruments of the FVTOCI category are sold, the fair value changes recognized in equity are to be transferred to other reserves. For equity instruments assigned to the FVTPL category, the fair value changes are to be reported immediately in the income statement. Dividends are also recognized in other income in the income statement.

Impairment losses

The Group makes a forward-looking assessment of the expected credit losses associated with its debt instruments (expected-credit-loss model).

Expected credit loss (ECL) within the meaning of IFRS 9 is an estimate of credit loss over the expected lifetime of a financial asset accounted for at amortized cost or at fair value through other comprehensive income (FVTOCI), weighted for the probability of default. A credit loss is the difference between the contractual cash flows to which the Group is entitled and the cash flows expected by the Group. The expected credit loss takes into account the amount and timing of payments. Accordingly, a credit loss may also occur if the Group expects payment to be made in full, but later than the contractually agreed-upon date.

The Group distinguishes between the following types of financial assets that are subject to the ECL model: debt instruments measured at amortized cost and debt instruments measured at fair value through other comprehensive income, on the one hand, and trade receivables and contract assets, on the other. Cash and cash equivalents are also subject to the IFRS 9 impairment rules. The identified impairment loss for the latter is immaterial.

ECL is generally measured at the level of individual items; in exceptional cases, such as groups of receivables with the same credit risk characteristics, it is measured collectively at portfolio level. The standard stipulates the three-stage general approach to determining credit loss for this process.

In accordance with the three-stage model, debt instruments measured at amortized cost and at fair value through other comprehensive income are initially recognized in Stage 1. The expected credit loss is equal to the loss that may occur due to possible default events in the 12 months following the reporting date. Financial assets that have experienced a significant increase in counterparty credit risk since initial recognition are transferred from Stage 1 to Stage 2. A significant increase includes situations in which debtors are no longer able to meet their payment obligations at short notice or when it appears that the debtor has experienced an actual or expected deterioration in business performance. The credit risk can then be measured using the probability of default (PD) over the instrument's lifetime (lifetime PD). The impairment loss is equivalent to the loss that may occur due to possible default events during the remaining term of the financial asset. Assets must be transferred from Stage 1 to Stage 2 when the contractual payments are more than 30 days past due. In cases where contractual payments from a debt instrument are more than 90 days past due, there is revocable reason to believe that there is objective evidence of a credit loss because the debtor is experiencing significant financial difficulties. The debt instrument is then to be transferred to Stage 3.

Listed debt instruments measured at amortized cost are assigned to Stage 1 of the three-stage model if an investment-grade rating exists from at least one major rating agency. The impairment loss recognized in the period is equal to the loss that may occur due to possible default events in the twelve months following the reporting date.

Trade receivables and contract assets are generally short term in nature and contain no significant financing components. According to the simplified impairment approach in IFRS 9, a loss allowance in an amount equal to the lifetime expected credit losses must be recognized for all instruments, regardless of their credit quality. The Group calculates the expected credit loss using impairment tables for the individual divisions. The loss estimate, documented by way of loss rates, encompasses all of the available information, including historical data, current economic conditions and reliable forecasts of future economic conditions (macroeconomic factors).

Impairment losses are offset against gains on the reversal of impairment losses. Further details are presented in note 43.

Derivatives and hedges

The Group began to apply the IFRS 9 hedge accounting requirements as of January 1, 2020. Derivative hedging instruments are used to minimize variations in earnings due to payments in foreign currencies, variable-rate borrowing and for planned commodity purchases. The gains and losses from the underlying and hedging transactions are recognized simultaneously in total comprehensive income (hedge accounting). The Group has designated cash flow hedges due to the existing risks.

A cash flow hedge hedges the fluctuations in future cash flows from recognized assets and liabilities (in the case of interest rate risks), highly probable forecast transactions as well as unrecognized firm commitments that entail a currency risk. The effective portion of a cash flow hedge designated as a hedge is recognized in the cash flow hedge reserve in other comprehensive income. If the option (forward element and currency basis spreads) is applied to the cost of hedging recognition, or the fair value of an option has not been designated, effective changes in value from the nondesignated portions are recognized in the cost of hedging reserve as a component of the hedging reserve in other comprehensive income. IFRS 9 allows the alternative of designating either the full or the intrinsic value of an option as a hedging instrument. The fair value of an option is considered the cost of the hedge. If only the intrinsic value of an option is designated as a hedging instrument, changes to the fair value of the option must be recognized in other comprehensive income as cost of hedging in the cost of hedging reserve and reclassified on a reasonable basis when the hedged item occurs. Similar to the intrinsic value of an option, it is permissible to only designate the spot component of a forward transaction as a hedging instrument. In this case, there is an option to also recognize the effective and cumulative fair value changes of the forward component and the foreign-currency spread in the cost of hedging reserve. Ineffective portions resulting from changes in the fair value of the hedging instrument are recognized directly in income. The gains and losses generated by the hedging transactions are initially recognized in equity and are then reclassified to profit or loss in the period in which the financial asset acquired or financial liability assumed affects profit or loss. If a hedge of a firm commitment subsequently results in the recognition of a nonfinancial asset, the gains and losses recognized directly in equity are included in the initial carrying amount of the asset (basis adjustment).

Net investment hedges in foreign entities are treated in the same way as cash flow hedges. The gain or loss from the effective portion of the hedge is recognized in other comprehensive income, while the gain or loss attributable to the ineffective portion is recognized directly in the income statement. The gains or losses recognized in other comprehensive income remain there until the disposal or partial disposal, or an impairment loss, of the net investment.

Recognition and derecognition

Regular-way purchases and sales of financial assets are recognized as of the settlement date, with the exception of derivatives, in particular. A financial asset is derecognized when the rights to receive the cash flows from the asset have expired or have been transferred, and the Group has transferred essentially all risks and opportunities of ownership. Financial liabilities are derecognized if the payment obligations arising from them have expired.

Power purchase agreements

DHL Group concludes long-term contracts for the provision of electricity from renewable sources (e.g., wind and solar power) to reduce its carbon footprint (power purchase agreements) and to hedge against fluctuating prices. If the contracts are concluded for the company’s own use, they are treated as executory contracts (own-use exemption) and not accounted for as derivatives.

Offsetting

Financial assets and liabilities are offset on the basis of netting agreements (master netting arrangements) only if there is an enforceable right of offset and settlement on a net basis is intended as of the reporting date.

If the right of offset is not enforceable in the normal course of business, the financial assets and liabilities are recognized in the balance sheet at their gross amounts as of the reporting date. The master netting arrangement then creates only a conditional right of offset.

Investment property

In accordance with IAS 40, investment property is property held to earn rental income or for capital appreciation or both, rather than for use in the supply of services, for administrative purposes or for sale in the normal course of the company's business. It is measured in accordance with the cost model. Depreciable investment property is depreciated over a period of between 20 and 50 years using the straight-line method. The fair value is determined on the basis of expert opinions. Impairment losses are recognized in accordance with the principles described in the **impairment** section.

Inventories

Inventories are assets that are held for sale in the ordinary course of business, are in the process of production or are consumed in the production process or in the rendering of services. They are measured at the lower of cost or net realizable value. Impairment losses are charged for obsolete inventories and slow-moving goods.

Government grants

In accordance with IAS 20, government grants are recognized at their fair value only when there is reasonable assurance that the conditions attached to them will be complied with and that the grants will be received. The grants are reported in the income statement and are generally recognized as income over the periods in which the costs they are intended to compensate for are incurred. Where the grants relate to the purchase or production of assets, they are reported as deferred income and recognized in the income statement over the useful lives of the assets. Such deferred income is presented in other operating income.

Assets held for sale and liabilities associated with assets held for sale

Assets held for sale are assets available for sale in their present condition and whose sale is highly probable. The sale must be expected to qualify for recognition as a completed sale within one year of the date of classification. Assets held for sale may consist of individual noncurrent assets, groups of assets (disposal groups), components of an entity or a subsidiary acquired exclusively for resale (discontinued operations). Liabilities intended to be disposed of together with the assets in a single transaction form part of the disposal group or discontinued operation and are also reported separately as liabilities associated with assets held for sale. Assets held for sale are no longer depreciated or amortized, but are recognized at the lower of their fair value less costs to sell and the carrying amount. Gains and losses arising from the remeasurement of individual noncurrent assets or disposal groups classified as held for sale are reported in profit or loss from continuing operations until the final date of disposal. Gains and losses arising from the measurement at fair value less costs to sell of discontinued operations classified as held for sale are reported in profit or loss from discontinued operations. This also applies to the profit or loss from operations and the gain or loss on disposal of these components of an entity.

Cash and cash equivalents

Cash and cash equivalents comprise cash, demand deposits and other short-term liquid financial assets with an original maturity of up to three months; they are measured at amortized cost. Overdraft facilities used are recognized in the balance sheet as amounts due to banks.

Noncontrolling interests

Noncontrolling interests are the proportionate minority interests in the equity of subsidiaries and are recognized at their carrying amount. If an interest is acquired from, or sold to, other shareholders without affecting the existing control relationship, this is presented as an equity transaction. The difference between the proportionate net assets acquired from, or sold to, other shareholders and the purchase price is recognized in other comprehensive income. If noncontrolling interests are increased by the proportionate net assets, no goodwill is allocated to the proportionate net assets.

Share-based payments to executives

Equity-settled share-based payment transactions are measured at fair value as of the grant date. The fair value of the obligation is recognized in staff costs over the vesting period. The fair value of equity-settled share-based payment transactions is determined using internationally recognized valuation techniques.

Cash-settled share-based payments (stock appreciation rights, SARs) are measured on the basis of an option pricing model in accordance with IFRS 2. The stock appreciation rights are measured on each reporting date and on the settlement date. The amount determined for stock appreciation rights that will probably be exercised is recognized pro rata in income under staff costs, to reflect the services rendered as consideration during the vesting period (lockup period). A provision is recognized for the same amount. Changes in value due to share price movements occurring after the grant date are recognized as other finance costs in net finance costs.

Retirement benefit plans

There are arrangements (plans) in many countries under which the Group grants post-employment benefits to its employees. These benefits include pensions, lump-sum payments on retirement and other post-employment benefits and are referred to in these disclosures as retirement benefits, pensions and similar benefits, or pensions. A distinction must be made between defined benefit and defined contribution plans.

The Group’s defined benefit retirement plan

Defined benefit obligations are measured using the projected unit credit method prescribed by IAS 19. This involves making certain actuarial assumptions. Most of the defined benefit retirement plans are at least partly funded via external plan assets. The remaining net liabilities are funded by provisions for pensions and similar obligations; net assets are presented separately as pension assets. Where necessary, an asset ceiling must be applied when recognizing pension assets. With regard to the cost components, the service cost is recognized in staff costs, net interest cost in net finance costs and the remeasurements outside the income statement in other comprehensive income. Any rights to reimbursement are reported separately in financial assets.

Defined contribution retirement plans for civil-servant employees in Germany

In accordance with statutory provisions, Deutsche Post AG pays contributions for civil-servant employees in Germany to retirement plans that are defined contribution retirement plans for the company. These contributions are recognized in staff costs.

Under the provisions of the *Gesetz zum Personalrecht der Beschäftigten der früheren Deutschen Bundespost* (PostPersRG – Former Deutsche Bundespost Employees Act), Deutsche Post AG provides retirement benefits and assistance benefits through the *Postbeamtenversorgungskasse* (PVK – Postal civil-servant pension fund) at the *Bundesanstalt für Post und Telekommunikation* (BAnst PT – German federal post and telecommunications agency) to retired employees or their surviving dependents who are entitled to benefits on the basis of a civil-service appointment. The amount of Deutsche Post AG’s payment obligations is governed by Section 16 PostPersRG. This act obliges Deutsche Post AG to pay into the PVK an annual contribution of 33% of the gross compensation of its active civil servants and the notional gross compensation of civil servants on leave of absence who are eligible for a pension.

Under Section 16 PostPersRG, the federal government makes good the difference between the current payment obligations of the PVK, on the one hand, and the funding companies' current contributions or other return on assets, on the other, and guarantees that the PVK is able to meet the obligations it has assumed in respect of its funding companies at all time. Insofar as the federal government makes payments to the PVK under the terms of this guarantee, it cannot claim reimbursement from Deutsche Post AG.

Defined contribution retirement plans for the Group's hourly workers and salaried employees

Defined contribution retirement plans are in place for the Group's hourly workers and salaried employees, particularly in the United Kingdom, the United States and the Netherlands. The contributions to these plans are also reported in staff costs.

This also includes contributions to certain multiemployer plans that are basically defined benefit plans, especially in the United States and the Netherlands. However, the relevant institutions do not provide the participating companies with sufficient information to use defined benefit accounting. The plans are therefore accounted for as if they were defined contribution plans.

Regarding these multiemployer plans in the United States, contributions are made based on collective agreements between the employer and the local union, with the involvement of the pension fund. There is no employer liability to any of the plans beyond the bargained contribution rates except in the event of a withdrawal meeting specified criteria, which could then include a liability for other entities' obligations as governed by US federal law. The expected employer contributions to the funds for 2024 are €79 million (actual employer contributions in the reporting period: €81 million, in the previous year: €81 million). Some of the plans in which DHL Group participates are underfunded according to information provided by the funds. No information is available to the Group that would indicate any change from the contribution rates set by current collective agreements. In addition, the potential financial risks in conjunction with underfunded joint plans were implicitly reduced through measures taken by the US government. DHL Group does not represent a significant level to any fund in terms of contributions, with the exception of one fund where the Group represents the largest employer in terms of contributions.

Contribution rates for one multiemployer retirement plan in the Netherlands are determined each year by the management body of the pension fund with the involvement of the central bank of the Netherlands, based on cost coverage. These contribution rates are the same for all employers and employees involved. There is no liability for the employer toward the fund beyond the contributions set, even in the case of withdrawal or obligations not met by other entities. Any subsequent underfunding ultimately results in the rights of members being cut and/or no indexation of their rights. The expected employer contributions to the fund for 2024 are €36 million (actual employer contributions in the reporting period: €33 million, in the previous year: €31 million). As of December 31, 2023, the coverage degree of plan funding was above a required minimum of approximately 105%, according to information provided by the fund. DHL Group does not represent a significant portion of the fund in terms of contributions.

Other provisions

Other provisions are recognized for all legal or constructive obligations to third parties existing as of the reporting date that have arisen as a result of past events, that are expected to result in an outflow of future economic benefits and whose amount can be measured reliably. They represent uncertain obligations that are carried at the best estimate of the expenditure required to settle the obligation. Provisions with more than one year to maturity are discounted at market rates of interest that reflect the region and time to settlement of the obligation. The discount rates used in the fiscal year were between 0.25% and 10.50% (previous year: 0.00% to 10.75%). The effects arising from changes in interest rates are recognized under other operating income or expenses.

Provisions for restructuring are only established in accordance with the aforementioned criteria for recognition if a detailed, formal restructuring plan has been drawn up and communicated to those affected.

Technical reserves (insurance) consist mainly of outstanding-loss reserves and IBNR (incurred but not reported) reserves. Outstanding-loss reserves represent estimates of obligations in respect of actual claims or known incidents expected to give rise to claims that have been reported to the company but have yet to be finalized and presented for payment. Outstanding-loss reserves are based on individual claim valuations carried out by the company or its ceding insurers. IBNR reserves represent estimates of obligations in respect of incidents taking place on or before the reporting date that have not been reported to the company. Such reserves also include provisions for potential errors in settling outstanding-loss reserves. The company carries out its own assessment of ultimate loss liabilities using actuarial methods and also commissions an independent actuarial study of these each year in order to verify the reasonableness of its estimates.

Financial liabilities

Financial liabilities are carried at fair value less transaction costs on initial recognition. The price determined in an efficient and liquid market or a fair value determined using the treasury risk management system deployed within the Group is taken as the fair value. Financial liabilities are measured at amortized cost in subsequent periods. Any differences between the amount received and the amount repayable are recognized in the income statement over the term of the loan using the effective interest method. Disclosures on financial liabilities under leases can be found in the **leases** section.

Convertible bond on Deutsche Post AG shares

The convertible bond on Deutsche Post AG shares is split into an equity and a debt component, in line with the contractual arrangements. The debt component, less the transaction costs, is reported under financial liabilities (bonds), with interest added back up to the issue amount over the term of the bond using the effective interest method (unwinding of the discount). The value of the call option, which allows Deutsche Post AG to redeem the bond early if a specified share price is reached, is attributed to the debt component in accordance with IAS 32.31. The conversion right is classified as an equity component and is reported in capital reserves. The carrying amount is calculated by assigning to the conversion right the residual value that results from deducting the amount calculated separately for the debt component from the fair value of the instrument as a whole. The transaction costs are deducted on a proportionate basis.

Liabilities

Trade payables are carried at amortized cost. Most of the trade payables have a maturity of less than one year. The fair value of the liabilities corresponds more or less to their carrying amount. Group companies use reverse-factoring programs for supplier financing. As part of this, suppliers conclude financing agreements with financial institutions without the involvement of DHL Group. If they wish, suppliers can receive invoice amounts less an interest component prior to the original due date on the basis of these agreements. DHL Group pays the invoice amounts to the respective financial institutions when they come due. Because the programs do not lead to any substantial modification of the conditions of payment between DHL Group and the suppliers, and payment terms are within the normal industry range, the corresponding accounts payable are still reported under trade payables. The payments to the financial institutions are reported in the operating cash flow.

Deferred taxes

In accordance with IAS 12, deferred taxes are recognized for temporary differences between the carrying amounts in the IFRS financial statements and the tax basis of the individual entities. Deferred tax assets also include tax reduction claims that arise from the expected future utilization of existing tax loss carryforwards and that are likely to be realized. The recoverability of the tax reduction claims is assessed on the basis of each entity’s earnings projections, which are derived from the Group projections and take any tax adjustments and effects on earnings from the reversal of taxable temporary differences into account. The planning horizon is five years.

In compliance with IAS 12.24(b) and IAS 12.15(b), deferred tax assets or liabilities were only recognized for temporary differences between the carrying amounts in the IFRS balance sheet and in the tax basis of Deutsche Post AG where the differences arose after January 1, 1995. No deferred tax assets or liabilities are recognized for temporary differences resulting from initial differences in the opening tax accounts of Deutsche Post AG as of January 1, 1995.

In accordance with IAS 12, deferred tax assets and liabilities are calculated using the tax rates applicable in the individual countries as of the reporting date or announced for the time when the deferred tax assets and liabilities are realized. The tax rate applied to German Group companies is unchanged at 30.5%. It comprises the corporation tax rate plus the solidarity surcharge, as well as a municipal trade tax rate that is calculated as the average of the different municipal trade tax rates. Foreign Group companies use their individual income tax rates to calculate deferred tax items. The income tax rates applied for foreign companies amount to up to 38% (previous year: 38%).

The Group applies the exception to the recognition and disclosure of information regarding deferred tax assets and liabilities in conjunction with income taxes for pillar two, as provided for in the amendments to IAS 12 published in May 2023.

Income taxes

Income tax assets and liabilities are recognized when they are probable. They are measured at the amounts for which repayments from, or payments to, the tax authorities are expected to be received or made. If uncertain tax items are recognized because they are probable, they are measured at their most likely amount. Tax-related fines are recognized in income taxes if they are included in the calculation of income tax liabilities, due to their inclusion in the tax base and/or tax rate.

Contingent liabilities

Contingent liabilities represent possible obligations whose existence will be confirmed only by the occurrence, or nonoccurrence, of one or more uncertain future events not wholly within the control of the enterprise. Contingent liabilities also include certain obligations that will probably not lead to an outflow of resources embodying economic benefits, or where the amount of the outflow of resources embodying economic benefits cannot be measured with sufficient reliability. In accordance with IAS 37, contingent liabilities are not recognized in the balance sheet.

8 Exercise of judgment in applying the accounting policies

The preparation of IFRS-compliant consolidated financial statements requires the exercise of judgment by management. All estimates are reassessed on an ongoing basis and are based on historical experience and expectations with regard to future events that appear reasonable under the given circumstances. For example, this applies to assets held for sale. In this case, management must determine whether the assets are available for sale in their present condition and whether their sale is highly probable. If that is the case, the assets and associated liabilities must be measured and recognized as assets held for sale or liabilities associated with assets held for sale.

Estimates and assessments made by management

The preparation of the consolidated financial statements in accordance with IFRS requires management to make certain assumptions and estimates that may affect the amounts of the assets and liabilities included in the balance sheet, the amounts of income and expenses, and the disclosures relating to contingent liabilities. Examples of the main areas where assumptions, estimates and the exercise of management judgment occur are the recognition of provisions for pensions and similar obligations, the calculation of discounted cash flows for impairment testing and purchase price allocations, taxes and legal proceedings.

The Group has operating activities around the globe and is subject to local tax laws. Management can exercise judgment when calculating the amounts of current and deferred taxes in the relevant countries. Although management believes that it has made a reasonable estimate relating to tax matters that are inherently uncertain, there can be no guarantee that the actual outcome of these uncertain tax matters will correspond exactly to the original estimate made. Any difference between actual events and the estimate made could have an effect on tax balance sheet items in the period in which the matter is finally decided. The amount recognized for deferred tax assets could be reduced if the estimates of planned taxable income or changes to current tax laws restrict the extent to which future tax benefits can be realized.

Goodwill is regularly reported in the Group's balance sheet as a consequence of business combinations. When an acquisition is initially recognized in the consolidated financial statements, all identifiable assets, liabilities and contingent liabilities are generally measured at their fair values as of the date of acquisition. One of the important estimates this requires is the determination of the fair values of these assets and liabilities as of the date of acquisition. Land, buildings and office equipment are generally valued by independent experts, while securities for which there is an active market are recognized at the quoted exchange price. If intangible assets are identified in the course of an acquisition, their measurement can be based on the opinion of an independent external expert valuer, depending on the type of intangible asset and the complexity involved in determining its fair value. The independent expert determines the fair value using appropriate valuation techniques, normally based on expected future cash flows. In addition to the assumptions about the development of future cash flows, these valuations are also significantly affected by the discount rates used.

Climate change could give rise to uncertainties and risks for the net assets, financial position and results of operations of the Group. Extreme weather events could potentially lead to damage to property, plant and equipment. Increased restrictions imposed by law to combat climate change are expected in the coming years, including limits on air transport or access to city centers. In certain cases, this may also affect our existing business models and our ability to operate optimally. Climate-related risks can influence the useful lives of assets in different ways:

- Physical changes in the climate such as the increased frequency and intensity of acute weather events (storms, fires and floods) as well as long-term trends such as rising temperatures can have an impact on assets.
- Transitory changes in conjunction with decarbonization – including political, legal, technological and market-related changes – can influence the useful lives and the values of our assets.

In particular, there are uncertainties with regard to the extent to which regulatory efforts in connection with the debate surrounding climate action will lead to higher costs. The current focus as part of the public debate and the climate action measures of DHL Group relate to CO_2 emissions. DHL Group plans to reduce its logistics-related greenhouse gas (GHG) emissions to below 29 million metric tons of CO_2e by the year 2030. DHL Group wants to reduce the GHG emissions to net zero by 2050. To this end, additional costs – for emissions trading and sustainable fuels, among other things – were accounted for in the company's projections and thus included in the application of IAS 36 as well as in the impairment considerations for deferred tax assets. Other central elements of the planned reduction in CO_2 emissions are the planned fleet modernization as well as the option for DHL Group customers to acquire CO_2 offsets during the booking process.

DHL Group does not currently see any climate-related indications for the adjustment of useful lives and residual values of aircraft and other items of property, plant and equipment. As part of determining the impairment loss on assets of property, plant and equipment, of intangible assets and of right-of-use assets, estimates are also made that relate to, among other factors, the cause, time and amount of the impairment. An impairment loss is based upon a number of factors. Management has to make significant estimates with regard to the identification and review of indications for an impairment, the estimate of future cash flows, the determination of fair values of assets (or groups of assets), the relevant discount rates, the respective useful lives and the residual values of the affected assets. Moreover, a loss allowance for financial assets has been established to account for expected credit losses resulting from customers' credit quality. Detailed information can be found under **note 7 on expected credit loss and trade receivables.** Assessment of the appropriateness of the loss allowance is based on historical data and future macroeconomic key figures or the credit rating estimate for the respective customers on the basis of an external rating from the respective industry and the country in which the customer operates, **note 43.** In the event of a deterioration of the credit quality of the customer, the scope of the derecognition (specific valuation allowances on receivables) actually carried out may exceed that of the loss allowance recognized.

Impairment testing for goodwill is based on assumptions about the future. The Group carries out these tests annually and also whenever there are indications that goodwill has become impaired. The recoverable amount of the CGU must then be calculated. This amount is the higher of fair value less costs to sell and value in use. Determining value in use requires assumptions and estimates to be made with respect to forecast future cash flows and the discount rate applied. Although management believes that the assumptions made for the purpose of calculating the recoverable amount are appropriate, possible unforeseeable changes in these assumptions – e.g., a reduction in the EBIT margin, an increase in the asset charge or a decline in the long-term growth rate – could result in an impairment loss that could negatively affect the Group's net assets, financial position and results of operations, note 22.

For the actuarial valuation of defined benefit retirement plans of the Group, actuarial assumptions are required that relate to, in particular, discount rates, expected rates of salary and pension increases and biometric probabilities. Generally accepted valuation methods are used to determine the fair value of plan assets – in particular, for assets without a market price quotation (e.g., real estate) – that require separate assumptions. If changes to these assumptions are necessary, this could have a material impact on the results of actuarial valuations, recognized carrying amounts and the future amount of retirement benefit expenses. Disclosures regarding the assumptions made in connection with the Group's defined benefit retirement plans can be found in note 37.

Pending legal proceedings in which the Group is involved are disclosed in note 45. The outcome of these proceedings could have a significant effect on the net assets, financial position and results of operations of the Group. Management regularly analyzes the information currently available about these proceedings and recognizes provisions for probable obligations including estimated legal costs. Internal and external legal advisers participate in making this assessment. In deciding on the necessity for a provision, management takes into account the probability of an unfavorable outcome and whether the amount of the obligation can be estimated with sufficient reliability. The fact that an action has been launched or a claim asserted against the Group, or that a legal dispute has been disclosed in the notes, does not necessarily mean that a provision is recognized for the associated risk.

DHL Group considers itself to be exposed to an increasingly complex and uncertain macroeconomic and geopolitical environment. This includes potential increases in fuel, energy and gas prices, which can be at least partially compensated for or passed on to customers through strict cost management and the established levers such as price increases and price surcharge mechanisms. In addition, strong volatility is still expected on the goods and financial markets and in exchange rates, driven by rising interest and inflation rates. Moreover, the risk of a potential decline in global economic growth can be observed, which could lead to an increased number of customer bankruptcies.

All assumptions and estimates are based on the circumstances prevailing and assessments made as of the reporting date. For the purpose of estimating the future development of the business, a realistic assessment was also made at that date of the economic environment likely to apply in the future to the different sectors and regions in which the Group operates. In the event of developments in these economic parameters that diverge from the assumptions made, the actual amounts may differ from the estimated amounts. In such cases, the assumptions made and, where necessary, the carrying amounts of the relevant assets and liabilities are adjusted accordingly.

As of the date of preparation of the consolidated financial statements, there is no indication that any significant change in the assumptions and estimates made will be required, so that on the basis of the information currently available, it is not expected that there will be significant adjustments in the 2024 fiscal year to the carrying amounts of the assets and liabilities recognized in the financial statements.

9 Consolidation methods

The consolidated financial statements are based on the IFRS financial statements of Deutsche Post AG and the subsidiaries, joint operations and investments accounted for using the equity method included in the consolidated financial statements and prepared in accordance with uniform accounting policies as of December 31, 2023.

Acquisition accounting for subsidiaries included in the consolidated financial statements uses the purchase method of accounting. The cost of the acquisition corresponds to the fair value of the assets given up, the equity instruments issued and the liabilities assumed at the transaction date. Acquisition-related costs are recognized as expenses. Contingent consideration is recognized at fair value as of the date of initial consolidation.

The assets and liabilities, as well as income and expenses, of joint operations are included in the consolidated financial statements in proportion to the interest held in these operations, in accordance with IFRS 11. Accounting for the joint operators' share of the assets and liabilities, as well as recognition and measurement of goodwill, use the same methods as applied to the consolidation of subsidiaries.

In accordance with IAS 28, joint ventures and companies on which the parent can exercise significant influence (associates) are accounted for in accordance with the equity method. Any goodwill is recognized under investments accounted for using the equity method.

In the case of step acquisitions, the equity portion previously held is remeasured at the fair value applicable as of the acquisition date, and the resulting gain or loss is recognized in the income statement.

Intra-Group revenue, other operating income and expenses, as well as receivables, liabilities and provisions between companies that are consolidated or proportionately consolidated, are eliminated. Intercompany profits or losses from intra-Group deliveries and services not realized by sale to third parties are eliminated. Unrealized gains and losses from business transactions with investments accounted for using the equity method are eliminated on a proportionate basis.

Segment reporting disclosures

10 Segment reporting

SEGMENTS BY DIVISION

€m	Express		Global Forwarding, Freight		Supply Chain		eCommerce	
January 1 to December 31	2022	2023	2022	2023	2022[1]	2023	2022	2023
External revenue	26,986	24,322	28,770	18,031	16,333	16,814	6,004	6,174
Internal revenue	606	524	1,442	1,274	98	144	138	141
Total revenue	27,592	24,846	30,212	19,305	16,431	16,958	6,142	6,315
Profit from operating activities (EBIT)	4,025	3,229	2,311	1,423	893	961	389	292
of which: net income from investments accounted for using the equity method	3	2	–3	113	–4	–2	0	0
Segment assets	20,748	20,649	13,158	11,354	10,088	10,430	2,593	3,390
of which: investments accounted for using the equity method	8	9	19	13	9	17	0	25
Segment liabilities	5,437	4,824	5,157	3,906	4,003	3,836	896	1,000
Net segment assets/liabilities	15,311	15,825	8,001	7,448	6,085	6,594	1,697	2,390
Capex (assets acquired)	1,528	1,119	159	188	504	485	431	451
Capex (right-of-use assets)	1,860	1,276	281	293	900	862	135	212
Total capex	3,388	2,395	440	481	1,404	1,347	566	663
Depreciation and amortization	1,666	1,767	311	333	848	953	198	223
Impairment losses	24	17	7	2	11	10	0	0
Depreciation, amortization and impairment losses	1,690	1,784	318	335	859	963	198	223
Net cash from (+)/used in (–) operating activities	5,549	4,786	3,221	2,385	1,433	1,726	582	504
Employees[2]	113,735	111,401	46,718	46,330	178,585	182,446	31,715	34,236

1 Prior-year figures adjusted, note 4.
2 Average FTEs.

SEGMENTS BY DIVISION

€m	Post & Parcel Germany		Group Functions		Consolidation[2]		Group	
January 1 to December 31	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022[1]**	**2023**
External revenue	16,309	16,402	35	14	–1	1	**94,436**	**81,758**
Internal revenue	470	490	1,846	1,912	–4,600	–4,485	**0**	**0**
Total revenue	16,779	16,892	1,881	1,926	–4,601	–4,484	**94,436**	**81,758**
Profit from operating activities (EBIT)	1,271	870	–451	–432	–2	2	**8,436**	**6,345**
of which: net income from investments accounted for using the equity method	0	0	–35	47	0	1	**–39**	**161**
Segment assets	7,727	8,077	5,795	5,734	–64	–61	**60,045**	**59,573**
of which: investments accounted for using the equity method	0	0	40	39	0	1	**76**	**104**
Segment liabilities	2,673	2,544	1,772	1,621	–55	–44	**19,883**	**17,687**
Net segment assets/liabilities	5,054	5,533	4,023	4,113	–9	–17	**40,162**	**41,886**
Capex (assets acquired)	1,043	782	459	345	–1	0	**4,123**	**3,370**
Capex (right-of-use assets)	27	13	536	683	0	0	**3,739**	**3,339**
Total capex	1,070	795	995	1,028	–1	0	**7,862**	**6,709**
Depreciation and amortization	354	371	753	800	0	0	**4,130**	**4,447**
Impairment losses	0	1	5	0	0	0	**47**	**30**
Total depreciation, amortization and impairment losses	354	372	758	800	0	0	**4,177**	**4,477**
Net cash from (+)/used in (–) operating activities	1,558	1,088	353	328	–1,731	–1,559	**10,965**	**9,258**
Employees[3]	158,770	159,247	13,393	14,032	1	0	**542,917**	**547,692**

1 Prior-year figures adjusted, **note 4.**
2 Including rounding.
3 Average FTEs.

INFORMATION ABOUT GEOGRAPHICAL REGIONS

€m	Germany		Europe (excluding Germany)		Americas		Asia Pacific		Middle East/Africa		Group	
January 1 to December 31	**2022**	**2023**	**2022[1]**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**
External revenue	21,870	20,948	27,704	24,406	22,318	17,815	18,383	14,887	4,161	3,702	**94,436**	**81,758**
Noncurrent assets[1]	12,485	12,873	13,086	14,072	10,781	10,652	5,985	5,791	720	1,384	**43,057**	**44,772**
Capex	2,392	2,168	1,932	2,309	2,321	1,321	1,023	692	194	219	**7,862**	**6,709**

1 Prior-year figures adjusted, **note 4.**

10.1 Segment reporting disclosures

DHL Group reports five operating segments for the 2023 fiscal year; these are managed independently by the responsible segment management bodies in line with the products and services offered and the brands, distribution channels and customer profiles involved. Components of the entity are defined as a segment on the basis of the existence of segment managers with bottom-line responsibility who report directly to DHL Group's top management.

External revenue is the revenue generated by the divisions from non-Group third parties. Internal revenue is revenue generated with other divisions. If comparable external market prices exist for services or products offered internally within the Group, these market prices or market-oriented prices are used as transfer prices (arm's-length principle). The transfer prices for services for which no external market exists are generally based on incremental costs.

The expenses for services provided in the IT service centers are allocated to the divisions by their origin. The additional costs resulting from Deutsche Post AG's universal postal service obligation (nationwide retail outlet network, delivery every working day), and from its obligation to assume the remuneration structure as the legal successor to Deutsche Bundespost, are allocated to the Post & Parcel Germany division.

In keeping with internal reporting, capital expenditure (capex) is disclosed. Additions to intangible assets net of goodwill and to property, plant and equipment, including right-of-use assets, are reported in the capex figure. Depreciation, amortization and impairment losses relate to the segment assets allocated to the individual divisions. For reasons of transparency, net cash from/used in operating activities is now shown in segment reporting instead of in other noncash expenses and income, as previously.

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

10.2 Segments by division

The primary reporting format is based on the divisions, reflecting the Group's predominant organizational structure. The Group distinguishes between the following divisions:

Express

The Express division offers time-definite courier and express services to business and private customers. The division comprises the Europe, Middle East and Africa, Americas and Asia Pacific regions.

Global Forwarding, Freight

The Global Forwarding, Freight division comprises international air, ocean and overland freight forwarding services. The division's business units are Global Forwarding and Freight.

Supply Chain

The Supply Chain division delivers customized logistics services and supply chain solutions to its customers based on globally standardized modular components including warehousing, transport and value-added services. The division comprises the Europe, Middle East and Africa, Americas and Asia Pacific regions.

eCommerce

The eCommerce division is home to the Group's international parcel delivery business. The core business activities are domestic parcel delivery in selected countries in Europe, Asia and the United States and non-TDI cross-border services.

Post & Parcel Germany

The Post & Parcel Germany division transports, sorts and delivers documents and goods in and outside of Germany. Its business units are called Post Germany, Parcel Germany and International.

In addition to the reported segments shown above, segment reporting comprises the following categories:

Group Functions

Group Functions includes Corporate Center, Global Business Services (GBS) and Customer Solutions & Innovation (CSI). The profit/loss generated by GBS is allocated to the operating segments, while its assets and liabilities remain with GBS (asymmetrical allocation).

Consolidation

The data for the divisions is presented following consolidation of interdivisional transactions. The transactions between the divisions are eliminated in the Consolidation column.

10.3 Information about geographical regions

The main geographical regions in which the Group is active are Germany, Europe (excluding Germany), the Americas, Asia Pacific, and Middle East and Africa. External revenue, noncurrent assets and capex are disclosed for these regions. Revenue, assets and capex are allocated to the individual regions on the basis of the domicile of the reporting entity. Noncurrent assets comprise intangible assets, property, plant and equipment and other noncurrent assets (excluding pension assets).

10.4 Reconciliation of segment amounts to consolidated amounts

The following table shows the reconciliation of DHL Group's total assets to the segment assets. Financial asset components, income tax assets, deferred taxes, cash and cash equivalents and other asset components are deducted.

RECONCILIATION TO SEGMENT ASSETS

€m	2022[1]	2023
Total equity and liabilities	68,476	66,814
Investment property	–22	–13
Noncurrent financial assets	–1,040	–944
Other noncurrent assets	–355	–154
Deferred tax assets	–1,440	–1,453
Income tax assets	–456	–663
Receivables and other current assets	–15	–17
Current financial assets	–1,313	–348
Cash and cash equivalents	–3,790	–3,649
Segment assets	**60,045**	**59,573**
of which Group Functions	5,795	5,734
Total for reported segments	54,314	53,900
Consolidation[2]	–64	–61

1 Prior-year figures adjusted, note 4.
2 Including rounding.

The following table shows the reconciliation of DHL Group's total liabilities to the segment liabilities. Components of the provisions and liabilities as well as income tax liabilities and deferred taxes are deducted.

RECONCILIATION TO SEGMENT LIABILITIES

€m	2022[1]	2023
Total equity and liabilities	68,476	66,814
Equity	–23,718	–22,890
Consolidated liabilities	**44,758**	**43,924**
Noncurrent provisions and liabilities	–20,743	–21,774
Current provisions and liabilities	–4,132	–4,463
Segment liabilities	**19,883**	**17,687**
of which Group Functions	1,772	1,621
Total for reported segments	18,166	16,110
Consolidation[2]	–55	–44

1 Prior-year figures adjusted, note 4.
2 Including rounding.

The following table shows the reconciliation of the segment amounts to the income statement:

RECONCILIATION TO THE INCOME STATEMENT

€m	Total for reported segments		Group Functions		Reconciliation to Group/ Consolidation[1]		Consolidated amount	
	2022	2023	2022	2023	2022	2023	2022	2023
External revenue	94,402	81,743	35	14	–1	1	94,436	81,758
Internal revenue	2,754	2,573	1,846	1,912	–4,600	–4,485	0	0
Total revenue	**97,156**	**84,316**	**1,881**	**1,926**	**–4,601**	**–4,484**	**94,436**	**81,758**
Other operating income	2,836	2,706	1,856	1,935	–1,767	–1,854	2,925	2,787
Changes in inventories and work performed and capitalized	386	131	125	34	0	0	511	165
Material expense	–56,768	–44,937	–1,436	–1,385	4,731	4,659	–53,473	–41,663
Staff costs	–24,860	–25,725	–1,182	–1,260	7	8	–26,035	–26,977
Depreciation, amortization and impairment losses	–3,419	–3,677	–758	–800	0	0	–4,177	–4,477
Other operating expenses	–6,438	–6,152	–902	–929	1,628	1,672	–5,712	–5,409
Net expenses/income from investments accounted for using the equity method	–4	113	–35	47	0	1	–39	161
Profit from operating activities (EBIT)	**8,889**	**6,775**	**–451**	**–432**	**–2**	**2**	**8,436**	**6,345**
Net finance costs							–525	–829
Profit before income taxes							**7,911**	**5,516**
Income taxes							–2,194	–1,581
Consolidated net profit for the period							**5,717**	**3,935**
of which attributable to Deutsche Post AG shareholders							5,359	3,677
of which attributable to noncontrolling interests							358	258

1 Including rounding.

Income statement disclosures

11 Revenue by business unit

€m	2022	2023
Express	**26,986**	**24,322**
Global Forwarding, Freight	**28,770**	**18,031**
Global Forwarding	24,523	13,981
Freight	4,247	4,050
Supply Chain	**16,333**	**16,814**
eCommerce	**6,004**	**6,174**
Post & Parcel Germany	**16,309**	**16,402**
Post Germany	7,844	7,505
Parcel Germany	6,388	6,747
International	1,936	1,999
Other	141	151
Group Functions/Consolidation	**34**	**15**
Total revenue	**94,436**	**81,758**

Due to the economic environment, consolidated revenue fell in the 2023 fiscal year. Among other factors, the normalization of freight rates in the Global Forwarding, Freight division contributed to this development. Business in the Express division was shaped by declining volume development. In addition, currency effects and lower fuel surcharges had a reducing effect on revenue. Meanwhile, revenue in the Supply Chain and eCommerce divisions increased due to new business and contract extensions. In the Post & Parcel Germany division, revenue growth in the Parcel Germany business unit compensated for the declining business in the Post Germany area, which is hampered by ongoing structural transition.

The contract liabilities recognized at the beginning of the fiscal year primarily led to revenue in the fiscal year.

The following table shows the factors affecting revenue:

FACTORS AFFECTING REVENUE

€m	2023
Organic growth	–10,687
Portfolio changes	693
Currency translation effects	–2,684
Total revenue increase/decrease	**–12,678**

The allocation of revenue to geographical regions is presented in the segment reporting.

12 Other operating income

€m	2022	2023
Income from currency translation	696	452
Insurance-related income	340	403
Income from the reversal of provisions	214	353
Income from the remeasurement of liabilities	284	348
Operating lease income	150	209
Income from fees and reimbursements	133	130
Income from the disposal of assets	175	88
Income from prior-period billings	54	66
Subsidies	72	48
Sublease income	87	42
Miscellaneous other operating income	720	648
Total	**2,925**	**2,787**

Other operating income fell short of the prior-year figure. The reduction in income from currency translation was partially compensated for by the increased income from the reversal of provisions and by higher income from the remeasurement of liabilities.

Income from operating leases was attributable mainly to leasing of the aircraft fleet's cargo space.

In addition to a large number of smaller individual items, miscellaneous other operating income also includes dividend income of €24 million.

13 Changes in inventories and work performed and capitalized

€m	2022	2023
Income (+)/expenses (–) from changes in inventories	229	–47
Work performed and capitalized	282	212
Total	**511**	**165**

Changes in inventories are attributable largely to real estate development projects. The changes in work performed and capitalized are primarily in conjunction with the discontinuation of production of the StreetScooter vehicles in the 2022 fiscal year.

14 Material expense

€m	2022	2023
Cost of raw materials, consumables and supplies and of goods purchased and held for resale		
Aircraft fuel	3,808	3,058
Fuel	1,253	1,149
Packaging material	466	450
Goods purchased and held for resale	443	403
Spare parts and repair materials	165	171
Branch and office expenses	85	81
Other expenses	313	217
	6,533	**5,529**
Cost of purchased services		
Transport costs	38,783	28,158
Cost of temporary staff and services	2,704	2,620
Maintenance costs	1,887	2,018
IT services	850	856
Lease expenses		
of which short-term leases	535	538
of which leases (incidental expenses)	249	274
of which low-value asset leases	98	108
of which variable lease payments	24	25
Commissions paid	622	627
Other purchased services	1,188	910
	46,940	**36,134**
Material expense	**53,473**	**41,663**

Material expense fell in conjunction with the normalization on the freight markets, in particular due to lower transport costs and due to lower aircraft fuel costs.

Aircraft fuel expenses include additional costs for sustainable aircraft fuels in the amount of €113 million (previous year: €53 million) that DHL Group uses as part of its decarbonization measures.

The other expenses item includes furthermore a large number of individual items.

15 Staff costs/employees

€m	2022	2023
Wages, salaries and compensation	20,794	21,599
Social security contributions	3,192	3,286
Retirement benefit expenses	1,027	976
Cost of other services for employees	1,022	1,116
Staff costs	**26,035**	**26,977**

Staff costs relate mainly to wages, salaries and compensation, as well as all other benefits paid to employees of the Group for their services in the fiscal year. The increase results primarily from wage and salary raises and from new employees in the fiscal year.

Social security contributions relate, in particular, to statutory social security contributions paid by employers.

Retirement benefit expenses include the service cost related to the defined benefit retirement plans, **note 37.** These expenses also include contributions to defined contribution retirement plans for civil servants in Germany in the amount of €303 million (previous year: €308 million), as well as for the Group's hourly workers and salaried employees, totaling €507 million (previous year: €470 million), **note 7.**

The average number of Group employees in the reporting period, broken down by employee group, was as follows:

EMPLOYEES

	2022	2023
Headcount (annual average)		
Salaried employees and hourly workers	564,843	569,266
Civil servants	19,202	17,341
Trainees	5,064	4,805
Total	**589,109**	**591,412**
Full-time equivalents[1]		
As of December 31	554,975	551,233
Average for the year	542,917	547,692

1 Including trainees.

The employees of companies acquired or disposed of during the fiscal year were included ratably. The number of full-time equivalents at joint operations included in the consolidated financial statements as of December 31, 2023, amounted to 621 on a proportionate basis (previous year: 523).

16 Depreciation, amortization and impairment losses

€m	2022	2023
Amortization of and impairment losses on intangible assets (excluding goodwill), of which 2 (previous year: 1) impairment losses	**230**	**255**
Depreciation of and impairment losses on property, plant and equipment, of which 19 (previous year: 22) impairment losses		
Land and buildings	256	299
Technical equipment and machinery	449	483
Transport equipment	354	369
Aircraft	502	556
IT equipment	145	137
Operating and office equipment	99	104
	1,805	**1,948**
Depreciation of and impairment losses on right-of-use assets, of which 9 (previous year: 24) impairment losses		
Land and buildings	1,513	1,595
Technical equipment and machinery	48	45
Transport equipment	259	295
Aircraft	320	336
IT equipment	1	2
Investment property	1	1
	2,142	**2,274**
Impairment of goodwill	**0**	**0**
Depreciation, amortization and impairment losses	**4,177**	**4,477**

Depreciation, amortization and impairment losses increased due to investments, on the one hand and, on the other, due to the business combinations in the fiscal year, as well as the acquisitions that were only included on a pro rata basis in the previous year since the acquisition date, **note 22 and 23.**

The impairment losses are spread among the various asset classes and segments as follows:

IMPAIRMENT LOSSES

€m	2022	2023
Intangible assets	1	0
Property, plant and equipment	12	17
Right-of-use assets	11	0
Express	**24**	**17**
Intangible assets	0	2
Property, plant and equipment	1	0
Right-of-use assets	6	0
Global Forwarding, Freight	**7**	**2**
Property, plant and equipment	8	2
Right-of-use assets	3	8
Supply Chain	**11**	**10**
Property, plant and equipment	0	1
Post & Parcel Germany	**0**	**1**
Right-of-use assets	5	0
Group Functions	**5**	**0**
Impairment losses	**47**	**30**

The impairment losses relate primarily to the Express division. There, they are attributable exclusively to the most recent measurement of aircraft prior to reclassification to assets held for sale, **note 32.** In the previous year, the impairment losses related to the Express and Global Forwarding, Freight divisions, as well as write-downs of assets of Russian companies in the amount of €31 million, **2022 Annual Report, notes 3, 12 and 16 to the consolidated financial statements.**

17 Other operating expenses

€m	2022	2023
Cost of purchased cleaning and security services	637	669
Warranty expenses, refunds and compensation payments	483	538
Currency translation expenses	673	433
Expenses for advertising and public relations	398	372
Other business taxes	380	363
Travel and training costs	371	361
Insurance costs	250	292
Office supplies	257	242
Telecommunication costs	236	238
Customs-clearance-related charges	195	226
Entertainment and corporate hospitality expenses	233	213
Consulting costs (including tax advice)	154	139
Commissions paid	92	109
Monetary transaction costs	115	108
Write-downs and remeasurements	211	67
Miscellaneous other operating expenses	1,027	1,039
Total	**5,712**	**5,409**

Other operating expenses declined, in particular, due to lower expenses from currency translation and expenses from write-downs and remeasurement.

Taxes other than income taxes are either recognized in the related expense item or, if no specific allocation is possible, in other operating expenses.

Miscellaneous other operating expenses include a large number of smaller individual items.

18 Net finance costs

€m	2022	2023
Financial income		
Interest income	180	247
Gains on changes in fair value of financial assets and liabilities	191	133
Other financial income	56	29
	427	**409**
Finance costs		
Interest expense on leases	–452	–540
Interest expense from financing	–104	–115
Interest expense from unwinding discounts on provisions	29	–74
Other interest expenses	–72	–118
Losses on changes in fair value of financial assets and liabilities	–222	–161
Other finance costs	–26	–63
	–847	**–1,071**
Foreign-currency result	**–105**	**–167**
Net finance costs	**–525**	**–829**

Of interest income, €29 million (previous year: €21 million) relates to income from finance lease receivables. Higher interest rates were able to partially compensate for the deterioration in financial income from the change in fair value of the stock appreciation rights (SARs). Further disclosures on interest income and expenses are contained in **note 43.**

The expense from the unwinding of discounts on bonds resulting from the application of the effective interest method amounted to €12 million (previous year: €12 million).

Gains and losses on changes in fair value of financial assets and liabilities primarily relate to pension plans in the United States.

The foreign-currency result includes net monetary gains of €10 million related to financial reporting in hyperinflationary economies.

Information on interest expenses from unwinding discounted net pension provisions can be found in **note 37.**

19 Income taxes

€m	2022	2023
Current income tax expense	–1,701	–1,472
Current recoverable income tax	19	25
	–1,682	**–1,447**
Deferred tax expense from temporary differences	–17	–47
Deferred tax expense from tax loss carryforwards	–495	–87
	–512	**–134**
Income taxes	**–2,194**	**–1,581**

The reconciliation to the effective income tax expense based on consolidated net profit before income taxes and the expected income tax expense is as follows:

RECONCILIATION

€m	2022	2023
Profit before income taxes	7,911	5,516
Expected income taxes	–2,413	–1,682
Deferred tax assets not recognized for initial differences	2	31
Deferred tax assets not recognized for tax loss carryforwards and temporary differences	207	94
Effect from previous years on current taxes	2	–7
Tax-exempt income	5	55
Nondeductible expenses	–348	–313
Differences in tax rates at foreign companies	347	269
Other tax effects	4	–28
Income taxes	**–2,194**	**–1,581**

The difference from deferred tax assets not recognized for initial differences is due to differences between the carrying amounts in the opening tax accounts of Deutsche Post AG and the carrying amounts in the IFRS financial statements as of January 1, 1995 (initial differences). In accordance with IAS 12.15(b) and IAS 12.24(b), the Group did not recognize any deferred tax assets in respect of these temporary differences, which related mainly to property, plant and equipment as well as to pension provisions and similar obligations. As of December 31, 2023, there were no remaining tax-deductible temporary differences between the original IFRS carrying amounts and the tax base (previous year: €99 million).

Effects from deferred tax assets not recognized for tax loss carryforwards and temporary differences in the amount of €38 million (previous year: €3 million) relate to the reduction of the effective income tax expense due to the utilization of tax loss carryforwards and temporary differences, for which deferred tax assets had previously not been recognized. In addition, the recognition of deferred tax assets previously not recognized for tax loss carryforwards and of deductible temporary differences from a prior period reduced the deferred tax expense by €100 million (previous year: €274 million). Effects from unrecognized deferred tax assets do not include any effects (previous year: income of €12 million) due to a reversal or impairment loss recognized for a deferred tax asset. Other effects from unrecognized deferred tax assets relate primarily to tax loss carryforwards for which no deferred taxes were recognized. Tax rate changes also had no material effects.

A deferred tax asset in the amount of €41 million (previous year: €20 million) was recognized in the balance sheet for companies that reported a loss in the previous year or in the current period as, based on tax planning, the realization of the tax asset is probable.

The following table presents the tax effects on the components of other comprehensive income:

OTHER COMPREHENSIVE INCOME

	2022			2023		
€m	Before taxes	Income taxes	After taxes	Before taxes	Income taxes	After taxes
Change due to remeasurements of net pension provisions	2,236	−51	**2,185**	−800	97	**−703**
Hedging reserves	74	−22	**52**	−39	27	**−12**
Reserve for equity instruments without recycling	9	0	**9**	−18	−1	**−19**
Currency translation reserve	149	0	**149**	−585	0	**−585**
Investments accounted for using the equity method	4	0	**4**	−1	0	**−1**
Other comprehensive income	**2,472**	**−73**	**2,399**	**−1,443**	**123**	**−1,320**

20 Earnings per share

Basic earnings per share are computed in accordance with IAS 33, Earnings per Share, by dividing the consolidated net profit by the weighted average number of shares outstanding. Outstanding shares relate to issued capital less any treasury shares held.

Basic earnings per share for the 2023 fiscal year were €3.09 (previous year: €4.41).

BASIC EARNINGS PER SHARE

		2022	2023
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m	5,359	3,677
Weighted average number of shares outstanding	Number	1,214,024,931	1,188,885,217
Basic earnings per share	**€**	**4.41**	**3.09**

To compute diluted earnings per share, the weighted average number of shares outstanding is adjusted for the number of all potentially dilutive shares. This item includes the executives' rights to shares under the Performance Share Plan and Share Matching Scheme (as of December 31, 2023: 3,891,455 shares; previous year: 6,292,011) and the maximum number of ordinary shares that can be issued on exercise of the conversion rights under the convertible bond issued in December 2017. Consolidated net profit for the period attributable to Deutsche Post AG shareholders was increased by the amounts spent for the convertible bond.

Diluted earnings per share in the reporting period were €3.04 (previous year: €4.33).

DILUTED EARNINGS PER SHARE

		2022	2023
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m	5,359	3,677
Plus interest expense on the convertible bond	€m	8	8
Less income taxes	€m	1	2
Adjusted consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m	5,366	3,683
Weighted average number of shares outstanding	Number	1,214,024,931	1,188,885,217
Potentially dilutive shares	Number	24,475,019	22,764,214
Weighted average number of shares for diluted earnings	Number	1,238,499,950	1,211,649,431
Diluted earnings per share	**€**	**4.33**	**3.04**

21 Dividend per share

A dividend per share of €1.85 is being proposed for the 2023 fiscal year (previous year: €1.85 paid). Further details on the dividend distribution can be found in **note 35.**

Balance sheet disclosures

22 Intangible assets

22.1 Overview

€m	Internally generated intangible assets[1]	Purchased brand names[1]	Purchased customer lists[1]	Other purchased intangible assets	Goodwill[1]	Advance payments and intangible assets in development	Total[1]
Cost							
Balance as of January 1, 2022	**1,313**	**480**	**43**	**1,600**	**12,418**	**162**	**16,016**
Additions from business combinations	31	70	449	99	1,350	1	**2,000**
Additions	53	0	0	77	0	139	**269**
Reclassifications	67	0	0	76	0	–105	**38**
Disposals	–22	0	0	–105	–4	–3	**–134**
Currency translation differences	–3	–23	–2	13	11	0	**–4**
Balance as of December 31, 2022 / January 1, 2023	**1,439**	**527**	**490**	**1,760**	**13,775**	**194**	**18,185**
Additions from business combinations	0	0	0	20	528	0	**548**
Additions	53	0	0	49	0	176	**278**
Reclassifications	65	0	0	97	0	–102	**60**
Disposals	–333	0	0	–129	0	–4	**–466**
Inflation adjustments pursuant to IAS 29	0	0	0	3	25	0	**28**
Currency translation differences	–2	7	0	–18	–186	0	–199
Balance as of December 31, 2023	**1,222**	**534**	**490**	**1,782**	**14,142**	**264**	**18,434**
Amortization and impairment losses							
Balance as of January 1, 2022	**1,105**	**450**	**31**	**1,288**	**1,065**	**1**	**3,940**
Additions from business combinations	7	0	0	11	0	0	**18**
Amortization	74	2	19	134	0	0	**229**
Impairment losses	0	0	0	1	0	0	**1**
Reclassifications	0	0	0	4	0	0	**4**
Disposals	–21	0	0	–86	0	0	**–107**
Currency translation differences	–2	–24	–1	10	–4	0	**–21**
Balance as of December 31, 2022 / January 1, 2023	**1,163**	**428**	**49**	**1,362**	**1,061**	**1**	**4,064**
Additions from business combinations	0	0	0	7	0	0	**7**
Amortization	82	5	26	140	0	0	**253**
Impairment losses	0	0	0	0	0	2	**2**
Reclassifications	–3	0	0	3	0	0	**0**
Disposals	–329	0	0	–120	0	0	**–449**
Inflation adjustments pursuant to IAS 29	0	0	0	2	0	0	**2**
Currency translation differences	–1	8	0	–14	–5	0	**–12**
Balance as of December 31, 2023	**912**	**441**	**75**	**1,380**	**1,056**	**3**	**3,867**
Carrying amount as of December 31, 2023	**310**	**93**	**415**	**402**	**13,086**	**261**	**14,567**
Carrying amount as of December 31, 2022	**276**	**99**	**441**	**398**	**12,714**	**193**	**14,121**

1 Prior-year figures adjusted, note 4.

The increase in intangible assets results from the business combinations in the 2023 fiscal year and the corresponding goodwill and relates primarily to MNG Kargo as well as DHL Logistics, **note 2.**

With the final purchase price allocation for the Monta Group, its opening balance sheet changed and led to a €25 million adjustment to the recognition of intangible assets. As part of this, as of December 31, 2022, internally generated intangible assets increased by €18 million, purchased brand names by €6 million and purchased customer lists by €17 million, while goodwill fell by €16 million, **note 2 and 4.**

Purchased software, concessions, industrial rights, licenses and similar rights and assets are reported under purchased intangible assets. Internally generated intangible assets relate to development costs for internally developed software.

22.2 Allocation of goodwill to CGUs

For the purposes of annual impairment testing in accordance with IAS 36, the Group determines the recoverable amount of a CGU, or a group of CGUs, on the basis of its value in use. This calculation is based on projections of free cash flows that are initially discounted at a rate corresponding to the posttax cost of capital. Pretax discount rates are determined iteratively.

ALLOCATION OF GOODWILL

€m	Dec. 31, 2022[1]	Dec. 31, 2023
Express	3,913	3,900
Global Forwarding, Freight		
Global Forwarding	5,329	5,426
Freight	280	281
Supply Chain	2,079	2,098
eCommerce	159	430
Post & Parcel Germany	954	951
Total goodwill	**12,714**	**13,086**

1 Prior-year figures adjusted, **note 4**.

The cash flow projections are based on the detailed planning for EBIT, depreciation and amortization, investment planning adopted by management, as well as changes in net working capital, and take both internal historical data and external macroeconomic data into account. The cash flow forecasts include the expenses for decarbonization measures planned to achieve the targets for reducing emissions by 2030 for expanding the use of sustainable fuels and technologies in fleets and buildings. As part of the planning for the Post & Parcel Germany CGU, assumptions regarding the regulations of the German Postal Act, which is currently undergoing revision, were taken into account on the basis of the draft legislation. If there are changes to the draft legislation, if it is not possible to withdraw from the provision of the universal postal service, or if the new law is not passed in a timely manner, these represent material risk factors; however, the probability of their occurrence is considered to be low. From a methodological perspective, the detailed planning phase covers a three-year planning horizon from 2024 to 2026. By contrast, an extended planning phase of five years was applied for the eCommerce CGU. The eCommerce division is only in its sixth year of existence and has not yet reached a steady state. This is attributable to relatively high levels of planned capital expenditure over the next three years, during which the estimated EBIT will not yet reflect business growth. The expectation is that a stable state will be achieved in 2028. Planning is supplemented by a perpetual annuity representing the value added from 2027 onward, or following the extended planning phase. This is calculated using a long-term growth rate, which is determined for each CGU or each CGU group separately and is shown in the table below. The growth rates applied are based on long-term real growth figures for the relevant economies, growth expectations for the relevant sectors and long-term inflation forecasts for the countries in which the CGU or CGU group operates. The cash flow forecasts are based both on past experience and on the effects of the anticipated future general market trend. In addition, the forecasts take into account growth in the respective geographical submarkets and in global trade, and the ongoing trend toward outsourcing logistics activities. Cost trend forecasts for the transport network and services also have an impact on value in use. A key planning assumption for the impairment test is the EBIT margin for the perpetual annuity.

The pretax cost of capital is based on the weighted average cost of capital. The (pretax) discount rates for the significant CGU or CGU group and the growth rates assumed in each case for the perpetual annuity are shown in the following table:

	Discount rate		Growth rate	
%	**2022**	**2023**	**2022**	**2023**
Express	9.7	11.8	2.0	2.0
Global Forwarding, Freight				
Global Forwarding	9.9	10.9	2.5	2.5
Freight	10.2	11.1	2.0	2.0
Supply Chain	10.0	10.0	2.5	2.5
eCommerce	10.5	10.9	1.5	1.5
Post & Parcel Germany	10.2	10.0	0.5	0.5

The change in the discount rate primarily reflects the change in interest rates in general.

On the basis of these assumptions and the impairment tests carried out for the individual CGUs or CGU groups to which goodwill was allocated, it was established that the recoverable amounts for all CGUs or CGU groups exceed their carrying amounts. No impairment losses were recognized on goodwill in any of the CGUs or CGU groups as of December 31, 2023.

When performing the impairment test, DHL Group conducted sensitivity analyses for the significant CGUs or CGU groups in accordance with IAS 36.134 for potential changes to the EBIT margin, the discount rate and the growth rate. These analyses – which included varying the essential valuation parameters within an appropriate range – did not reveal any risk of impairment to goodwill.

23 Property, plant and equipment

Overview of property, plant and equipment, including right-of-use assets

€m	Land and buildings	Technical equipment and machinery	Operating and office equipment	Aircraft	Transport equipment	Advance payments and assets under development	Total
Cost							
Balance as of January 1, 2022	**18,333**	**7,291**	**2,475**	**8,143**	**4,624**	**2,070**	**42,936**
Additions from business combinations[1]	165	26	60	–22	91	6	**326**
Additions	2,558	296	163	1,123	799	2,654	**7,593**
Reclassifications	515	638	98	490	83	–1,865	**–41**
Disposals	–591	–185	–263	–357	–429	–20	**–1,845**
Currency translation differences	–11	30	22	282	–2	39	**360**
Balance as of December 31, 2022/January 1, 2023	**20,969**	**8,096**	**2,555**	**9,659**	**5,166**	**2,884**	**49,329**
Additions from business combinations[1]	156	30	19	0	26	1	**232**
Additions	2,454	263	163	773	943	1,835	**6,431**
Reclassifications	878	686	107	914	88	–2,725	**–52**
Disposals	–1,158	–292	–260	–439	–523	–48	**–2,720**
Inflation adjustments pursuant to IAS 29	41	17	8	0	3	0	**69**
Currency translation differences	–205	–64	–36	–216	–25	–17	**–563**
Balance as of December 31, 2023	**23,135**	**8,736**	**2,556**	**10,691**	**5,678**	**1,930**	**52,726**
Depreciation and impairment losses							
Balance as of January 1, 2022	**6,854**	**4,175**	**1,816**	**2,952**	**2,236**	**0**	**18,033**
Additions from business combinations[1]	22	12	34	0	32	0	**100**
Depreciation	1,742	491	241	822	604	0	**3,900**
Impairment losses	27	6	4	0	9	0	**46**
Reclassifications	1	–1	–3	0	0	0	**–3**
Reversals of impairment losses	–18	–4	–3	0	–9	0	**–34**
Disposals	–447	–160	–250	–298	–377	0	**–1,532**
Currency translation differences	12	20	17	78	4	0	**131**
Balance as of December 31, 2022/January 1, 2023	**8,193**	**4,539**	**1,856**	**3,554**	**2,499**	**0**	**20,641**
Additions from business combinations[1]	82	24	16	0	15	0	**137**
Depreciation	1,888	527	243	875	660	0	**4,193**
Impairment losses	6	1	0	17	4	0	**28**
Reclassifications	1	5	–7	0	1	0	**0**
Reversals of impairment losses	–2	0	0	0	0	0	**–2**
Disposals	–678	–266	–250	–344	–468	0	**–2,006**
Inflation adjustments pursuant to IAS 29	11	4	4	0	1	0	**20**
Currency translation differences	–95	–32	–27	–74	–15	0	–243
Balance as of December 31, 2023	**9,406**	**4,802**	**1,835**	**4,028**	**2,697**	**0**	**22,768**
Carrying amount as of December 31, 2023	**13,729**	**3,934**	**721**	**6,663**	**2,981**	**1,930**	**29,958**
Carrying amount as of December 31, 2022	**12,776**	**3,557**	**699**	**6,105**	**2,667**	**2,884**	**28,688**

1 Including proportionate change from joint operations.

Disclosures on right-of-use assets are contained in **note 41.**

Property, plant and equipment increased both due to capital expenditure as well as from the acquisition of companies.

Additions to transport equipment include additional expenditure of €244 million (previous year: €179 million) for the electrification of the fleet of pickup and delivery vehicles. The additional expenditure for investments in technologies for making new buildings climate-neutral amounted to €38 million (previous year: €24 million).

Advance payments relate only to advance payments on items of property, plant and equipment for which the Group has paid advances in connection with incomplete transactions. They relate, in particular, to the renewal of the Express air fleet. Assets under development relate to items of property, plant and equipment in progress as of the reporting date for whose production internal or third-party costs have already been incurred.

24 Investment property

The investment property largely comprises leased property encumbered by heritable building rights and developed and undeveloped land.

€m	2022	2023
Cost		
Balance as of January 1	71	31
Additions	8	0
Reclassifications	–44	–9
Disposals	–4	–2
Currency translation differences	0	–1
Balance as of December 31	**31**	**19**
Depreciation and impairment losses		
Balance as of January 1	23	9
Depreciation and impairment losses	1	1
Disposals	–3	–1
Reclassifications	–12	–2
Currency translation differences	0	–1
Balance as of December 31	**9**	**6**
Carrying amount as of December 31	**22**	**13**
of which right-of-use assets	9	8

25 Investments accounted for using the equity method

In the income statement, net income from investments accounted for using the equity method increased by €200 million to €161 million. This was due to income from the change in consolidation method for DHL Logistics (formerly Danzas AEI Emirates) in the amount of €114 million, as well as proceeds from the disposal of 0.88% of shares in Global-E Online, Israel, totaling €46 million. The following table does not include this amount, because the former Danzas AEI Emirates is no longer accounted for using the equity method.

The table below is an overview of the carrying amount in the consolidated financial statements and selected financial data for those companies that, both individually and in the aggregate, are not of material significance for the Group.

€m	Associates 2022	Associates 2023	Joint ventures 2022	Joint ventures 2023	Total 2022	Total 2023
Balance as of January 1	95	70	16	6	**111**	**76**
Additions	7	25	0	25	**7**	**50**
Disposals	0	–19	–4	–1	**–4**	**–20**
Impairment losses	0	0	–7	0	**–7**	**0**
Changes in Group's share of equity						
Changes recognized in profit or loss	–34	4	2	–3	**–32**	**1**
Profit distributions	–2	–2	0	0	**–2**	**–2**
Changes recognized in other comprehensive income	4	–2	–1	1	**3**	**–1**
Balance as of December 31	**70**	**76**	**6**	**28**	**76**	**104**
Aggregate financial data						
Profit after income taxes	–34	4	2	–3	**–32**	**1**
Other comprehensive income	4	–2	–1	1	**3**	**–1**
Total comprehensive income	**–30**	**2**	**1**	**–2**	**–29**	**0**

The additions to associates relate primarily to the Saudi Arabian company ASMO Advanced Logistics Services Co. LLC with 51%. Because there is currently no possibility to determine the relevant activities, DHL Group cannot exercise any control over the company. Another addition to associates is RailDirect LLC, United Arab Emirates, with 49% of shares, while the addition of the Polish company APM Solutions Sp. z o.o. with 49% of shares is allocated to joint ventures. Among others, disposals of associates relate to DHL Logistics (formerly Danzas AEI Emirates LLC), as the method of consolidation changed with the acquisition of the remaining 60% of shares. The company is now fully consolidated, **note 2.** Flexible Lifestyle Employment Company Limited, the UK joint venture that was impaired in the amount of €7 million in the previous year, was sold in the first half of 2023.

26 Financial assets

€m	Noncurrent 2022	Noncurrent 2023	Current 2022[1]	Current 2023	Total 2022[1]	Total 2023
Debt instruments (loans and receivables) at amortized cost (AC)	256	252	1,548	578	**1,804**	**830**
Debt instruments at fair value through profit or loss (FVTPL)	261	306	23	29	**284**	**335**
Equity instruments at fair value through profit or loss (FVTPL)	1	1	0	0	**1**	**1**
Equity instruments at fair value through other comprehensive income (FVTOCI)	65	24	0	0	**65**	**24**
Derivatives with hedge accounting	68	2	23	11	**91**	**13**
Derivatives without hedge accounting (M&A)	33	25	0	0	**33**	**25**
Derivatives without hedge accounting	0	0	37	44	**37**	**44**
Lease assets	532	508	168	171	**700**	**679**
Financial assets	**1,216**	**1,118**	**1,799**	**833**	**3,015**	**1,951**

1 Prior-year figures adjusted, **note 4.**

Financial assets decreased primarily due to the liquidation of short-term investments that are recognized under debt instruments measured at amortized cost.

The lease assets relate primarily to receivables from certain embedded subleases, note 7.

The notional amounts of the outstanding lease payments have the following maturity dates:

MATURITIES OF UNDISCOUNTED LEASE PAYMENTS

€m	2022	2023
Up to 1 year	168	171
More than 1 year to 2 years	159	198
More than 2 years to 3 years	120	119
More than 3 years to 4 years	91	91
More than 4 years to 5 years	64	63
More than 5 years	209	173
Total undiscounted lease payments	**811**	**815**
Interest component included over entire term	–111	–136
Receivable from leasing	**700**	**679**
of which current	168	171
of which noncurrent	532	508

For details on impairment losses, default risk, maturity structures and restraints on disposal, see note 43.

27 Other assets

€m	2022[1]	2023
Prepaid expenses	1,249	1,110
Tax receivables	817	711
Pension assets, noncurrent only	355	154
Recoverable start-up costs, noncurrent only	134	143
Accrued other income	170	131
Other assets from insurance contracts	110	79
Contract assets	142	73
Receivables from insurance matters	92	54
Receivables from employees	33	35
Miscellanous other assets, of which noncurrent: 91 (previous year: 92)	586	313
Other assets	**3,688**	**2,803**
of which current	3,107	2,415
of which noncurrent	581	388

1 Prior-year figures adjusted, note 4.

The decrease in prepaid expenses is attributable primarily to the Global Forwarding, Freight division and relates to lower prepayments for transport services at the end of the year.

Of the tax receivables, €533 million (previous year: €623 million) relates to VAT, €135 million (previous year: €135 million) to customs and duties and €43 million (previous year: €59 million) to other tax receivables.

Pension assets decreased, primarily because of remeasurements in the United Kingdom, note 37.

As of the reporting date, miscellanous other assets include carrying amounts of certificates held as part of the emission-trading systems in the EU and the United Kingdom totaling €61 million (previous year: €56 million).

Miscellaneous other assets include a large number of individual items.

28 Deferred taxes

BREAKDOWN BY BALANCE SHEET ITEM AND MATURITY

	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
€m	2022	2022[1]	2023	2023
Intangible assets	15	372	12	365
Property, plant and equipment	789	2,904	787	3,048
Noncurrent financial assets	13	29	2	44
Other noncurrent assets	18	70	29	47
Other current assets	85	99	132	82
Provisions	626	147	605	69
Financial liabilities	2,124	40	2,176	40
Other liabilities	300	21	312	21
Tax loss carryforwards and tax credits	806		704	
Gross amount	**4,776**	**3,682**	**4,759**	**3,716**
of which current	986	439	908	472
of which noncurrent	3,790	3,243	3,851	3,244
Netting	−3,336	−3,336	−3,306	−3,306
Carrying amount	**1,440**	**346**	**1,453**	**410**

1 Prior-year figures adjusted, note 4.

CHANGES IN DEFERRED TAXES

€m	2022[1]	2023
Deferred tax assets/liabilities as of January 1	1,806	1,094
Income tax recognized in the income statement	−512	−134
Change in items in other comprehensive income	−73	123
Additions and disposals as a result of acquisitions recognized in equity	−181	−2
Other (primarily currency translation differences)	54	−38
Deferred tax assets/liabilities as of December 31	**1,094**	**1,043**

1 Prior-year figures adjusted, note 4.

Deferred taxes have not been recognized for loss carryforwards expected to not be usable in the amount of around €1.2 billion (previous year: €1.4 billion). Of these, around €0.4 billion (previous year: €0.6 billion) is attributable to loss carryforwards from US subsidiaries for state taxes. The tax loss carryforwards for which no deferred tax assets were recognized do not expire prior to 2029. Moreover, deferred taxes have not been recognized for temporary differences expected to not be usable in the amount of around €0.5 billion (previous year: €0.2 billion).

Deferred taxes have not been recognized for temporary differences of €749 million (previous year: €675 million) for accrued earnings of German and foreign subsidiaries, because these temporary differences will probably not reverse in the foreseeable future.

29 Inventories

€m	2022	2023
Finished goods and goods purchased and held for resale	181	498
Work in progress	490	302
Raw materials, consumables and supplies	243	257
Advance payments	13	4
Inventories	**927**	**1,061**

The increase in finished goods is attributable mainly to real estate development projects. Adequate impairment losses were recognized.

30 Trade receivables

Trade receivables amounted to €10,537 million (previous year: €12,253 million). This includes deferred revenue amounting to €976 million (previous year: €1,167 million). For information on impairment losses, default risk and maturity structures, see note 43.

31 Cash and cash equivalents

€m	2022	2023
Bank balances	2,569	2,714
Cash equivalents	1,153	868
Cash	9	9
Other cash and cash equivalents	59	58
Cash and cash equivalents	**3,790**	**3,649**

Of the €3,649 million in cash and cash equivalents, €1,598 million was not available for general use by the Group as of the reporting date (previous year: €1,956 million). Of this amount, €1,516 million (previous year: €1,880 million) was attributable to countries where exchange controls or other legal restrictions apply (mostly China, India, Thailand and Taiwan) and €82 million (previous year: €76 million) primarily to companies with noncontrolling-interest shareholders.

32 Assets held for sale and liabilities associated with assets held for sale

	Assets		Liabilities	
€m	2022	2023	2022	2023
Sale of aircraft (DHL Air Limited) – Express segment	0	55	0	0
Other	0	0	0	0
Assets held for sale and liabilities associated with assets held for sale	**0**	**55**	**0**	**0**

DHL Air Limited, United Kingdom, is modernizing its fleet of aircraft and intends to sell three aircraft and multiple engines with a fair value of €55 million. The most recent measurement prior to reclassification to assets held for sale led to an impairment loss of €17 million. The sale is expected to be completed in the first quarter of 2024.

33 Issued capital and purchase of treasury shares

As of December 31, 2023, KfW Bankengruppe (KfW) held a 20.49% interest, unchanged from the previous year, in the share capital of Deutsche Post AG. Free float accounts for 74.82% of the shares (previous year: 76.26%) and the remaining 4.69% (previous year: 3.25%) of shares are owned by Deutsche Post AG. KfW holds the shares in trust for the Federal Republic of Germany.

33.1 Changes in issued capital

The issued capital amounts to €1,239 million. It is composed of 1,239,059,409 no-par-value registered shares (ordinary shares) with a notional interest in the share capital of €1 per share and is fully paid up.

CHANGES IN ISSUED CAPITAL AND TREASURY SHARES

€m	2022	2023
Issued capital		
Balance as of January 1	1,239	1,239
Balance as of December 31	**1,239**	**1,239**
Treasury shares		
Balance as of January 1	–15	–40
Purchase of treasury shares	–30	–24
Issue/sale of treasury shares	5	6
Balance as of December 31	**–40**	**–58**
Total as of December 31	**1,199**	**1,181**

33.2 Authorized and contingent capital

The Articles of Association can be accessed on the **company's website** or in the electronic company register. They may also be viewed in the commercial register of the Bonn Local Court.

AUTHORIZED AND CONTINGENT CAPITAL AS OF DECEMBER 31, 2023

	Amount €m	Purpose
Authorized Capital 2021 (Annual General Meeting on May 6, 2021)	130	Increase in share capital against cash/noncash contributions (Authorization until May 5, 2026)
Contingent Capital 2017 (Annual General Meeting on April 28, 2017)	75	Issue of options/conversion rights (Authorization until May 7, 2018)
Contingent Capital 2018/1 (Annual General Meeting on April 24, 2018)	12	Issue of Performance Share Units to executives (Authorization until October 8, 2020)
Contingent Capital 2020/1 (Annual General Meeting on August 27, 2020)	12	Issue of Performance Share Units to executives (Authorization until August 26, 2023)
Contingent Capital 2022/1 (Annual General Meeting on May 6, 2022)	20	Issue of Performance Share Units to executives (Authorization until May 5, 2027)
Contingent Capital 2022/2 (Annual General Meeting on May 6, 2022)	40	Issue of options/conversion rights (Authorization until May 5, 2027)

Authorized capital 2021

The Board of Management is authorized, subject to the consent of the Supervisory Board, to issue up to 130 million new, no-par-value registered shares until May 5, 2026, in exchange for cash and/or noncash contributions and thereby increase the company's share capital by up to €130 million. The authorization may be used in full or for partial amounts. Shareholders generally have preemptive rights. However, subject to the approval of the Supervisory Board, the Board of Management may disapply the shareholders' preemptive rights to the shares covered by the authorization. No use was made of the authorization in the fiscal year.

Contingent capital 2017

The contingent capital increase serves to issue bonds with warrants, convertible bonds and/or income bonds as well as profit participation certificates, or a combination thereof, in an aggregate principal amount of up to €1.5 billion and to grant options or conversion rights for up to 75 million shares with a proportionate interest in the share capital not to exceed €75 million. The new shares participate in profit from the beginning of the fiscal year in which they are issued. The authorization was exercised in part in December 2017 by issuing the convertible bond 2017/2025 in an aggregate principal amount of €1 billion. The share capital was increased on a contingent basis by up to €75 million. Contingent capital was not utilized in the 2023 fiscal year.

Contingent capital 2018/1

The contingent capital increase serves to grant Performance Share Units (PSUs) to selected Group executives. The share capital was increased on a contingent basis by up to €12 million through the issue of up to 12 million no-par-value registered shares. The new shares participate in profit from the beginning of the fiscal year in which they are issued. Contingent capital was not utilized in the 2023 fiscal year.

Contingent capital 2020/1

The contingent capital increase serves to grant Performance Share Units (PSUs) to selected Group executives. The share capital was increased on a contingent basis by up to €12 million through the issue of up to 12 million no-par-value registered shares. The new shares participate in profit from the beginning of the fiscal year in which they are issued. Contingent capital was not utilized in the 2023 fiscal year.

Contingent capital 2022/1

The contingent capital increase serves to grant Performance Share Units (PSUs) to selected Group executives. The share capital was increased on a contingent basis by up to €20 million through the issue of up to 20 million no-par-value registered shares. The new shares participate in profit from the beginning of the fiscal year in which they are issued. Contingent capital was not utilized in the 2023 fiscal year.

Contingent capital 2022/2

The contingent capital increase serves to issue bonds with warrants, convertible bonds and/or income bonds as well as profit participation certificates, or a combination thereof, in an aggregate principal amount of up to €2 billion and to grant options or conversion rights for up to 40 million shares with a proportionate interest in the share capital not to exceed €40 million. The share capital was increased on a contingent basis by up to €40 million. The new shares participate in profit from the beginning of the fiscal year in which they are issued. Contingent capital was not utilized in the 2023 fiscal year.

33.3 Authorization to acquire treasury shares

By way of a resolution adopted by the Annual General Meeting on May 4, 2023, the company is authorized to acquire treasury shares in the period to May 3, 2028, of up to 10% of the share capital existing when the resolution was adopted. The authorization permits the Board of Management to exercise it for every purpose permitted by law, and in particular to pursue the goals mentioned in the resolution by the Annual General Meeting. In addition, the Board of Management is authorized to acquire treasury shares totaling up to 5% of the share capital existing when the resolution was adopted by means including using derivatives. The prior resolution dated May 6, 2021, and the authorization granted until May 5, 2026, to purchase treasury shares were revoked for the period beginning when the new authorization took effect.

Share buyback program

In February 2022, the Board of Management of Deutsche Post AG had initially resolved a share buyback program for up to 50 million Deutsche Post AG shares at a total purchase price of up to €2 billion. On February 14, 2023, the Board of Management of Deutsche Post AG resolved to increase the number of shares to be bought back to up to 105 million shares and the total purchase price up to €3 billion. The repurchased shares will either be retired, used to service long-term executive remuneration plans and any future employee participation programs or used to meet potential obligations if rights accruing under the 2017/2025 convertible bond are exercised. The repurchase will end in December 2024 at the latest. Detailed information on the individual tranches can be found in the following table.

PRIOR TRANCHES OF THE SHARE BUYBACK PROGRAM 2022/2024

	Total volume €m	Maximum duration	Buyback Number	Buyback volume (excluding transaction costs) €m	Average price per share €
Tranche I	800	April 8, 2022, to November 7, 2022	21,931,589	790	36.00
Tranche II	500	November 9, 2022, to March 31, 2023	12,870,144	500	38.85
Tranche III	500	June 26, 2023, to September 29, 2023	11,664,906	500	42.86
Tranche IV	600	November 13, 2023, to April 19, 2024	3,531,837[1]	150	42.44

1 Up to December 31, 2023.

In the 2023 fiscal year, treasury shares were also acquired and issued to executives to settle the 2022 tranche and claims to matching shares under the 2018 tranche. The 1.5 million shares were acquired at an average price per share of €41.30 for a total of €62 million.

A total of 3.1 million shares were issued to the executives concerned to settle the 2019 PSP tranche and 0.4 million shares to settle the Employee Share Plan.

Deutsche Post AG held 58,079,379 treasury shares as of December 31, 2023 (previous year: 40,320,726).

33.4 Disclosures on corporate capital

In the 2023 fiscal year, the equity ratio (total equity divided by total assets) was 34.3% (previous year: 34.6%). The corporate capital is monitored using the net gearing ratio, which is defined as net debt divided by the total of equity and net debt.

CORPORATE CAPITAL

€m	2022[1]	2023
Financial liabilities	22,166	22,718
Less operating financial liabilities[2]	–1,064	–939
Less current financial assets	–1,799	–833
Plus operating current financial assets[3]	444	469
Less noncurrent derivative financial instruments	–101	–27
Less cash and cash equivalents	–3,790	–3,649
Net debt	**15,856**	**17,739**
Plus total equity	23,718	22,890
Total capital	**39,574**	**40,629**
Net gearing ratio (%)	40.1	43.7

1 Prior-year figures adjusted, note 4.
2 Relates to liabilities from overpayments, for example.
3 Relates to, for example, receivables from cash on delivery, creditors with debit balances and receivables from loss compensation.

34 Reserves

34.1 Capital reserves

The change in capital reserves primarily relates to the capital increases or decreases from the following items:

€m	2022	2023
Balance as of January 1	3,533	3,543
Change due to Share Matching Scheme	8	31
Change due to Performance Share Plan	3	4
Change due to Employee Share Plan	–1	1
Balance as of December 31	**3,543**	**3,579**

34.2 Retained earnings

In addition to the changes from dividend distributions, changes from remeasurements of the net pension provisions and the recognition of consolidated net profit, retained earnings also include the changes from capital increases and decreases, which are described in more detail in the following:

CAPITAL INCREASE/DECREASE

€m	2022	2023
Obligation share buyback 2022 under tranche II/reversal	–275	275
Change due to Share Matching Scheme	39	22
Change due to Performance Share Plan	23	21
Change due to Employee Share Plan	16	14
Share buyback obligation 2022/2024 under tranche IV	0	–450
Share buyback 2022/2024	–987	–903
Other	–11	1
Total	**–1,195**	**–1,020**

The fourth tranche of the share buyback program, with a total volume of up to €600 million, began on November 13, 2023, and is being implemented by an independent financial services provider until April 19, 2024, on the basis of an irrevocable agreement. At the time the agreement was concluded, the resulting obligation was charged in full to retained earnings and recognized as a financial liability. It was reduced by the buyback transactions carried out by December 31, 2023. The obligation to repurchase shares after December 31, 2023, is included in the amount of €450 million.

35 Equity attributable to Deutsche Post AG shareholders

The equity attributable to Deutsche Post AG shareholders in the 2023 fiscal year amounted to €22,477 million (previous year: €23,236 million).

Dividends

Dividends paid to the shareholders of Deutsche Post AG are based on the net retained profit of €9,216 million reported in Deutsche Post AG's annual financial statements in accordance with the HGB. The Board of Management is proposing a dividend of €1.85 per no-par-value share carrying dividend rights (proposed and distributed in the previous year: €1.85). This corresponds to a total dividend of €2,170 million. Moreover, the Board of Management is proposing to transfer €1,000 million from net retained profit to other revenue reserves. The amount of €6,046 million remaining after deduction of the planned total dividend and the transfer to other revenue reserves will be carried forward to new account. The final total dividend will be based on the number of shares carrying dividend rights at the time the Annual General Meeting resolves upon the appropriation of the net retained profit on the day of the Annual General Meeting.

DIVIDEND DISTRIBUTION

	Total €m	Dividend per share €
In the 2023 fiscal year for the year 2022	2,205	1.85
In the 2022 fiscal year for the year 2021	2,205	1.80

36 Noncontrolling interests

This balance sheet item includes adjustments for the interests of non-Group shareholders in consolidated equity from acquisition accounting, as well as their interests in profit or loss. The following table shows the companies to which the noncontrolling interests relate:

€m	2022[1]	2023
DHL Sinotrans International Air Courier Ltd., China	302	236
Blue Dart Express Limited, India	34	38
PT. Birotika Semesta, Indonesia	27	32
DHL Aero Expreso S.A., Panama	28	30
Monta Group, Netherlands	17	17
DHL Global Forwarding (Vietnam) Corp., Vietnam	23	16
Other companies	**51**	**44**
Noncontrolling interests	**482**	**413**

1 Prior-year figures adjusted, note 4.

There are material noncontrolling interests in the following two companies: DHL Sinotrans International Air Courier Ltd. (Sinotrans), China, which is assigned to the Express segment, provides domestic and international express delivery and transport services. DHL Group holds a 50% interest in the company. Deutsche Post AG holds a 75% interest in Blue Dart Express Limited (Blue Dart), India, which is assigned to the eCommerce segment. Blue Dart is a courier service provider.

The following table gives an overview of the aggregated financial data of Sinotrans and Blue Dart:

FINANCIAL DATA FOR MATERIAL NONCONTROLLING INTERESTS

	Sinotrans		Blue Dart	
€m	**2022**	**2023**	**2022**	**2023**
Balance sheet				
ASSETS				
Noncurrent assets	178	162	124	144
Current assets	826	761	153	157
Total ASSETS	**1,004**	**923**	**277**	**301**
EQUITY AND LIABILITIES				
Noncurrent provisions and liabilities	57	46	22	26
Current provisions and liabilities	343	406	100	104
Total EQUITY AND LIABILITIES	**400**	**452**	**122**	**130**
Net assets	**604**	**471**	**155**	**171**
Noncontrolling interests	302	236	34	38
Income statement				
Revenue	2,867	2,851	619	576
Profit before income taxes	713	533	78	41
Income taxes	180	137	16	11
Profit after income taxes	**533**	**396**	**62**	**30**
Other comprehensive income	0	–38	–7	–7
Total comprehensive income	**533**	**358**	**55**	**23**
attributable to noncontrolling interests	267	179	14	6
Dividend distributed to noncontrolling interests	309	245	4	2
Consolidated net profit attributable to noncontrolling interests	267	198	15	8
Cash Flow Statement				
Net cash from operating activities	500	437	53	50
Net cash from/used in investing activities	–17	–16	–14	–27
Net cash used in financing activities	–642	–515	–37	–24
Net change in cash and cash equivalents	–159	–94	2	–1
Cash and cash equivalents as of January 1	711	550	15	17
Effect of changes in exchange rates on cash and cash equivalents	–2	–35	0	0
Cash and cash equivalents as of December 31	**550**	**421**	**17**	**16**

The portion of other comprehensive income attributable to noncontrolling interests largely relates to the currency translation reserve. The changes are shown in the following table:

€m	2022	2023
Balance as of January 1	8	7
Transactions with noncontrolling interests	0	–1
Total comprehensive income		
Changes from unrealized gains and losses	–1	–26
Changes from realized gains and losses	0	0
Currency translation reserve as of December 31	**7**	**–20**

37 Provisions for pensions and similar obligations

The Group's most significant defined benefit retirement plans are in Germany and the United Kingdom. A wide variety of other defined benefit retirement plans in the Group are to be found in the Netherlands, Switzerland, the United States and a large number of other countries. There are specific risks associated with these plans along with measures to mitigate them.

37.1 Plan features

Germany

In Germany, Deutsche Post AG has an occupational retirement benefit arrangement based on a collective agreement, which is open to new hourly workers and salaried employees. Depending on the weekly working hours and wage/salary group, retirement benefit components are calculated annually for each hourly worker and salaried employee and credited to an individual pension account. A 2.5% increase on the previous year is included in every newly allocated component. When the statutory pension falls due, the hourly workers and salaried employees can choose whether to receive payment as a lump sum or in installments, or lifelong monthly benefit payments that increase by 1% each year. The large majority of Deutsche Post AG's obligations relates to vested entitlements of hourly workers and salaried employees from a previous agreement, and to legacy pension commitments toward former hourly workers and salaried employees who have left or retired from the company. In addition, retirement benefit arrangements are available to executives below the Board of Management level and to specific employee groups through deferred compensation, in particular. For information on the pension scheme for the Board of Management, see **note 47.2.**

The prime source of external funding for Deutsche Post AG's respective retirement benefit obligations is a contractual trust arrangement, which also includes a pension fund. The trust is funded on a case-by-case basis in line with the Group's finance strategy. In the case of the pension fund, the regulatory funding requirements can, in principle, be met without additional employer contributions. Part of the plan assets consists of real estate that is leased out to the Group on a long-term basis. In addition, *Versorgungsanstalt der Deutschen Bundespost* (VAP – Deutsche Bundespost institution for supplementary retirement pensions), a shared pension fund for successor companies to Deutsche Bundespost, is used for some of the legacy pension commitments.

Individual subsidiaries in Germany have defined-benefit retirement plans that were acquired in the context of acquisitions and transfers of operations and that are closed to new entrants. Contractual trust arrangements are in place for two subsidiaries for external funding.

United Kingdom

In the United Kingdom, the Group's defined benefit pension arrangements are closed to new entrants and for further service accrual.

The Group's defined benefit pension arrangements in the United Kingdom have mainly been consolidated into a Group plan with different sections for the participating divisions. These are funded mainly via a Group trust. The amount of the employer deficit contributions must be negotiated with the trustee in the course of funding valuations, which are carried out every three years and most recently in 2021. Normal contribution amounts no longer accrue because the arrangements have been closed.

Other

In the Netherlands, collective agreements require that those employees who are not covered by a sector-specific plan participate in a dedicated defined benefit retirement plan. The dedicated plan provides for annual accruals that are subject to a pensionable salary cap. The plan provides for monthly benefit payments that are indexed in line with inflation, on the one hand, and the funds available for such indexation, on the other. In Switzerland, employees receive an occupational pension in line with statutory requirements, where pension payments depend on the contributions paid, an interest rate that is fixed each year, certain annuity factors and any pension increases specified. A separate plan providing for lump-sum payments instead of lifelong pension payments exists for specific higher wage components. In the United States, the companies' defined benefit retirement plans have been closed to new entrants and accrued entitlements have been frozen.

The Group companies fund their dedicated defined benefit retirement plans in these three countries primarily by using respective joint funding institutions. In the Netherlands and in Switzerland, both employers and employees contribute to plan funding. In the United States, no regularly recurring contributions are currently made in this regard – with the exception of some limited employer deficit contributions that were resumed in the year under review.

37.2 Financial performance of the plans and determination of balance sheet items

The present value of defined benefit obligations, the fair value of plan assets and net pension provisions changed as follows:

€m	Present value of the defined benefit obligations		Fair value of plan assets		Effect of asset ceilings		Net pension provisions	
	2022	2023	2022	2023	2022	2023	2022	2023
Balance as of January 1	18,503	13,451	14,785	11,977	46	107	**3,764**	**1,581**
Current service cost, excluding employee contributions	251	169	0	0	0	0	**251**	**169**
Past service cost	–13	–14	0	0	0	0	**–13**	**–14**
Other administration costs in accordance with IAS 19.130	0	0	–11	–12	0	0	**11**	**12**
Service cost[1]	**238**	**155**	**–11**	**–12**	**0**	**0**	**249**	**167**
Interest cost on defined benefit obligations	301	561	0	0	0	0	**301**	**561**
Interest income on plan assets	0	0	241	505	0	0	**–241**	**–505**
Interest on the effect of asset ceilings	0	0	0	0	0	2	**0**	**2**
Net interest cost	**301**	**561**	**241**	**505**	**0**	**2**	**60**	**58**
Income and expenses recognized in the income statement	**539**	**716**	**230**	**493**	**0**	**2**	**309**	**225**
Actuarial gains (–)/losses (+) – changes in demographic assumptions	43	–72	0	0	0	0	**43**	**–72**
Actuarial gains (–)/losses (+) – changes in financial assumptions	–4,752	725	0	0	0	0	**–4,752**	**725**
Actuarial gains (–)/losses (+) – experience adjustments	110	44	0	0	0	0	**110**	**44**
Return on plan assets excluding interest income	0	0	–2,304	–95	0	0	**2,304**	**95**
Change in the effect of asset ceilings excluding interest	0	0	0	0	59	8	**59**	**8**
Remeasurements recognized in the statement of comprehensive income	**–4,599**	**697**	**–2,304**	**–95**	**59**	**8**	**–2,236**	**800**
Employer contributions	0	0	90	70	0	0	**–90**	**–70**
Employee contributions	30	28	30	30	0	0	**0**	**–2**
Benefit payments	–741	–764	–568	–579	0	0	**–173**	**–185**
Settlement payments	–15	0	–14	0	0	0	**–1**	**0**
Transfers	0	13	3	0	0	0	**–3**	**13**
Acquisitions/divestitures	–2	13	–6	0	0	0	**4**	**13**
Currency translation effects	–264	86	–269	103	2	7	**7**	**–10**
Balance as of December 31	**13,451**	**14,240**	**11,977**	**11,999**	**107**	**124**	**1,581**	**2,365**

1 Including other administration costs in accordance with IAS 19.130 from plan assets.

In the year under review, the remeasurements caused net pension provisions to rise. Total payments amounting to €304 million are expected with regard to net pension provisions in 2024. Of this amount, €233 million is attributable to the Group's expected direct benefit payments and €71 million to expected employer contributions to pension funds.

The disaggregation of the present value of defined benefit obligations, fair value of plan assets and net pension provisions, as well as the determination of the balance sheet items, is as follows:

€m	Germany	United Kingdom	Other	Total
December 31, 2023				
Present value of the defined benefit obligations	7,736	3,822	2,682	**14,240**
Fair value of plan assets	–5,655	–3,958	–2,386	**–11,999**
Effect of asset ceilings	0	35	89	**124**
Net pension provisions	**2,081**	**–101**	**385**	**2,365**
Reported separately				
Pension assets	0	121	33	**154**
Provisions for pensions and similar obligations	2,081	20	418	**2,519**
December 31, 2022				
Present value of the defined benefit obligations	7,254	3,735	2,462	**13,451**
Fair value of plan assets	–5,665	–4,054	–2,258	**–11,977**
Effect of asset ceilings	0	0	107	**107**
Net pension provisions	**1,589**	**–319**	**311**	**1,581**
Reported separately				
Pension assets	0	319	36	**355**
Provisions for pensions and similar obligations	1,589	0	347	**1,936**

In the “Other” area, the Netherlands, Switzerland and the United States account for a share in the corresponding present value of the defined benefit obligations of 46%, 19% and 8%, respectively (previous year: 47%, 19% and 9%, respectively).

Additionally, rights to reimbursement from former Group companies existed in the Group in Germany in the amount of €9 million (previous year: €10 million), which had to be reported separately under financial assets. Corresponding benefit payments are being made directly by the former Group companies.

37.3 Additional information on the present value of defined benefit obligations

The significant financial assumptions are as follows:

%	Germany	United Kingdom	Other	Total
December 31, 2023				
Discount rate (defined benefit obligations)	3.30	4.60	3.31	**3.65**
Expected annual rate of future salary increase	3.00	n.a.	2.70	**2.93**
Expected annual rate of future pension increase	2.25	2.90	1.75	**2.49**
December 31, 2022				
Discount rate (defined benefit obligations)	4.00	4.90	3.89	**4.23**
Expected annual rate of future salary increase	3.00	n.a.	2.74	**2.94**
Expected annual rate of future pension increase	2.25	3.00	2.36	**2.76**

The discount rates for defined benefit obligations in the eurozone and the United Kingdom were each derived from an individual yield curve comprising the yields of AA-rated corporate bonds and taking into account membership composition and duration. For other countries, the discount rate for defined benefit obligations was determined in a similar way, provided there was a deep market for AA-rated (or, in some cases, AA- and AAA-rated) corporate bonds. By contrast, government bond yields were used for countries without a deep market for such corporate bonds.

For the annual pension increase in Germany, fixed rates in particular must be taken into account, in addition to the assumptions shown. The effective weighted average therefore amounts to approximately 1.00% (previous year: 1.00%).

The most significant demographic assumptions made relate to life expectancy and/or mortality. For the Group companies in Germany, they are based on the HEUBECK-RICHTTAFELN 2018 G. Life expectancy for the retirement benefit plans in the United Kingdom was based mainly on the S3NMA_H/S3PFA_H tables of the Continuous Mortality Investigation (CMI) of the Institute and Faculty of Actuaries, adjusted to reflect plan-specific mortality according to the latest funding valuation. Future mortality improvements were taken into account based on the current CMI projections model and an updated long-term trend assumption. For other countries, their own country-specific current standard mortality tables were used.

If one of the significant financial assumptions were to change, the present value of the defined benefit obligations would change as follows:

	Change in assumption percentage points	**Change in present value of defined benefit obligations %**			
		Germany	**United Kingdom**	**Other**	**Total**
December 31, 2023					
Discount rate	**1.00**	−10.43	−10.50	−12.91	**−10.90**
(defined benefit obligations)	**−1.00**	12.94	12.75	16.65	**13.58**
Expected annual	**0.50**	0.09	0	0.93	**0.22**
rate of future salary development	**−0.50**	−0.09	0	−0.85	**−0.21**
Expected annual	**0.50**	0.28	4.17	6.11	**2.41**
rate of future pension increase	**−0.50**	−0.26	−4.08	−4.58	**−2.09**
December 31, 2022					
Discount rate	**1.00**	−8.36	−10.99	−12.95	**−9.93**
(defined benefit obligations)	**−1.00**	10.64	13.48	16.72	**12.54**
Expected annual	**0.50**	0.10	n.a.	0.91	**0.22**
rate of future salary development	**−0.50**	−0.08	n.a.	−0.82	**−0.19**
Expected annual	**0.50**	0.29	4.20	6.11	**2.43**
rate of future pension increase	**−0.50**	−0.25	−4.05	−4.67	**−2.11**

These are effective weighted changes in the respective present value of the defined benefit obligations, for example taking into account the largely fixed nature of the pension increase for Germany.

A one-year increase in life expectancy for a 65-year-old beneficiary would increase the present value of the defined benefit obligations by 4.16% in Germany (previous year: 3.95%) and by 2.31% in the United Kingdom (previous year: 3.19%). The corresponding increase for other countries would be 2.78% (previous year: 2.75%) and the total increase would be 3.41% (previous year: 3.52%).

When determining the sensitivity disclosures, the present values were calculated using the same methodology used to calculate the present values as of the reporting date. The presentation does not take into account interdependencies between the assumptions; rather, it supposes that the assumptions change in isolation. This would be unusual in practice, since assumptions are often correlated.

The weighted average duration of the Group's defined benefit obligations as of December 31, 2023, was 12.0 years in Germany (previous year: 9.8 years) and 12.1 years in the United Kingdom (previous year: 13.0 years). In the other countries it was 15.1 years (previous year: 16.1 years), and in total it was 12.6 years (previous year: 11.8 years).

A total of 30.3% (previous year: 29.2%) of the present value of the defined benefit obligations was attributable to active beneficiaries, 19.5% (previous year: 19.3%) to formerly employed beneficiaries and 50.2% (previous year: 51.5%) to retirees.

37.4 Additional information on the fair value of plan assets

The fair value of the plan assets can be disaggregated as follows:

€m	Germany	United Kingdom	Other	Total
December 31, 2023				
Equities	1,015	78	779	**1,872**
Fixed-income securities	1,687	3,071	1,002	**5,760**
Real estate	1,746	246	341	**2,333**
Alternatives[1]	479	215	54	**748**
Insurances	501	0	139	**640**
Cash	218	67	20	**305**
Other	9	281	51	**341**
Fair value of plan assets	**5,655**	**3,958**	**2,386**	**11,999**
December 31, 2022				
Equities	426	57	636	**1,119**
Fixed-income securities	855	3,053	1,018	**4,926**
Real estate	1,821	272	329	**2,422**
Alternatives[1]	481	255	50	**786**
Insurances	510	0	132	**642**
Cash	1,552	83	40	**1,675**
Other	20	334	53	**407**
Fair value of plan assets	**5,665**	**4,054**	**2,258**	**11,977**

1 Primarily included absolute-return products and private-equity investments.

Quoted market prices in an active market exist for around 60% (previous year: 58%) of the total fair values of plan assets. The remaining assets for which no such quoted market prices exist are attributable as follows: 17% (previous year: 18%) to real estate, 12% (previous year: 12%) to fixed income securities, 5% (previous year: 6%) to insurances, 3% (previous year: 3%) to alternatives and 3% (previous year: 3%) to other. The majority of the investments on the active markets are globally diversified, with certain country-specific focus areas.

Real estate included in plan assets in Germany with a fair value of €1,615 million (previous year: €1,689 million) is occupied by DHL Group.

In the previous year, hedging measures resulted in a decrease in the proportion of equity and fixed-income holdings and an increase in the proportion of the cash holdings, particularly in Germany. In particular in Germany also, the investment of plan assets was realigned in light of the changed capital market environment and the proportion of cash holdings was once again significantly reduced in the year under review.

Asset-liability studies are performed at regular intervals in Germany and the United Kingdom, as well as, among other places, the Netherlands, Switzerland and the United States, for the purpose of matching assets and liabilities; the strategic allocation of plan assets is adjusted accordingly. Strategic asset allocation for the respective plans is mainly carried out on the basis of the structure of the underlying obligations. As part of this, different strategies are pursued in some individual countries. These strategies include, among others, the comprehensive hedging of obligations (liability-driven investment) and securing future cash flows (cash-flow-driven investment). The common factor in the strategies is that they are determined in consideration of the respective regulatory framework and in consideration of return expectations and the risk-bearing ability of the company. Due to the plan-related derivation of the capital investment strategies in consideration of the specific economic parameters, there are significant differences in the alignment of the investments.

ESG criteria are taken into account in the management of pension assets, in particular as part of risk management and thus as part of the long-term direction of the investment strategy.

37.5 Risk

Specific risks are associated with the defined benefit retirement plans. This can result in a (negative or positive) change in DHL Group's equity through other comprehensive income, whose overall relevance is classed as medium to high. In contrast, a low relevance is attached to the short-term effects on staff costs and net finance costs. Potential risk mitigation is applied depending on the specifics of the plans.

Interest rate risk

A decrease (increase) in the respective discount rate would lead to an increase (decrease) in the present value of the total obligation and would in principle be accompanied by an increase (decrease) in the fair value of the fixed income securities contained in the plan assets. Further hedging measures are applied, in some cases using derivatives.

Inflation risk

Pension obligations – especially relating to final salary schemes or schemes involving increases during the pension payment phase – can be linked directly or indirectly to changes in inflation. The risk of increasing inflation rates with regard to the present value of the defined benefit obligations has been mitigated in the case of Germany, for example, by switching to a system of retirement benefit components and, in the case of the United Kingdom, by closing the defined benefit arrangements. In addition, fixed rates of increase have been set and increases partially capped, and/or lump-sum payments have been provided for. There is also a positive correlation with interest rates.

Investment risk

The investment is in principle subject to a large number of risks; in particular, it is exposed to the risk that market prices may change. This is managed primarily by ensuring broad diversification and the use of hedging instruments.

Longevity risk

Longevity risk may arise in connection with the benefits payable in the future due to a future increase in life expectancy. This is mitigated, in particular, by using current standard mortality tables when calculating the present value of the defined benefit obligations. The mortality tables used in Germany and the United Kingdom, for example, include an allowance for expected future increases in life expectancy.

38 Other provisions

Other provisions break down into the following main types of provision:

	Noncurrent		Current		Total	
€m	2022	2023	2022	2023	2022	2023
Other employee benefits	670	737	114	146	**784**	**883**
Technical reserves (insurance)	571	651	178	130	**749**	**781**
Aircraft maintenance	200	215	73	53	**273**	**268**
Tax provisions			278	163	**278**	**163**
Restructuring provisions	10	6	45	46	**55**	**52**
Miscellaneous provisions	450	453	471	541	**921**	**994**
Other provisions	**1,901**	**2,062**	**1,159**	**1,079**	**3,060**	**3,141**

38.1 Changes in other provisions

€m	Other employee benefits	Restructuring provisions	Technical reserves (insurance)	Aircraft maintenance	Tax provisions	Miscellaneous provisions	Total
Balance as of January 1, 2023	784	55	749	273	278	921	**3,060**
Changes in the consolidated group	0	0	0	0	0	6	**6**
Utilization	–487	–31	–173	–52	–61	–295	**–1,099**
Currency translation differences	–19	–1	–3	–5	–4	–7	**–39**
Reversal	–26	–8	–48	–16	–142	–113	**–353**
Unwinding of/changes in discount rate	9	0	2	0	1	6	**18**
Reclassification	–12	0	0	5	0	–6	**–13**
Addition	634	37	254	63	91	482	**1,561**
Balance as of December 31, 2023	**883**	**52**	**781**	**268**	**163**	**994**	**3,141**

The provision for other employee benefits primarily covers workforce reduction expenses such as severance payments, partial retirement and early retirement as well as stock appreciation rights (SARs) and jubilee payments. A total of €30 million was added for the active early retirement program in the Post & Parcel Germany division. The increase in other employee benefits results primarily from higher additions to the obligations for partial retirement and pension plans in the United States compared to the previous year.

Technical reserves (insurance) consist mainly of outstanding-loss reserves and IBNR (incurred but not reported) reserves, note 7. The provision for aircraft maintenance relates to obligations for major aircraft and engine maintenance by third-party companies. Of the tax provisions, €67 million (previous year: €140 million) relates to VAT, €25 million (previous year: €31 million) to customs and duties and €71 million (previous year: €107 million) to other tax provisions.

Miscellaneous provisions include a large number of individual items. The risks from business activities relate primarily to provisions for guarantees and compensation payments to customers as well as provisions for losses from onerous contracts. In addition, miscellaneous provisions include the obligation to return the securities for CO_2 emissions certificates in the amount of €70 million (previous year: €70 million).

€m	2022	2023
Litigation costs, of which noncurrent: 59 (previous year: 53)	130	161
Risks from business activities, of which noncurrent: 16 (previous year: 35)	129	109
Miscellaneous other provisions, of which noncurrent: 378 (previous year: 362)	662	724
Miscellaneous provisions	**921**	**994**

38.2 Maturity structure

The maturity structure of the provisions recognized in the 2023 fiscal year is as follows:

€m	Up to 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years	More than 5 years	Total
2023							
Other employee benefits	146	141	56	40	36	464	**883**
Technical reserves (insurance)	130	196	91	46	43	275	**781**
Aircraft maintenance	53	41	19	24	5	126	**268**
Tax provisions	163	0	0	0	0	0	**163**
Restructuring provisions	46	4	2	0	0	0	**52**
Miscellaneous provisions	541	171	83	46	45	108	**994**
Total	**1,079**	**553**	**251**	**156**	**129**	**973**	**3,141**

39 Financial liabilities

	Noncurrent		Current		Total	
€m	2022[1]	2023	2022[1]	2023	2022[1]	2023
Bonds	5,680	5,472	500	717	**6,180**	**6,189**
Amounts due to banks	342	304	188	256	**530**	**560**
Lease liabilities[2]	11,316	11,826	2,198	2,254	**13,514**	**14,080**
Derivatives with hedging	5	6	6	13	**11**	**19**
Derivatives without hedging	0	0	123	97	**123**	**97**
Other financial liabilities	340	331	1,468	1,442	**1,808**	**1,773**
Financial liabilities	**17,683**	**17,939**	**4,483**	**4,779**	**22,166**	**22,718**

1 Prior-year figures adjusted, **note 4.**
2 Explanations under **note 41**.

The amounts due to banks comprise mainly current overdraft facilities and long-term loans due to various banks. Other financial liabilities relate primarily to the obligation of €450 million for the repurchases still to be carried out from the fourth tranche of the share buyback program and the liability of €142 million for the acquisition of the remaining shares in the Monta Group. In addition, other financial liabilities include the balance sheet accounts reclassified from other liabilities, **note 4.**

Bonds

The 2013/2023 bond of Deutsche Post AG was fully repaid in October 2023.

On June 26, 2023, Deutsche Post AG placed its first sustainability-linked bond with an issue volume of €500 million and a term through 2033. The interest rate of the bond is coupled with the medium-term target of significantly reducing greenhouse gas (GHG) emissions by 2030. The cash inflow and the liability were recognized on July 3, 2023. The ten-year term ends on July 3, 2033. The bond has a fixed interest rate of 3.375% per year. However, if one of the targets set for the reduction of greenhouse gas emissions for 2030 is not reached, the coupon to be paid increases beginning in the year 2031. The revenue will primarily be used for general company purposes, including the refinancing of existing financial liabilities.

SIGNIFICANT BONDS

				2022		2023	
	Nominal coupon %	Notional volume €m	Issuer	Carrying amount €m	Fair value €m	Carrying amount €m	Fair value €m
Bond 2012/2024	2.875	700	Deutsche Post AG	699	699	700	696
Bond 2013/2023	2.750	500	Deutsche Post AG	500	502	n.a.	n.a.
Bond 2016/2026	1.250	500	Deutsche Post AG	499	472	499	486
Bond 2017/2027	1.000	500	Deutsche Post AG	497	452	498	469
Bond 2018/2028	1.625	750	Deutsche Post AG	744	690	745	716
Bond 2020/2026	0.375	750	Deutsche Post AG	747	688	748	706
Bond 2020/2029	0.750	750	Deutsche Post AG	748	649	748	687
Bond 2020/2032	1.000	750	Deutsche Post AG	747	610	747	669
Bond 2023/2033	3.375	500	Deutsche Post AG	n.a.	n.a.	498	512
Convertible bond 2017/2025[1]	0.050	1,000	Deutsche Post AG	982	914	989	950

1 Fair value of the debt component; the fair value of the convertible bond 2017/2025 is €980 million (previous year: €956 million).

Convertible bond

The convertible bond issued carries a conversion right that allows holders to convert the bond into a predetermined number of Deutsche Post AG shares.

In addition, Deutsche Post AG was granted a call option allowing it to repay the bond early at face value plus accrued interest if Deutsche Post AG's share price more than temporarily exceeds 130% of the conversion price applicable at that time. The convertible bond has a debt component and an equity component. In subsequent years, interest will be added to the carrying amount of the bond, up to the issue amount, using the effective interest method and recognized in profit or loss.

CONVERTIBLE BOND

	2017/2025
Issue date	Dec. 13, 2017
Issue volume	€1 billion
Outstanding volume	€1 billion
Exercise period, conversion right	Dec. 13, 2020, to June 13, 2025[1]
Exercise period, call option	Jan. 2, 2023, to June 10, 2025
Value of debt component at issue date[2]	€946 million
Value of equity component at issue date[3]	€53 million
Transaction costs (debt/equity component)	€4.7/€0.3 million
Conversion price at issue	€55.69
Conversion price after adjustment[4]	
in 2018	€55.61
in 2019	€55.63
in 2020	€55.74
in 2021	€55.66
in 2022	€55.00
in 2023	€54.42

1 Excluding possible contingent conversion periods according to the bond terms.
2 Including transaction costs and call option granted.
3 Recognized in capital reserves.
4 After dividend payment.

40 Other liabilities

€m	2022[1]	2023
Liabilities to employees	2,766	2,700
Tax liabilities	1,709	1,590
Contract liabilities, of which noncurrent: 86 (previous year: 62)	516	501
Deferred income, of which noncurrent: 139 (previous year: 136)	274	275
Postage stamps (contract liabilities)	144	152
Miscellaneous other liabilities, of which noncurrent: 55 (previous year: 99)	1,076	598
Other liabilities	**6,485**	**5,816**
of which current	6,188	5,536
of which noncurrent	297	280

1 Prior-year figures adjusted, note 4.

For reasons of clarity, all items that relate to transactions with employees are reported under liabilities to employees. Of the tax liabilities, €735 million (previous year: €739 million) relates to VAT, €661 million (previous year: €767 million) to customs and duties and €194 million (previous year: €203 million) to other tax liabilities.

Miscellaneous other liabilities include a large number of individual items.

Maturity structure

There is no significant difference between the carrying amounts and the fair values of the other liabilities due to their short maturities or near-market interest rates. There is no significant interest rate risk because most of these instruments bear floating rates of interest at market rates.

MATURITIES

€m	2022[1]	2023
Up to 1 year	6,188	5,536
More than 1 year to 2 years	138	123
More than 2 years to 3 years	40	77
More than 3 years to 4 years	21	13
More than 4 years to 5 years	12	9
More than 5 years	86	58
Other liabilities	**6,485**	**5,816**

1 Prior-year figures adjusted, note 4.

Lease disclosures

41 Lease disclosures

Currency translation income on lease liabilities totaled €58 million (previous year: €41 million), while the related expenses amounted to €38 million (previous year: €51 million). Gains from sale-and-leaseback transactions came in at €47 million (previous year: €84 million) with €38 million (previous year: €39 million) attributable to real estate development projects. The right-of-use assets carried as noncurrent assets resulting from leases are presented separately in the following table:

RIGHT-OF-USE ASSETS

€m	Land and buildings	Technical equipment and machinery	Operating and office equipment	Aircraft	Transport equipment	Advance payments and assets under development	Total
December 31, 2022							
Accumulated cost	14,344	244	11	4,096	1,297	264	**20,256**
of which additions	2,260	40	3	987	366	83	**3,739**
Accumulated depreciation and impairment losses	5,462	132	7	1,202	613	0	**7,416**
Carrying amount	**8,882**	**112**	**4**	**2,894**	**684**	**264**	**12,840**
December 31, 2023							
Accumulated cost	15,406	239	11	4,674	1,671	158	**22,159**
of which additions	2,036	40	1	608	591	63	**3,339**
Accumulated depreciation and impairment losses	6,458	135	7	1,427	701	0	**8,728**
Carrying amount	**8,948**	**104**	**4**	**3,247**	**970**	**158**	**13,431**

In the real estate area, the Group primarily leases warehouses, office buildings and mail and parcel centers. The leased aircraft are predominantly deployed in the air network of the Express segment. The additions also relate to the renewal of the aircraft fleet. Leased transport equipment also includes the leased vehicle fleet. The real estate leases in particular are long-term leases. The Group had 84 real estate leases with remaining lease terms of more than 20 years as of December 31, 2023 (previous year: 77 leases). Aircraft leases have remaining lease terms of up to 15 years (previous year: 14 years). Leases may include extension and termination options, note 7. The leases are negotiated individually and include a wide range of different conditions.

Future cash outflows amounted to €17 billion (previous year: €16 billion) as of the reporting date, **note 43.** Possible future cash outflows amounting to €4.2 billion (previous year: €3.6 billion) were not included in lease liabilities because it is not reasonably certain that the leases will be extended (or not terminated). Leases that the Group has entered into as a lessee but that have not yet commenced result in possible future payment outflows totaling €2.3 billion (previous year: €2.6 billion), which primarily result from the renewal of the aircraft fleet. Additional information on the lessee required under IFRS 16 can be found in **notes 12, 14, 18, 39 and 42.**

Cash flow disclosures

42 Cash flow disclosures

The following table shows the reconciliation of changes in liabilities arising from financing activities in accordance with the IFRS requirements:

LIABILITIES ARISING FROM FINANCING ACTIVITIES

€m	Bonds	Amounts due to banks	Lease liabilities	Other financial liabilities[1]	Total
Balance as of January 1, 2022	**6,669**	**544**	**11,805**	**361**	**19,379**
Cash changes[2]	–589	–371	–2,735	–68	**–3,763**
Noncash changes					
Leasing	0	0	4,263	0	**4,263**
Currency translation	1	27	74	1	**103**
Changes in consolidated group	0	322	107	4	**433**
Other changes	99	8	0	447	**554**
Balance as of December 31, 2022/January 1, 2023	**6,180**	**530**	**13,514**	**745**	**20,969**
Cash changes[2]	–13	–3	–2,985	–141	**–3,142**
Noncash changes					
Leasing	0	0	3,705	0	**3,705**
Currency translation	–1	–17	–201	–5	**–224**
Changes in consolidated group	0	21	47	8	**76**
Other changes	23	29	0	227	**279**
Balance as of December 31, 2023	**6,189**	**560**	**14,080**	**834**	**21,663**

1 Differences from the financial liabilities presented in **note 39** (other financial liabilities and derivatives) in the amount of €1,055 million (previous year adjusted: €1,197 million, **note 4**) are due to factors presented in other cash flow items, e.g., derivatives or operating financial liabilities.
2 Differences in cash changes from the total amount of net cash used in financing activities (€–6,898 million; previous year: €–7,411 million) are due primarily to interest payments in addition to payments relating to equity transactions. The interest payments reported in the cash flow statement also include payments that do not relate to liabilities from financing activities.

As of the reporting date, there were no hedges attributable solely to the liabilities arising from financing activities. The effects on cash flows from hedges are presented in the “Other financing activities” cash flow item in the amount of €–152 million.

In the 2023 fiscal year, noncash transactions were entered into that were not included in the cash flow statement in accordance with IAS 7.43 and 7.44. These relate to the exchange of land and separate building ownership between Deutsche Post AG and Deutsche Post Pensions-Treuhand GmbH & Co. KG. Although income was recognized as a result of the transaction, no cash or cash equivalents were received.

42.1 Net cash from operating activities

At €9,258 million, net cash from operating activities came in €1,707 million lower than the prior-year figure of €10,965 million. Income taxes paid declined by €157 million to €1,625 million. Income from the increase in the shareholding in DHL Logistics contributed primarily to the increase in noncash income and expenses from €–31 million to €–336 million. Cash inflow from the change in working capital amounted to €536 million, an increase of €321 million compared with the prior year.

Other noncash income and expenses are as follows:

OTHER NONCASH INCOME AND EXPENSES

€m	2022	2023
Expenses from the remeasurement of assets	150	39
Income from the remeasurement of liabilities	–303	–367
Staff costs relating to equity-settled share-based payments	100	108
Net expenses/income from investments accounted for using the equity method	39	–115
Other	–17	–1
Other noncash income (–) and expenses (+)	**–31**	**–336**

42.2 Net cash used in investing activities

Net cash used in investing activities fell from €3,179 million to €2,181 million. In the previous year, this included, among other items, the net purchase price payment of €1,379 million for the acquisition of Hillebrand. Cash paid to acquire property, plant and equipment and intangible assets decreased by €531 million to €3,381 million. Investing activities focused on, for example, the ongoing expansion and renewal of the air fleet and network infrastructure. The cash inflow from the change in current financial assets decreased from €1,664 million to €963 million. In the previous year, money market funds were sold to enable payment of the purchase price of subsidiaries and other business units in the amount of €1,613 million, in addition to the payment of the dividend.

The assets acquired and liabilities assumed in the course of acquisitions of material and immaterial companies undertaken in the 2023 fiscal year are presented in the following table:

ASSETS ACQUIRED AND LIABILITIES ASSUMED

€m	2022	2023
Noncurrent assets	283	110
Current assets (excluding cash and cash equivalents)	547	81
Cash and cash equivalents	82	28
Noncurrent provisions and liabilities	–422	–79
Current provisions and liabilities	–557	–88

42.3 Net cash used in financing activities

At €6,898 million, net cash used in financing activities came in €513 million lower than the prior-year figure of €7,411 million. The placement of the sustainability-linked bond is reflected in the assumption of noncurrent financial liabilities in the amount of €501 million. Despite the higher dividend per share, the dividend distribution to the shareholders remained unchanged at €2,205 million. Share buybacks led to payments in the amount of €986 million for the acquisition of treasury shares, thereby coming in below the level of the previous year (€1,099 million).

Other disclosures

43 Risks and financial instruments of the Group

43.1 Risk management

As a result of its operating activities, the Group is exposed to financial risks that may arise from changes in exchange rates, commodity prices and interest rates. DHL Group manages these risks centrally through the use of nonderivative and derivative financial instruments. Derivatives are used exclusively to mitigate nonderivative financial risks, and fluctuations in their fair value should not be assessed separately from the underlying transaction.

The Group's internal risk guidelines govern the universe of actions, responsibilities and necessary controls regarding the use of derivatives. Financial transactions are recorded, assessed and processed using proven risk management software, which also regularly documents the effectiveness of hedging relationships. Portfolios of derivatives are regularly reconciled with the banks concerned.

To limit counterparty risk from financial transactions, the Group may only enter into this type of contract with prime-rated banks. The conditions for the counterparty limits individually assigned to the banks are reviewed on a daily basis. The Group's Board of Management is informed internally at regular intervals about existing financial risks and the hedging instruments deployed to mitigate them. Financial instruments are accounted for and measured and hedge accounting is carried out in accordance with IFRS 9.

Disclosures regarding risks associated with the Group's defined benefit retirement plans and their mitigation can be found in note 37.5.

Liquidity management

The ultimate objective of liquidity management is to secure the solvency of DHL Group and all Group companies. Consequently, liquidity in the Group is centralized as much as possible in cash pools and managed in the Corporate Center.

The centrally available liquidity reserves (funding availability), consisting of central short-term financial investments and committed credit lines, are the key control parameter. The target is to have at least €2 billion available in a central credit line.

As of December 31, 2023, the Group had central liquidity reserves of €3.3 billion (previous year: €4 billion), consisting of central financial investments amounting to €1.3 billion plus a syndicated credit facility of €2 billion.

The maturity structure of nonderivative financial liabilities within the scope of IFRS 7 based on cash flows is as follows:

MATURITY STRUCTURE OF FINANCIAL LIABILITIES

€m	Up to 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years	More than 5 years
As of December 31, 2023						
Noncurrent financial liabilities[1]	57	1,341	1,357	589	832	2,337
Noncurrent lease liabilities	0	2,460	2,084	1,724	1,435	6,588
Noncurrent financial liabilities	**57**	**3,801**	**3,441**	**2,313**	**2,267**	**8,925**
Current financial liabilities	2,435					
Current lease liabilities	2,823					
Trade payables	8,479					
Current financial liabilities	**13,737**					
As of December 31, 2022						
Noncurrent financial liabilities[1, 2]	60	854	1,221	1,331	571	2,588
Noncurrent lease liabilities	0	2,244	1,916	1,610	1,322	6,390
Noncurrent financial liabilities	**60**	**3,098**	**3,137**	**2,941**	**1,893**	**8,978**
Current financial liabilities2	2,171					
Current lease liabilities	2,662					
Trade payables	9,933					
Current financial liabilities	**14,766**					

1 For the 2023 fiscal year, the convertible bond 2017/2025 is contained in the “More than 1 year to 2 years” range and in the “More than 2 years to 3 years” range for the previous year.
2 Prior-year figures adjusted, note 4.

The following table shows the maturity structure of the derivative financial instruments based on their cash flows. For derivatives with gross settlement, the nominal values are shown and, for derivatives with net settlement, the market values on the reporting date are assumed for settlement at the time of final maturity. In the case of commodity swaps with continuous net settlement over their term, which are taken into account in the market value, the date of final maturity of the individual derivative is also taken as the basis.

MATURITY STRUCTURE OF DERIVATIVE FINANCIAL INSTRUMENTS

€m	Up to 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years	More than 5 years
As of December 31, 2023						
Derivative receivables – gross settlement						
Cash outflows	–2,626	–12	–7	–4	–2	0
Cash inflows	2,682	13	8	5	2	0
Net settlement						
Cash inflows	1	1	0	0	0	0
Derivative liabilities – gross settlement						
Cash outflows	–4,265	–2	0	0	0	0
Cash inflows	4,182	2	0	0	0	0
Net settlement						
Cash outflows	–17	–8	–1	0	0	0
As of December 31, 2022						
Derivative receivables – gross settlement						
Cash outflows	–2,299	–141	–20	–14	–12	–32
Cash inflows	2,369	168	29	23	20	55
Net settlement						
Cash inflows	3	0	0	0	0	0
Derivative liabilities – gross settlement						
Cash outflows	–4,505	–1	–1	0	0	0
Cash inflows	4,399	1	1	0	0	0
Net settlement						
Cash outflows	–12	–4	0	0	0	0

The contract terms stipulate how the parties must meet their obligations arising from derivative financial instruments, either by net or by gross settlement.

Currency risk and currency management

The international business activities of DHL Group expose it to currency risks from recognized or planned future transactions:

On-balance-sheet currency risks arise from the measurement and settlement of recognized foreign currency items if the exchange rate on the measurement or settlement date differs from the rate at initial recognition. The resulting foreign exchange differences directly impact profit or loss. In order to mitigate this impact as far as possible, all significant on-balance-sheet currency risks within the Group are centralized in Deutsche Post AG's in-house bank function. The centralized currency risks are aggregated by Corporate Treasury to calculate a net position per currency and hedged externally based on value-at-risk limits. The currency-related value at risk (95%/one-month holding period) for the portfolio totaled €7 million (previous year: €6 million) as of the reporting date; the limit is currently a maximum of €5 million. The notional amount of the currency forwards and currency swaps used to manage on-balance-sheet currency risks amounted to €6,858 million as of the reporting date (previous year: €6,101 million); the fair value was €53 million (previous year: €–86 million). Hedge accounting was not applied. Derivatives are accounted for as trading derivatives (freestanding derivatives).

Currency risks arise from planned foreign-currency transactions if the future transactions are settled at exchange rates that differ from the originally projected rates. These currency risks are also captured centrally in Corporate Treasury. Currency risks from planned future transactions are only hedged in selected cases. The relevant hedged items and derivatives used for hedging purposes are accounted for using cash flow hedge accounting, note 43.3.

Currency risks also result from translating assets and liabilities of foreign operations into the Group's currency (translation risk). No translation risks were hedged as of the reporting date.

Currency forwards and currency swaps in a total notional amount of €7,073 million (previous year: €7,130 million) were outstanding as of the reporting date. The corresponding fair value was €–40 million (previous year: €–55 million).

IFRS 7 requires the disclosure of quantitative risk data, showing how profit or loss and equity are affected by changes in exchange rates as of the reporting date. The impact of these changes in exchange rates on the portfolio of foreign currency financial instruments is assessed by means of a value-at-risk calculation (95% confidence/one-month holding period). It is assumed that the portfolio as of the reporting date is representative for the full year. The following assumptions are used as a basis for the sensitivity analysis:

Primary financial instruments in foreign currencies used by Group companies are hedged by Deutsche Post AG's in-house bank. Deutsche Post AG determines monthly exchange rates and guarantees these to the Group companies. Exchange-rate-related changes therefore have no effect on the profit or loss and equity of the Group companies. Where Group companies are not permitted to participate in in-house banking for legal reasons, their currency risks from primary financial instruments are fully hedged locally through the use of derivatives. They therefore have no impact on the Group's risk position.

The following table presents currency-related effects on value at risk. The information is subject to the limitations of the model, which is based on historical volatilities and correlations and thus has limited informative value regarding actual future risks. In addition, the actual risks can fall outside of the 95% confidence level and therefore be significantly higher:

RISK DATA ON CURRENCY RISK

	2022		2023	
€m	Profit or loss effects	Equity effects	Profit or loss effects	Equity effects
Primary financial instruments and freestanding derivatives	6		7	
Derivative instruments (cash flow hedges)		21		5
Total value at risk[1]		24		8

1 The total amount is lower than the sum of the individual amounts, owing to interdependencies.

Interest rate risk and interest rate management

As of the reporting date, there were no outstanding interest rate hedging instruments. In the previous year, interest rate hedging instruments with a notional amount of €500 million and a fair value of €57 million were recognized, **note 43.3.**

Primary variable-rate financial instruments are subject to interest rate risk and must, therefore, be included in the sensitivity analysis. All fixed-income financial instruments measured at amortized cost are not subject to interest rate risk. If the market interest rate level as of December 31, 2023, had been 100 basis points higher, the net financial result would have improved by €31 million (previous year: €32 million). A decline in interest rates by 100 basis points would have had the opposite effect. There was no interest rate risk with an impact on equity as of the reporting date.

The proportion of financial liabilities with short-term interest lock-ins, **note 39,** amounts to 22% (previous year: 19%) of the total financial liabilities as of the reporting date. The effect of potential interest rate changes on the Group's financial position remains insignificant.

Market risk
Most of the risks arising from commodity price fluctuations, in particular fluctuating prices for kerosene and marine diesel fuels, were passed on to customers via operating measures. As the impact of the related fuel surcharges is delayed by one to two months, earnings may be affected temporarily if there are significant short-term fuel price variations.

The remaining fuel price risk is partly hedged with swap transactions in the notional amount of €80 million (previous year: €1 million) and a fair value of €–4 million (previous year: €1 million) running until the end of 2025.

Commodity price risks also result from the ongoing purchase of natural gas and electricity. Swap transactions with a notional amount of €25 million (previous year: €24 million) were outstanding as of the reporting date. The corresponding fair value was €–14 million (previous year: €–9 million). A 10% increase in the market prices of the commodities underlying the derivatives as of the reporting date would have increased fair values and equity by €9 million (previous year: €1 million). A corresponding decline in commodity prices would have had the opposite effect.

The Group received share price options as part of the conclusion of contracts from operational and M&A transactions. As of the reporting date, share price options with a notional amount of €250 million (previous year: €252 million) and a term of two to six years were outstanding. The corresponding fair value was €25 million (previous year: €33 million).

A 10% increase in the share prices underlying the derivatives as of the reporting date would have increased fair values and the financial result by €7 million (previous year: €8 million). A corresponding decrease in the share prices would have had an effect of €–6 million (previous year: €–7 million).

Credit risk
Credit risk arises for the Group from operating activities and from financial transactions. The aggregate carrying amount of financial assets represents the maximum default risk.

In an effort to minimize credit risk from operating activities and financial transactions, counterparties are assigned individual limits, the utilization of which is regularly monitored. The Group's heterogeneous customer structure means that there is no risk concentration. Financial transactions are only entered into with prime-rated counterparties.

The credit risk of financial assets arising from operations is managed by the divisions.

The expected credit loss associated with financial assets must be determined if they fall under the impairment model of IFRS 9. Based on the expected credit loss model (impairment model), a loss allowance must be anticipated for the expected credit loss, **note 7.**

The following table documents the loss allowance for all debt instruments recognized at amortized cost, such as deposits, collateral provided and loans to third parties, and for lease receivables. This does not include trade receivables without a significant financing component and contract assets.

STAGE 1 – 12-MONTH ECL

€m	Gross carrying amount	Loss allowance	Net carrying amount
Balance as of January 1, 2022	2,587	–50	**2,537**
Newly originated financial assets	2,156		**2,156**
Impairment losses	–10		**–10**
Disposal	–2,194		**–2,194**
Reversal of loss allowance		47	**47**
Increase in loss allowance		–39	**–39**
Currency translation differences	12		**12**
Changes in consolidated group/reclassifications	–6		**–6**
Balance as of December 31, 2022/January 1, 2023	**2,545**	**–42**	**2,503**
Newly originated financial assets	1,151		**1,151**
Disposal	–2,096		**–2,096**
Reversal of loss allowance		31	**31**
Increase in loss allowance		–22	**–22**
Currency translation differences	–52		**–52**
Changes in consolidated group/reclassifications	–6		**–6**
Balance as of December 31, 2023	**1,542**	**–33**	**1,509**

No cash flows from debt instruments were modified in the fiscal year and no changes were made to the model for determining risk parameters.

All debt instruments and lease receivables were recognized in Stage 1 as of the reporting date; they were neither past due nor impaired. There were no indications as of the reporting date of any poor performance of the debt instruments and lease receivables. There was no reclassification between the stages in the fiscal year.

Trade receivables from customer relationships amounting to €10,537 million were due within one year as of the reporting date (previous year: €12,253 million). They are held primarily with the aim of collecting the principal amount of the receivables. These items are therefore assigned to the “held to collect contractual cash flows” business model and measured at amortized cost. Trade receivables changed as follows:

CHANGES IN RECEIVABLES

€m	2022	2023
Gross receivables		
Balance as of January 1	11,971	12,581
Changes	610	–1,784
Balance as of December 31	**12,581**	**10,797**
Loss allowances		
Balance as of January 1	–288	–328
Changes	–40	68
Balance as of December 31	**–328**	**–260**
Carrying amount as of December 31	**12,253**	**10,537**

The following table provides an overview of loss rates by age band that were used in the Group for the fiscal year under review:

LOSS RATES BY AGE BAND

	2022		2023	
	Gross carrying amount as of Dec. 31 €m	Loss rate %	Gross carrying amount as of Dec. 31 €m	Loss rate %
1 to 60 days	10,684	0.03–1.3	9,389	0.01–0.6
61 to 120 days	1,177	0.8–22.4	878	0.1–22.0
121 to 180 days	235	6.0–56.0	127	1.0–47.0
181 to 360 days	208	19.0–100.0	158	3.0–100.0
More than 360 days	277	80.0–100.0	245	80.0–100.0

Trade receivables are derecognized when a reasonable assessment indicates they are no longer recoverable.

In the 2023 fiscal year, there were factoring agreements in place that obliged the banks to purchase existing and future trade receivables. The banks' purchase obligations were limited to a maximum portfolio of receivables of €241 million (previous year: €501 million). DHL Group can decide at its discretion whether, and to what extent, the revolving notional volume is utilized. The risks relevant to the derecognition of the receivables include credit risk and the risk of delayed payment (late payment risk).

Credit risk represents primarily all the risks and rewards associated with ownership of the receivables. This risk is transferred in full to the bank against payment of a fixed fee for doubtful accounts. A significant late-payment risk does not exist. All of the receivables were therefore derecognized. In the 2023 fiscal year, the Group recognized program fees (interest, allowances for doubtful accounts) of €0.3 million (previous year: €0.5 million) as an expense. The notional volume of receivables factored as of December 31, 2023, amounted to €4 million (previous year: €15 million).

43.2 Collateral

COLLATERAL PROVIDED

€m	2022	2023
Noncurrent collateral	**162**	**149**
of which for assets for the settlement of residential building loans	29	22
of which for sureties paid	114	117
Current collateral	**53**	**36**
of which for restricted cash	0	0
of which for sureties paid	42	17

The collateral provided relates primarily to sureties paid and restricted cash.

43.3 Derivative financial instrument

Fair value hedges

There were no fair value hedges as of December 31, 2023, as in the previous year.

Cash flow hedges

The Group uses currency forwards and currency swaps to hedge the cash flow risk from future foreign currency operating revenue and expenses. The notional amount of these currency forwards and currency swaps amounted to €215 million (previous year: €1,029 million) at a fair value of €13 million (previous year: €31 million). The hedged items will have an impact on cash flow by 2028.

Of the unrealized gains or losses from currency derivatives recognized in equity as of December 31, 2023, €11 million (previous year: €20 million) is expected to be recognized in profit or loss in the course of the following year.

The following table shows the net open hedging positions as of the reporting date in the currency pairs with the highest net positions and their weighted hedge rate:

NOTIONAL VOLUME OF HEDGING INSTRUMENTS

		Remaining term			
€m	Total notional volume	Up to 1 year	1 year to 5 years	More than 5 years	Average hedge rate €
December 31, 2023					
Hedges of currency risk					
Currency forwards sell EUR/CZK	161	135	26		26.93
Currency forwards buy EUR/USD	18		18		1.09
Currency forwards sell USD/CNY	12	12			7.07
December 31, 2022					
Hedges of currency risk					
Currency forwards buy EUR/GBP	546	546			0.88
Currency forwards sell EUR/CZK	364	204	158	2	26.53
Currency forwards buy EUR/HUF	47	47			446.46

Interest rate risks were not hedged at the end of 2023. An amount of €49 million is recognized in the hedge reserve from cash flow hedges that were reversed as part of the issue of the 2023/2033 bond. This amount is amortized over the originally hedged term until 2031 and reduces the future interest expense.

In addition, as part of cash flow hedging, fuel, electricity and natural gas price risks were hedged with corresponding swap transactions in the notional amount of €104 million (previous year: €25 million) and a fair value of €–18 million (previous year: €–8 million) running until the end of 2025. Only the product price component of the energy price was designated as the hedged item. In the fiscal year under review, €0 million (previous year: €17 million) in realized effects from cash flow hedges for commodity price risks were recognized in material expense.

The total gains and losses on open hedging instruments recognized in equity as of the reporting date amounted to €–5 million (previous year: €82 million).

As in the previous year, carrying amounts of derivative assets amounting to €14 million (previous year: €91 million) and derivative liabilities amounting to €–19 million (previous year: €–10 million) included in cash flow hedges did not result in ineffectiveness within the period. This is because the changes in the fair value of the hedged items and hedging transactions offset each other.

DISCLOSURES ON DESIGNATED HEDGED ITEMS AND HEDGING TRANSACTIONS

€m	Carrying amount		Change in value for determination of ineffectiveness	Notional volume	Balance of the hedging reserve		Balance of the currency translation reserve
	Assets[1]	Equity and liabilities[2]			OCI I	OCI II	
December 31, 2023							
Cash flow hedges	**14**	**–19**	**0**	**319**	**33**	**11**	
Currency risk	**13**	**0**	**0**	**215**	**2**	**11**	
Hedging instruments	13	0	2	215	2	11	
Hedged items			–2				
Commodity risk	**1**	**–19**	**0**	**104**	**–18**	**0**	
Hedging instruments	1	–19	–18	104	–18	0	
Hedged items			18				
Interest rate risk (terminated)					**49**		
Net investment hedges							**16**
December 31, 2022							
Cash flow hedges	**91**	**–10**	**0**	**1,554**	**72**	**11**	
Currency risk	**33**	**–1**	**0**	**1,029**	**23**	**11**	
Hedging instruments	33	–1	20	1,029	23	11	
Hedged items			–20				
Commodity risk	**1**	**–9**	**0**	**25**	**–8**	**0**	
Hedging instruments	1	–9	–8	25	–8	0	
Hedged items			8				
Interest rate risk	**57**	**0**	**0**	**500**	**57**	**0**	
Hedging instruments	57	0	57	500	57	0	
Hedged items			–57				
Net investment hedges (terminated)							**25**

1 Balance sheet item: current/noncurrent financial assets (FVTPL).
2 Balance sheet item: current/noncurrent financial liabilities (FVTPL).

RESERVE FOR CASH FLOW HEDGES

€m	Designated risk component (effective portion – OCI I)				Cost of hedging (OCI II)	Total reserve for cash flow hedges
	Currency risk	Commodity risk	Interest rate risk	Total		
Balance as of January 1, 2022	5	7	0	**12**	–2	**10**
Changes recognized in other comprehensive income	11	2	57	**70**	18	**88**
Reclassification due to the recognition of hedged items	7	–17	0	**–10**	–5	**–15**
Balance as of December 31, 2022[1]/January 1, 2023	**23**	**–8**	**57**	**72**	**11**	**83**
Changes recognized in other comprehensive income	–10	–10	–4	**–24**	8	**–16**
Reclassification due to the recognition of hedged items	–11	0	–4	**–15**	–8	**–23**
Balance as of December 31, 2023[1]	**2**	**–18**	**49**	**33**	**11**	**44**

1 Excluding deferred taxes.

Net investment hedges

Currency risks resulting from the translation of foreign operations were not hedged as of December 31, 2023. As of the reporting date, there was a positive amount of €16 million (previous year: €25 million) from terminated net investment hedges in the currency translation reserve.

43.4 Additional disclosures on the financial instruments used in the Group

The Group classifies financial instruments based on the relevant balance sheet items. The following table reconciles the financial instruments to the categories and their fair values as of the reporting date:

€m	Measurement category	Carrying amount Dec. 31, 2023	IFRS 9 carrying amount				IFRS 16 balance sheet carrying amount	Fair value Dec. 31, 2023[1]
			At amortized cost	At fair value through other comprehensive income (without reclassification)	At fair value through other comprehensive income (with reclassification)	At fair value through profit or loss (FVTPL)		
ASSETS								
Current								
Cash and cash equivalents	AC	**3,649**	3,649					
Trade receivables	AC	**10,537**	10,537					
Current financial assets								
Debt instruments (loans and receivables) at amortized cost (AC)	AC	**578**	578					
of which collateral paid	AC	**18**	18					
Debt instruments at fair value through profit or loss (FVTPL)	FVTPL	**29**				29		**29**
Derivatives with hedge accounting	n.a.	**11**			11			**11**
Derivatives without hedge accounting at fair value through profit or loss (FVTPL)	FVTPL	**44**				44		**44**
Lease assets	n.a.	**171**					171	
ASSETS								
Noncurrent								
Noncurrent financial assets								
Debt instruments (loans and receivables) at amortized cost (AC)	AC	**252**	252					**252**
of which collateral paid	AC	**32**	32					
Debt instruments at fair value through profit or loss (FVTPL)	FVTPL	**306**				306		**306**
Equity instruments at fair value through profit or loss (FVTPL)	FVTPL	**1**				1		**1**
Equity instruments at fair value through other comprehensive income (FVTOCI)	FVTOCI	**24**		24				**24**
Derivatives with hedge accounting	n.a.	**2**			2			**2**
Derivatives without hedge accounting (M&A) at fair value through profit or loss (FVTPL)	FVTPL	**25**				25		**25**
Lease assets	n.a.	**508**					508	
TOTAL ASSETS		**16,137**	**15,016**	**24**	**13**	**405**	**679**	

1 The simplification option under IFRS 7.29a was exercised for the disclosure of certain fair values.

€m	Measurement category	Carrying amount Dec. 31, 2023	IFRS 9 carrying amount				IFRS 16 balance sheet carrying amount	Fair value Dec. 31, 2023[1]
			At amortized cost	At fair value through other comprehensive income (without reclassification)	At fair value through other comprehensive income (with reclassification)	At fair value through profit or loss (FVTPL)		
EQUITY AND LIABILITIES								
Current								
Trade payables	AC	**8,479**	8,479					
Financial liabilities								
Bonds	AC	**717**	717					**713**
Amounts due to banks	AC	**256**	256					
Lease liabilities	n.a.	**2,254**					2,254	**n.a.**
Derivatives with hedge accounting	n.a.	**13**			13			**13**
Derivatives without hedge accounting	FVTPL	**97**				97		**97**
Other financial liabilities	AC	**1,442**	1,442					
EQUITY AND LIABILITIES								
Noncurrent								
Financial liabilities								
Bonds	AC	**5,472**	5,472					**5,195**
Amounts due to banks	AC	**304**	304					**304**
Lease liabilities	n.a.	**11,826**					11,826	**n.a.**
Derivatives with hedge accounting	n.a.	**6**			6			**6**
Other financial liabilities	AC	**331**	331					**331**
TOTAL EQUITY AND LIABILITIES		**31,197**	**17,001**		**19**	**97**	**14,080**	

1 The simplification option under IFRS 7.29a was exercised for the disclosure of certain fair values.

€m	Measurement category	Carrying amount Dec. 31, 2022[1]	IFRS 9 carrying amount				IFRS 16 balance sheet carrying amount	Fair value Dec. 31, 2022[2]
			At amortized cost	At fair value through other comprehensive income (without reclassification)	At fair value through other comprehensive income (with reclassification)	At fair value through profit or loss (FVTPL)		
ASSETS								
Current								
Cash and cash equivalents	AC	**3,790**	3,790					
Trade receivables	AC	**12,253**	12,253					
Current financial assets								
Debt instruments (loans and receivables) at amortized cost (AC)	AC	**1,548**	1,548					
of which collateral paid	AC	**11**	11					
Debt instruments at fair value through profit or loss (FVTPL)	FVTPL	**23**				23		**23**
Derivatives with hedge accounting	n.a.	**23**			23			**23**
Derivatives without hedge accounting at fair value through profit or loss (FVTPL)	FVTPL	**37**				37		**37**
Lease assets	n.a.	**168**					168	
ASSETS								
Noncurrent								
Noncurrent financial assets								
Debt instruments (loans and receivables) at amortized cost (AC)	AC	**256**	256					**256**
of which collateral paid	AC	**41**	41					
Debt instruments at fair value through profit or loss (FVTPL)	FVTPL	**261**				261		**261**
Equity instruments at fair value through profit or loss (FVTPL)	FVTPL	**1**				1		**1**
Equity instruments at fair value through other comprehensive income (FVTOCI)	FVTOCI	**65**		65				**65**
Derivatives with hedge accounting	n.a.	**68**			68			**68**
Derivatives without hedge accounting (M&A) at fair value through profit or loss (FVTPL)	FVTPL	**33**				33		**33**
Lease assets	n.a.	**532**					532	
TOTAL ASSETS		**19,058**	**17,847**	**65**	**91**	**355**	**700**	

1 Prior-year figures adjusted, note 4.
2 The simplification option under IFRS 7.29a was exercised for the disclosure of certain fair values.

€m	Measurement category	Carrying amount Dec. 31, 2022[1]	IFRS 9 carrying amount: At amortized cost	IFRS 9 carrying amount: At fair value through other comprehensive income (without reclassification)	IFRS 9 carrying amount: At fair value through other comprehensive income (with reclassification)	IFRS 9 carrying amount: At fair value through profit or loss (FVTPL)	IFRS 16 balance sheet carrying amount	Fair value Dec. 31, 2022[2]
EQUITY AND LIABILITIES								
Current								
Trade payables	AC	**9,933**	9,933					
Financial liabilities								
Bonds	AC	**500**	500					**502**
Amounts due to banks	AC	**188**	188					
Lease liabilities	n.a.	**2,198**					2,198	**n.a.**
Derivatives with hedge accounting	n.a.	**6**			6			**6**
Derivatives without hedge accounting	FVTPL	**123**				123		**123**
Other financial liabilities	AC	**1,468**	1,468					
EQUITY AND LIABILITIES								
Noncurrent								
Financial liabilities								
Bonds	AC	**5,680**	5,680					**5,191**
Amounts due to banks	AC	**342**	342					**342**
Lease liabilities	n.a.	**11,316**					11,316	**n.a.**
Derivatives with hedge accounting	n.a.	**5**			5			**5**
Other financial liabilities	AC	**340**	340					**340**
TOTAL EQUITY AND LIABILITIES		**32,099**	**18,451**		**11**	**123**	**13,514**	

1 Prior-year figures adjusted, **note 4**.
2 The simplification option under IFRS 7.29a was exercised for the disclosure of certain fair values.

AGGREGATION

€m	2022[1]	2023
Financial assets at amortized cost (AC)	17,847	15,016
Financial assets at fair value through other comprehensive income without reclassification	65	24
Financial assets at fair value through other comprehensive income (with reclassification)	91	13
Financial assets at fair value through profit or loss	355	405
Financial liabilities at amortized cost (AC)	18,451	17,001
Financial liabilities at fair value through profit or loss	123	97
Financial liabilities at fair value through other comprehensive income (with reclassification)	11	19

1 Prior-year figures adjusted, **note 4.**

LEVEL DISCLOSURES

€m	December 31, 2022[1] Level 1	Level 2	Level 3	Total	December 31, 2023 Level 1	Level 2	Level 3	Total
Financial instruments not measured at fair value but whose fair value must be disclosed								
ASSETS								
Debt instruments (loans and receivables) at amortized cost (AC)								
Noncurrent		256		**256**		252		**252**
EQUITY AND LIABILITIES								
Bonds								
Current	502			**502**	713			**713**
Noncurrent[1]	4,277	914		**5,191**	4,245	950		**5,195**
Amounts due to banks								
Noncurrent		342		**342**		304		**304**
Other financial liabilities								
Noncurrent		340		**340**		331		**331**
Financial instruments at fair value								
ASSETS								
Debt instruments at fair value through profit or loss (FVTPL)								
Current	23			**23**	29			**29**
Noncurrent	261			**261**	306			**306**
Equity instruments at fair value through profit or loss (FVTPL)								
Noncurrent	1			**1**	1			**1**
Equity instruments at fair value through other comprehensive income (FVTOCI)								
Noncurrent	55	10		**65**	24			**24**
Derivatives with hedge accounting								
Current		23		**23**		11		**11**
Noncurrent		68		**68**		2		**2**
Derivatives without hedge accounting at fair value through profit or loss (FVTPL)								
Current		37		**37**		44		**44**
Derivatives without hedge accounting (M&A) at fair value through profit or loss (FVTPL)								
Noncurrent			33	**33**			25	**25**
EQUITY AND LIABILITIES								
Derivatives with hedge accounting								
Current		6		**6**		13		**13**
Noncurrent		5		**5**		6		**6**
Derivatives without hedge accounting								
Current		123		**123**		97		**97**

1 Prior-year figure adjusted, note 4.

If there is an active market for a financial instrument (e.g., a stock exchange), its fair value is determined by reference to the market or quoted exchange price as of the reporting date. If no fair value is available in an active market, quoted market prices for similar instruments or recognized valuation models are used to determine fair value.

IFRS 13 requires financial assets to be assigned to the appropriate level of the fair value hierarchy:

Level 1 comprises equity and debt instruments measured at fair value and debt instruments measured at amortized cost whose fair values can be determined based on quoted market prices.

In addition to financial assets and financial liabilities measured at amortized cost, commodity, interest rate and currency derivatives are reported under Level 2. The fair values of assets measured at amortized cost are determined using the multiplier method, among other things. The fair values of the derivatives are measured on the basis of discounted expected future cash flows, taking into account forward rates for currencies, interest rates and commodities (market approach). For this purpose, price quotations observable in the market (exchange rates, interest rates and commodity prices) are imported from standard market information platforms into the treasury management system. The price quotations reflect actual transactions involving similar instruments on an active market. All significant inputs used to measure derivatives are observable in the market.

As of the reporting date, a call option and warrants are recognized under Level 3 that entitle the holder to acquire further shares in the company. The fair values of the derivative financial instruments are determined on the basis of the Black Scholes option pricing model. If possible, parameters observable on the market or derived from market data are used to determine the value. A volatility of 41% is taken into account for the call option and a volatility of 39% for the warrants. The volatilities are based on the volatilities of a comparable group of companies. No major fluctuations in earnings are to be expected with regard to the call option in the future. Because the warrants are based on a listed underlying share, there could be earnings fluctuations in the subsequent years.

UNOBSERVABLE INPUTS (LEVEL 3)

	Assets equity derivatives	**Assets equity derivatives**
€m	**2022**	**2023**
Balance as of January 1	0	33
Profit recognized in the income statement	18	8
Losses recognized in the income statement	–43	–16
Additions	58	0
Balance as of December 31	**33**	**25**

As in the previous year, no financial instruments were transferred between levels in the 2023 fiscal year. The following table documents the net gains and losses of the categories of financial instruments:

NET GAINS AND LOSSES BY MEASUREMENT CATEGORY

€m	2022	2023
Net gains (+)/losses (–) recognized in profit or loss from		
Financial assets		
Debt instruments at amortized cost[1]	–146	–38
Debt instruments at fair value through profit or loss (FVTPL)	–79	45
Equity instrument at fair value (FVOCI)		
Net gains (+)/losses (–) recognized in profit or loss[2]	0	24
Financial liabilities		
Debt instruments at fair value through profit or loss (FVTPL)	51	–50

1 Only effects from impairment losses are listed.
2 Of which dividends.

The net gains and losses mainly include the effects of fair value measurement, impairment and disposals of financial instruments. Dividends and interest are not taken into account for the financial instruments measured at fair value through profit or loss. Interest income and expenses and expenses from commission agreements relating to financial instruments measured at amortized cost are recognized separately in the income statement.

The following tables show the impact of netting agreements based on master netting arrangements or similar agreements on financial assets and financial liabilities as of the reporting date:

OFFSETTING – ASSETS

				Assets and liabilities not offset in the balance sheet		
€m	Gross amount of assets	Gross amount of liabilities offset	Recognized net amount of assets offset	Liabilities that do not meet offsetting criteria	Collateral received	Total
As of December 31, 2023						
Derivative financial assets	57	0	57	33	0	**24**
Trade receivables	10,568	31	10,537	20	14	**10,503**
Funds	306	306	0	0	0	**0**
As of December 31, 2022						
Derivative financial assets	128	0	128	64	0	**64**
Trade receivables	12,281	28	12,253	0	13	**12,240**
Funds	578	562	16	0	0	**16**

OFFSETTING – LIABILITIES

€m	Gross amount of liabilities	Gross amount of assets offset	Recognized net amount of liabilities offset	Assets and liabilities not offset in the balance sheet		Total
				Assets that do not meet offsetting criteria	Collateral provided	
As of December 31, 2023						
Derivative financial liabilities	116	0	116	33	0	**83**
Trade payables	8,510	31	8,479	20	3	**8,456**
Funds	347	306	41	0	0	**41**
As of December 31, 2022						
Derivative financial liabilities	134	0	134	64	0	**70**
Trade payables	9,961	28	9,933	0	4	**9,929**
Funds	562	562	0	0	0	**0**

To hedge cash flow and fair value risks, Deutsche Post AG enters into financial derivative transactions with a large number of financial services institutions. These contracts are subject to a standardized master agreement for financial derivative transactions. This agreement provides for a conditional right of offset, resulting in the recognition of the gross amount of the financial derivative transactions as of the reporting date. The conditional right of offset is presented in the tables.

Settlement processes arising from services related to postal deliveries are subject to the Universal Postal Convention and the Letter-mail INTERCONNECT Remuneration Agreement – Europe (LIRAE). These agreements, particularly the settlement conditions, are binding on all public postal operators in respect of the specified contractual arrangements. Imports and exports between the parties to the agreement during a calendar year are summarized in an annual statement of account and presented on a net basis in the final annual statement. Receivables and payables covered by the Universal Postal Convention and the LIRAE are presented on a net basis as of the reporting date. In addition, funds are presented on a net basis if a right of offset exists in the normal course of business. The tables show the receivables and payables before and after offsetting.

44 Contingent liabilities and other financial obligations

In addition to provisions and liabilities, the Group has contingent liabilities and other financial obligations. The contingent liabilities are broken down as follows:

CONTINGENT LIABILITIES

€m	2022	2023
Guarantee obligations	119	97
Warranties	11	10
Liabilities from litigation risks	258	264
Other contingent liabilities	523	756
Total	**911**	**1,127**

The other contingent liabilities also include possible obligations from tax-related items.

Other financial obligations such as the purchase obligation for investments in noncurrent assets amounted to €1,517 million (previous year: €2,668 million). They relate primarily to the delivery of additional cargo aircraft as well as obligations from fleet management.

45 Litigation

Many of the postal services rendered by Deutsche Post AG and its subsidiaries (particularly the Post & Parcel Germany division) are subject to sector-specific regulation on the basis of German postal legislation by the German federal network agency (*Bundesnetzagentur*). The German federal network agency approves or reviews prices, formulates the terms of downstream access, has special supervisory powers to combat market abuse and guarantees the provision of universal postal services. This general regulatory risk could lead to a decline in revenue and earnings in the event of negative decisions. Revenue and earnings risk can arise from the price cap procedure used to determine the rates for letter mail.

The approval of the rates for individual pieces of letter mail for the period from January 1, 2022, to December 31, 2024, was issued by the German federal network agency on April 29, 2022. An association from the CEP sector and customers have filed an action with the Cologne Administrative Court against this price cap approval of the German federal network agency for the years 2022 to 2024. The proceedings are still pending. The aforementioned CEP association, as well as postal service providers and other customers, had previously filed an action with the Cologne Administrative Court against the pricing approval granted as part of the price cap procedure for the years 2016 to 2018 and 2019 to 2021. In a ruling issued on August 17, 2022, the Cologne Administrative Court overturned the approval for the years 2019 to 2021 in relation to the association as well as the postal service providers as a result of a ruling of the German Federal Administrative Court from May 27, 2020, due to a formal legal error in the context of the underlying legal ordinance. This formal legal error was rectified by the German government through an amendment to the German Postal Act that took effect in March 2021. The Cologne Administrative Court denied the claims of some customers because they had expired. The Cologne Administrative Court has not yet reached a decision on the other mentioned claims against the price cap approvals. The association's additional application to be granted a new approval for the years 2019 to 2021 was denied by the Cologne Administrative Court. The association has filed an appeal to this ruling with the German Federal Administrative Court, as have the two customers who were completely unsuccessful in their claims with the Cologne Administrative Court; the appeals with the German Federal Administrative Court are still pending. The rulings of the Cologne Administrative Court from August 17, 2022, are only applicable to the legal relationships with the respective plaintiffs and have no legal impact vis-à-vis other consumers.

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

Possible negative effects on Deutsche Post of these court rulings and the proceedings underway cannot be ruled out.

Since July 1, 2010, as a result of the revision of the relevant tax exemption provisions, the VAT exemption has only applied to those specific universal services in Germany that are not subject to individually negotiated agreements or provided on special terms (discounts, etc.). Deutsche Post AG and the tax authorities hold different opinions on the VAT treatment of certain products. In the interest of resolving these issues, proceedings have been initiated by Deutsche Post AG at the tax court with jurisdiction in this matter, note 44.

If the interests of the company are significantly impaired as part of the aforementioned proceedings, in accordance with IAS 37.92, no further disclosures are made on the presentation of legal disputes, estimates of the financial effects and uncertainties, as well as the recognition and amount of contingent liabilities and provisions.

46 Share-based payment

Assumptions regarding the price of Deutsche Post AG's shares and assumptions regarding employee fluctuation are taken into account when measuring the value of share-based payments for executives. All assumptions are reviewed on a quarterly basis. The staff costs are recognized pro rata in profit or loss to reflect the services rendered as consideration during the vesting period (lockup period). In the fiscal year, a total of €194 million (previous year: €140 million) was recognized for share-based payments, €86 million (previous year: €40 million) of which were cash-settled and €108 million (previous year: €100 million) of which were equity-settled.

46.1 Share-based payment for executives (Share Matching Scheme)

Under the share-based payment system for executives (Share Matching Scheme), certain executives receive part of their variable remuneration for the fiscal year in the form of shares of Deutsche Post AG in the following year (deferred incentive shares). All Group executives can specify an increased equity component individually by converting a further portion of their variable remuneration for the fiscal year (investment shares). After a four-year lockup period during which the executive must be employed by the Group, they again receive the same number of Deutsche Post AG shares (matching shares). Assumptions are made regarding the conversion behavior of executives with respect to their relevant bonus portion. Share-based payment arrangements are entered into each year, with December 1 of the respective year and April 1 of the following year being the grant dates for each year's tranche. Whereas deferred incentive shares and matching shares are classified as equity-settled share-based payments, investment shares are compound financial instruments and the debt and equity components must be measured separately. However, in accordance with IFRS 2.37, only the debt component is measured due to the provisions of the Share Matching Scheme. The investment shares are therefore treated as cash-settled share-based payments.

Of the expenses under the Share Matching Scheme, €63 million (previous year: €57 million) was attributable to equity-settled share-based payments. A total of €53 million related to cash-settled payments for investment shares (previous year: €64 million), all of which were unvested as of December 31, 2023.

Additional information on the granting and settlement of these rights can be found in note 33 and 34.

SHARE MATCHING SCHEME

		Alternative program 2018 tranche	2019 tranche	2020 tranche	2021 tranche	2022 tranche	2023 tranche
Grant date of deferred incentive shares and associated matching shares		–	Dec. 1, 2019	Dec. 1, 2020	Dec. 1, 2021	Dec. 1, 2022	Dec. 1, 2023
Grant date of matching shares awarded for investment shares		March 1, 2019	April 1, 2020	April 1, 2021	April 1, 2022	April 1, 2023	April 1, 2024
Term	months	52	52	52	52	52	52
End of term		June 2023	March 2024	March 2025	March 2026	March 2027	March 2028
Share price as of grant date (fair value)							
Deferred incentive shares and associated matching shares	€	n.a.	33.29	40.72	53.55	38.17	43.92
Matching shares awarded for investment shares	€	27.30	23.83	46.52	42.50	42.56	46.00[1]
Number of deferred incentive shares	thousands	n.a.	369	246	293	263	174[2]
Number of matching shares expected							
Deferred incentive shares	thousands	n.a.	332	222	264	237	174
Investment shares	thousands	854	1,343	1,007	1,245	1,232	845
Matching shares issued	thousands	830					

1 Estimated provisional amount; the final amount will be determined on April 1, 2024.
2 Expected number.

46.2 Long-Term Incentive Plan (LTIP) for members of the Board of Management

Since the 2006 fiscal year, the company has granted members of the Board of Management cash remuneration linked to the company's long-term share price performance through the issue of stock appreciation rights (SARs) as part of a Long-Term Incentive Plan (LTIP). Participation in the LTIP requires Board of Management members to make a personal investment of 10% of their annual base salary by the grant date of each tranche, primarily in shares.

The SARs granted can be fully or partly exercised after the expiration of a four-year lockup period at the earliest, provided absolute or relative performance targets have been achieved at the end of this lockup period. After expiration of the lockup period, the SARs must be exercised within a period of two years (exercise period); any SARs not exercised expire.

How many, if any, of the SARs granted can be exercised is determined in accordance with four (absolute) performance targets based on the share price and two (relative) performance targets based on a benchmark index. One-sixth of the SARs granted are earned each time the closing price of Deutsche Post shares exceeds the issue price by at least 10% 15% 20% or 25% at the end of the waiting period (absolute performance targets). Both relative performance targets are tied to the performance of the shares in relation to the STOXX Europe 600 Index (SXXP; ISIN EU0009658202). They are met if the share price equals the index performance or if it outperforms the index by more than 10%. Performance is determined by comparing the average price of Deutsche Post shares and the average index value during a reference and a performance period. The reference period comprises the last 20 consecutive trading days prior to the issue date. The performance period is the last 60 trading days before the end of the lockup period. The average (closing) price is calculated as the average closing price of Deutsche Post shares in Deutsche Börse AG's Xetra trading system. If absolute or relative performance targets are not met by the end of the lockup period, the SARs attributable to them will expire without replacement or compensation. Each SAR exercised entitles the Board of Management member to receive a cash settlement equal to the difference between the average closing price of Deutsche Post shares for the five trading days preceding the exercise date and the exercise price of the SAR.

LTIP

	2017 tranche	2018 tranche	2019 tranche	2020 tranche	2021 tranche	2022 tranche	2023 tranche
Issue date	Sept. 1, 2017	Sept. 1, 2018	Sept. 1, 2019	Sept. 1, 2020	Sept. 1, 2021	Sept. 1, 2022	Sept. 1, 2023
Issue price	€34.72	€31.08	€28.88	€37.83	€58.68	€39.06	€43.26
Waiting period expires	Aug. 31, 2021	Aug. 31, 2022	Aug. 31, 2023	Aug. 31, 2024	Aug. 31, 2025	Aug. 31, 2026	Aug. 31, 2027

The Board of Management members received a total of 819,474 SARs (previous year: 1,176,006 SARs) with a total value, at the time of issue, of €8.0 million (previous year: €9.3 million).

A stochastic simulation model is used to determine a fair value for the SARs from the LTIP. The result in the 2023 fiscal year was an expense of €32 million (previous year: income of €24 million) and a provision as of the reporting date of €27 million (previous year: €14 million). This includes the provision for the rights exercisable by the Board of Management. It amounted to €18 million as of the reporting date (previous year: €4 million).

For further disclosures on share-based payment for members of the Board of Management, see note 47.2.

46.3 Performance Share Plan (PSP) for executives

The Annual General Meeting on May 27, 2014, resolved to introduce the Performance Share Plan (PSP) for executives. Under the PSP, shares are issued to participants at the end of the waiting period. The granting of the shares at the end of the waiting period is linked to the achievement of demanding performance targets. The performance targets under the PSP are identical to the performance targets under the LTIP for members of the Board of Management.

Performance Share Units (PSUs) were issued to selected executives for the first time on September 1, 2014. It is not planned that members of the Board of Management will participate in the PSP. The LTIP for members of the Board of Management remains unchanged.

In the consolidated financial statements as of December 31, 2023, a total of €28 million (previous year: €27 million) has been appropriated to capital reserves for the purposes of the plan, with an equal amount recognized in staff costs.

The value of the PSP is measured using actuarial methods based on option pricing models (fair value measurement). Future dividends were taken into account, based on a moderate increase in dividend distributions over the respective measurement period.

The average remaining maturity of the outstanding PSUs as of December 31, 2023, was 27 months.

PERFORMANCE SHARE PLAN

	2019 tranche	2020 tranche	2021 tranche	2022 tranche	2023 tranche
Grant date	Sept. 1, 2019	Sept. 1, 2020	Sept. 1, 2021	Sept. 1, 2022	Sept. 1, 2023
Exercise price	€28.88	€37.83	€58.68	€39.06	43.26
Waiting period expires	Aug. 31, 2023	Aug. 31, 2024	Aug. 31, 2025	Aug. 31, 2026	Aug. 31, 2027
Risk-free interest rate	–0.90%	–0.72%	–0.80%	0.71%	2.60%
Initial dividend yield of Deutsche Post shares	3.98%	3.57%	3.07%	4.74%	4.28%
Yield volatility of Deutsche Post shares	21.38%	24.89%	26.49%	29.41%	30.71%
Yield volatility of Dow Jones EURO STOXX 600 Index	14.79%	16.62%	17.33%	18.90%	19.10%
Covariance of Deutsche Post shares to Dow Jones EURO STOXX 600 Index	2.21%	3.05%	3.25%	4.07%	4.32%
Number					
Rights outstanding as of January 1, 2023	3,212,130	2,504,238	1,716,828	2,794,596	0
Rights granted	0	0	0	0	2,578,212
Rights lapsed	59,466	62,202	44,244	71,880	3,150
Rights settled at the end of the waiting period	3,152,664	0	0	0	0
Rights outstanding as of December 31, 2023	**0**	**2,442,036**	**1,672,584**	**2,722,716**	**2,575,062**

46.4 Employee Share Plan (ESP) for executives

The Employee Share Plan (ESP) was introduced for another selected group of executives starting on September 1, 2021. Participation in the ESP is voluntary. Executives participating in the ESP can acquire shares of Deutsche Post AG at a discount of 25% from the market price, up to an annual cap of €10,000 or €15,000, depending on their level. The ESP is offered quarterly. Prior to every savings period, the participating executives can choose the share of their remuneration they wish to invest in the ESP during the upcoming three-month savings period. At the beginning of the following quarter, executives receive shares at a discount of 25% from the market price. The shares acquired under the ESP are subject to a two-year lockup period.

In the consolidated financial statements as of December 31, 2023, a total of €17 million (previous year: €16 million) has been appropriated to capital reserves for the purposes of the ESP, with an equal amount recognized in staff costs.

46.5 myShares share program

In the fiscal year, a share program was developed that will initially be piloted in twelve countries starting on January 1, 2024. This program gives our employees the option to acquire shares in Deutsche Post AG at a reduced price. Participation in myShares is voluntary. Employees participating in the program can acquire shares of Deutsche Post AG at a discount of 15% from the market price, up to an annual cap of €3,600. myShares is offered on a quarterly basis. Prior to every savings period, the participating employees can choose the share of their remuneration they wish to invest during the upcoming three-month savings period. At the beginning of the following quarter, employees receive shares at a discount of 15% from the market price. The shares acquired as part of myShares are not subject to a lockup period.

No amounts in capital reserves and, accordingly, in staff costs had been added in the consolidated financial statements as of December 31, 2023, as the first savings period does not begin until January 2024.

47 Related-party disclosures

47.1 Related-party disclosures (companies and Federal Republic of Germany)

All companies that are controlled by the Group or with which a joint arrangement exists, or over which the Group can exercise significant influence, are recorded in the **list of shareholdings.**

Deutsche Post AG maintains a variety of relationships with the Federal Republic of Germany (Federal Republic) and other companies controlled by the Federal Republic of Germany.

The Federal Republic is a customer of Deutsche Post AG and as such uses the company's services. Deutsche Post AG has direct business relationships with the individual public authorities and other government agencies as independent individual customers. The services provided for these customers are insignificant in respect of Deutsche Post AG's overall revenue.

Relationships with KfW

KfW supports the Federal Republic in continuing to privatize companies such as Deutsche Post AG or Deutsche Telekom AG. In 1997, KfW, together with the Federal Republic, developed a "placeholder model" as a tool to privatize government-owned companies. Under this model, the Federal Republic sells all or part of its investments to KfW with the aim of fully privatizing these state-owned companies. On this basis, KfW has purchased shares of Deutsche Post AG from the Federal Republic in several stages since 1997 and executed various capital market transactions using these shares. KfW's interest in Deutsche Post AG's share capital is 20.49% as of December 31, 2023. Deutsche Post AG is thus considered to be an associate of the Federal Republic.

Relationships with the *Bundesanstalt für Post und Telekommunikation (BAnst PT)*

The *Bundesanstalt für Post und Telekommunikation* (BAnst PT) is a government agency and falls under the technical and legal supervision of the German Federal Ministry of Finance. The BAnst PT continues to manage the social facilities such as the postal civil-servant health insurance fund, the recreation program, the *Postbeamtenversorgungskasse* (PVK – Postal civil-servant pension fund), the *Versorgungsanstalt der Deutschen Bundespost* (VAP – Deutsche Bundespost institution for supplementary retirement pensions) and the welfare service for Deutsche Post AG, Deutsche Bank AG (as legal successor to Deutsche Postbank AG) and Deutsche Telekom AG. Tasks are performed on the basis of agency agreements. In 2023, Deutsche Post AG was invoiced for €91 million (previous year: €85 million) in installment payments relating to services provided by the BAnst PT. Further disclosures on the PVK and the VAP can be found in **note 7 and 37.**

Relationships with Deutsche Bahn AG and its subsidiaries

Deutsche Bahn AG is wholly owned by the Federal Republic. Owing to this control relationship, Deutsche Bahn AG is a related party to Deutsche Post AG. DHL Group has various business relationships with the Deutsche Bahn Group. These mainly consist of transport service agreements.

Relationships with pension funds

The real estate with a fair value of €1,615 million (previous year: €1,689 million) – which can be offset as plan assets – of which Deutsche Post Pensions-Treuhand GmbH & Co. KG, Deutsche Post Altersvorsorge Sicherung e.V. & Co. Objekt Gronau KG and Deutsche Post Grundstücks-Vermietungsgesellschaft beta mbH Objekt Leipzig KG are the legal owners, is let almost exclusively to the Group via Deutsche Post Immobilien GmbH. These arrangements led to lease liabilities of €426 million as of December 31, 2023 (previous year: €445 million). In the 2023 fiscal year, Deutsche Post Immobilien GmbH extinguished €27 million (previous year: €26 million) in lease liabilities and paid €14 million (previous year: €14 million) in interest.

In the fiscal year, an exchange of land and separate building ownership was carried out between Deutsche Post AG and Deutsche Post Pensions-Treuhand GmbH & Co. KG to settle the civil law ownership structure at various locations in Germany. The fair value of the assets exchanged by Deutsche Post AG and Deutsche Post Pensions-Treuhand GmbH & Co. KG amounted to approximately €113 million. Deutsche Post Pensions-Treuhand GmbH & Co. KG owns 100% of Deutsche Post Pensionsfonds AG. Further disclosures on pension funds can be found in **note 7 and 37.**

Relationships with unconsolidated companies, investments accounted for using the equity method and joint operations
In addition to the consolidated subsidiaries, the Group has direct and indirect relationships with unconsolidated companies, investments accounted for using the equity method and joint operations deemed to be related parties of the Group in the course of its ordinary business activities.

Transactions were conducted in the 2023 fiscal year with major related parties, resulting in the following items in the consolidated financial statements:

	Investments accounted for using the equity method		Unconsolidated companies	
€m	2022	2023	2022	2023
Trade receivables	32	35	3	4
Loans	1	0	0	0
Financial liabilities	3	2	3	2
Trade payables	5	1	6	9
Income[1]	147	306	1	3
Expenses[2]	1	1	5	2

1 Relates to revenue and other operating income.
2 Relates to material expense, staff costs and other operating expenses.

Deutsche Post AG issued letters of commitment in the amount of €6 million (previous year: €2 million) for these companies. Of this amount, €1 million (previous year: €1 million) was attributable to investments accounted for using the equity method and €4 million (previous year: €1 million) to joint operations, as well as €1 million (previous year: €0 million) to unconsolidated companies.

47.2 Related-party disclosures (individuals)

Dr. Frank Appel's term of office as CEO expired on May 4, 2023. Dr. Tobias Meyer has been the new CEO since that date.

In accordance with IAS 24, transactions between the Group and related parties must be reported. Related parties are defined as the Board of Management, the Supervisory Board and the members of their families.

There were no reportable transactions or legal transactions involving these related parties in the 2023 fiscal year. In particular, the company granted no loans to these related parties.

The remuneration of key management personnel of the Group requiring disclosure under IAS 24 comprises the remuneration of the active members of the Board of Management and the Supervisory Board. The active members of the Board of Management and the Supervisory Board were remunerated as follows:

€m	2022	2023
Short-term employee benefits (excluding share-based payment)	22	19
Postemployment benefits	3	4
Termination benefits	0	0
Share-based payment	–23	29
Total	**2**	**52**

The employee representatives on the Supervisory Board employed by the Group also receive their normal salaries for their work in the company in addition to the aforementioned benefits for their work on the Supervisory Board. These salaries are determined at levels that are commensurate with the salary appropriate for the function or work performed in the company.

Postemployment benefits are recognized as the service cost resulting from the pension provisions for active members of the Board of Management. The corresponding liability amounted to €14 million as of the reporting date (previous year: €42 million).

Starting in 2008, newly appointed Board of Management members began receiving a defined contribution pension commitment. This entails the company crediting an annual amount totaling 35% of each Board of Management member's base salary to a virtual pension account. This capital bears interest until eligibility to receive benefits begins. The pension benefit is paid out as capital in the amount of the accumulated pension balance. Pension eligibility is triggered at the earliest when retirement age is reached, in the event of invalidity during the term of office or upon death. When eligible for the pension benefit, the beneficiary may choose an annuity option.

47.3 Remuneration disclosures in accordance with the HGB

Board of Management remuneration

The remuneration paid to members of the Board of Management in the 2023 fiscal year totaled €23.4 million (previous year: €26.9 million). This includes 819,474 SARs (previous year: 1,176,006 SARs), which, as of the issue date, were valued at €8.0 million (previous year: €9.3 million).

Former members of the Board of Management

Benefits paid to former members of the Board of Management and beneficiaries amounted to €38.9 million (previous year: €10.2 million). The defined benefit obligation (DBO) for current pensions calculated under IFRS was €87 million (previous year: €75 million).

Remuneration of the Supervisory Board

As in the previous year, the total remuneration of the Supervisory Board in the 2023 fiscal year amounted to €3.7 million; as in the previous year, €3.5 million of this amount was attributable to a fixed component and €0.2 million to attendance allowances.

Shareholdings of the Board of Management and Supervisory Board

As of December 31, 2023, shares held by the Board of Management and the Supervisory Board of Deutsche Post AG amounted to less than 1% of the company's share capital.

48 Auditing fee

Deloitte GmbH Wirtschaftsprüfungsgesellschaft has been the audit firm for DHL Group since the 2023 fiscal year. The auditing services of the previous year were carried out by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft. Broken down by category, the fee has been recognized as an expense in the amount of €7 million.

AUDITING FEE

€m	2023
Audit services	7
Other assurance services	0
Tax advisory services	0
Other services	0
Total	**7**

The audit services category includes the fees for auditing the consolidated financial statements and for auditing the annual financial statements prepared by Deutsche Post AG and its German subsidiaries. The fees for reviewing the interim reports and the fees for voluntary audits beyond the statutory audit engagement, such as audits of the internal control system (ICS), are also reported in this category.

49 Exemptions under the HGB

For the 2023 fiscal year, the following German subsidiaries have exercised the simplification options under Section 264(3) HGB or Section 264b HGB and, if applicable, Section 291 HGB:

- Agheera GmbH
- Albert Scheid GmbH
- ALTBERG GmbH
- Betreibergesellschaft Verteilzentrum GmbH
- Danzas Deutschland Holding GmbH
- Deutsche Post Adress Beteiligungsgesellschaft mbH
- Deutsche Post Assekuranz Vermittlungs GmbH
- Deutsche Post Beteiligungen Holding GmbH
- Deutsche Post Customer Service Center GmbH
- Deutsche Post DHL Beteiligungen GmbH
- Deutsche Post DHL Corporate Real Estate Management GmbH & Co. Logistikzentren KG
- Deutsche Post DHL Express Holding GmbH
- Deutsche Post DHL Facility Management Deutschland GmbH
- Deutsche Post DHL Real Estate Deutschland GmbH
- Deutsche Post DHL Research and Innovation GmbH
- Deutsche Post Dialog Solutions GmbH
- Deutsche Post Direkt GmbH
- Deutsche Post E-POST Solutions GmbH
- Deutsche Post Fleet GmbH
- Deutsche Post Immobilien GmbH
- Deutsche Post InHaus Services GmbH
- Deutsche Post Investments GmbH
- Deutsche Post IT Services GmbH
- Deutsche Post Mobility GmbH
- Deutsche Post Shop Essen GmbH
- Deutsche Post Shop Hannover GmbH
- Deutsche Post Shop München GmbH

- Deutsche Post Transport GmbH
- DHL 2-Mann-Handling GmbH
- DHL Airways GmbH
- DHL Automotive GmbH
- DHL Automotive Offenau GmbH
- DHL Consulting GmbH
- DHL Data & Analytics GmbH (ehemals: Deutsche Post Vermarktungs GmbH)
- DHL eCommerce Holding GmbH
- DHL Express Customer Service GmbH
- DHL Express Germany GmbH
- DHL Express Network Management GmbH
- DHL FoodLogistics GmbH
- DHL Freight Germany Holding GmbH
- DHL Freight GmbH
- DHL Freight Grundstücksverwaltungs GmbH
- DHL Global Event Logistics GmbH
- DHL Global Forwarding GmbH
- DHL Global Forwarding Management GmbH
- DHL Global Management GmbH
- DHL Grundstücksverwaltungsgesellschaft Köln-Eifeltor mbH
- DHL Home Delivery GmbH
- DHL Hub Leipzig GmbH
- DHL International GmbH
- DHL Paket GmbH
- DHL Solutions GmbH
- DHL Sorting Center GmbH
- DHL Supply Chain (Leipzig) GmbH
- DHL Supply Chain Management GmbH
- DHL Supply Chain Operations GmbH
- DHL Supply Chain VAS GmbH
- Erste End of Runway Development Leipzig GmbH
- Erste Logistik Entwicklungsgesellschaft MG GmbH
- European Air Transport Leipzig GmbH
- Gerlach Zolldienste GmbH
- it4logistics GmbH
- Saloodo! GmbH
- StreetScooter GmbH

50 Declaration of Conformity with the German Corporate Governance Code

The Board of Management and Supervisory Board of Deutsche Post AG have issued the Declaration of Conformity required by Section 161 AktG and made it available to shareholders on the company's website. The full text can be accessed on the company's website.

51 Significant events after the reporting date and other disclosures

On February 6, 2024, the KfW announced that it had sold 50 million shares from its holding in Deutsche Post AG by means of an accelerated bookbuild offering. Placement of the shares was geared toward institutional investors.

After the successful execution of the share placement, the total shareholding of KfW fell from 20.49% to 16.45%; the number of shares in free float increased accordingly. Following conclusion of the transaction, the KfW remains the largest shareholder in Deutsche Post AG.

On February 12, 2024, the Board of Management resolved to expand the current share buyback program so that a total of up to 130 million treasury shares are to be purchased at a price of now up to €4 billion through the end of 2025. The intended uses remain unaffected, note 3.

Beyond that, there were no reportable events after the reporting date.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the management report of the Group, which is combined with the management report of Deutsche Post AG, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Bonn, February 16, 2024

Deutsche Post AG
The Board of Management

Dr. Tobias Meyer	Oscar de Bok
Pablo Ciano	Nikola Hagleitner
Melanie Kreis	Dr. Thomas Ogilvie
John Pearson	Tim Scharwath

INDEPENDENT AUDITOR'S REPORT

To Deutsche Post AG, Bonn/Germany

Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

Audit Opinions

We have audited the consolidated financial statements of Deutsche Post AG, Bonn/Germany, and its subsidiaries (the Group) which comprise the consolidated balance sheet as at 31 December 2023, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January to 31 December 2023, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report for the Parent and the group of Deutsche Post AG, Bonn/Germany, for the financial year from 1 January to 31 December 2023. In accordance with the German legal requirements, we have not audited the content of the combined non-financial statement pursuant to Sections 289b and 315b German Commercial Code (HGB), which is included in the section "Non-financial statement" of the combined management report, nor the combined corporate governance statement pursuant to Sections 289f and 315d HGB, which is included in the section "Governance" of the combined management report. Moreover, we have not audited the content of those paragraphs and disclosures extraneous to the combined management report that are marked as unaudited in the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2023 and of its financial performance for the financial year from 1 January to 31 December 2023, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the above-listed statements nor of the above-listed paragraphs and disclosures extraneous to combined management reports marked as unaudited.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISA). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the key audit matters we have determined in the course of our audit:

1. Recoverability of goodwill
2. Measurement of pension obligations and plan assets

Our presentation of these key audit matters has been structured as follows:

a) description (including reference to corresponding information in the consolidated financial statements)
b) auditor's response

1. Recoverability of goodwill

a) In the consolidated financial statements as at 31 December 2023 of Deutsche Post AG, goodwill amounting to EUR 13.1 billion is reported under the balance sheet item "Intangible assets", representing about 20% of total assets and 57% of the Group's reported equity. Goodwill is tested for impairment by the Company at least once a year for the preparation of the consolidated financial statements regardless of whether there are external or internal indications that the assets may be impaired. The impairment test is based on a calculation model in which the planned future cash flows are discounted at the weighted average cost of capital using a discounted cash flow method. The planned future cash flows are derived from the executive directors' adopted middle-term planning and the supervisory board's approved budget planning.

The result of this measurement depends to a large extent on the assumptions made by the executive directors for the determination of future cash flows and the determination of the parameters for the discount rates used and is therefore subject to considerable uncertainty. Against this background and given the complexity of the underlying measurement models as well as the material importance of goodwill, this matter was of particular significance within the framework of our audit.

The executive directors' disclosures on goodwill are contained in note 22 of the notes to the consolidated financial statements.

b) In our audit, we dealt with the process for performing goodwill impairment tests and obtained, among others, an understanding of the accounting controls that are included in the process and retraced the method applied to carry out the impairment tests. Where identified controls were relevant to our audit, we had their design and implementation tested. In the case of estimates made by the executive directors, we evaluated the reasonableness of the methods applied, assumptions made and data used. Specifically, we satisfied ourselves as to the appropriateness of the future cash flows used in the measurement, by, among others, comparing these values with the middle-term planning adopted by the executive directors and the budget planning approved by the supervisory board as well as with general and industry-specific market expectations. As even relatively small changes in the discount rate used can have a material impact on the measurement results, we had the discount rates tested by verifying the parameters used through public data bases and own calculations of the discount rates, compared them with the discount rates used and evaluated any deviations. In addition, we retraced the calculation model and examined whether it considered all value-determining parameters and whether all mathematical connections were correct.

Due to the fact that the measurement also depends on economic conditions beyond the Company's sphere of influence, we additionally evaluated the sensitivity analysis prepared by the Company.

Our audit procedures were supported by our internal valuation experts.

2. Measurement of pension obligations and plan assets
a) In the consolidated financial statements as at 31 December 2023 of Deutsche Post AG, a total of EUR 2.5 billion is reported under the balance sheet item "Provisions for pensions and similar obligations". Moreover, as a result of pension scheme surpluses in some defined benefit plans, pension assets of EUR 0.2 billion are reported under the balance sheet item "Other non-current assets" as at 31 December 2023. The net pension provisions of EUR 2.3 billion were calculated on the basis of the present value of the obligation of EUR 14.2 billion, less the plan assets of EUR 12.0 billion measured at fair value and an asset ceiling effect of EUR 0.1 billion. In measuring pension provisions, the executive directors in particular made assumptions about the discount rate and long-term salary and pension trends as well as average life expectancy with the help of an external actuary. Changes in the measurement parameters and experience adjustments resulted in actuarial losses of EUR 0.7 billion as at 31 December 2023. In addition, measuring plan assets at fair value is subject to estimation uncertainties. Deviations from the planned development of the fair value of the plan assets resulted in losses of EUR 0.1 billion that are recognised directly in equity. In our view, these matters were of particular significance in our audit as the measurement of these high-value items is to a large extent based on estimates and discretionary assumptions made by the executive directors.

The Company's disclosures on pension provisions and similar obligations and on plan assets are contained in note 37 of the notes to the consolidated financial statements.

b) We dealt with the process for measurement of pension provisions and plan assets, obtaining an understanding of the accounting controls included in the process. Where identified controls were relevant to our audit, we had their design and implementation tested. In the case of estimates made by the executive directors, we evaluated the reasonableness of the methods applied, assumptions made and data used. We had the appropriateness of the measurement parameters for pension provisions, including the related assumptions made, evaluated by means of expert opinions provided to us and a comparison with market-related data. This audit procedure was carried out involving internal experts for pension valuations. Moreover, we satisfied ourselves as to the competence, capabilities and objectivity of the actuary engaged by the executive directors. Our examination of the fair values of plan assets was in particular based on bank confirmations and other asset statements and real estate appraisals. Our audit of the plan assets was supported by our internal valuation experts.

Other Information
The executive directors and/or the supervisory board are responsible for the other information. The other information comprises

- the report of the supervisory board,
- the parts included in the combined management report:
  - combined non-financial statement pursuant to Sections 289b and 315b HGB,
  - combined corporate governance statement pursuant to Sections 289f and 315d HGB
  - the paragraphs and disclosures extraneous to the combined management report marked as unaudited, and
- the executive directors' confirmation regarding the consolidated financial statements and the combined management report pursuant to Sections 297 (2) sentence 4 and 315 (1) sentence 5 HGB,
- all other parts of the annual report,
- but not the consolidated financial statements, not the audited content of the combined management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors and the supervisory board are responsible for the declaration related to the German Corporate Governance Code pursuant to Section 161 German Stock Corporation Act (AktG), which is part of the combined corporate governance statement included in the combined management report. Otherwise, the executive directors are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited content of the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group’s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Group’s position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group’s financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and in supplementary compliance with the ISA will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value 760A6C398340D2A376085885D4B91F122FC9A02893BF1AEAC7853E0D8D8FD31C, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from 1 January to 31 December 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the requirements of the IDW Quality Management Standards.

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Parent are responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the Parent are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as Group auditor by the annual general meeting on 6 May 2022. We were engaged by the supervisory board on 28 April / 4 May 2023. We have been the Group auditor of Deutsche Post AG, Bonn/Germany, since the financial year 2023.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other matter – use of the auditor’s report

Our auditor’s report must always be read together with the audited consolidated financial statements and the audited combined management report as well as with the audited ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Prof. Dr Frank Beine.

Munich/Germany, 16 February 2024

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Frank Beine	Dr. Hendrik Nardmann
Wirtschaftsprüfer	*Wirtschaftsprüfer*
(German Public Auditor)	(German Public Auditor)

INDEPENDENT PRACTITIONER'S REPORT

on a limited and reasonable assurance according to ISAE 3000 (Revised) regarding the nonfinancial reporting

To Deutsche Post AG, Bonn/Germany

Engagement

We have performed a limited assurance engagement on the consolidated nonfinancial statement of Deutsche Post AG, Bonn/Germany, ("the Company"), which has been combined with the nonfinancial statement of the Company, for the financial year from 1 January to 31 December 2023 ("combined nonfinancial statement") included in the group management report, which has been combined with the management report. In accordance with our engagement, we have performed a reasonable assurance engagement on the indicators presented in the combined nonfinancial statement

- Logistics-related GHG emissions (million metric tons of CO_2e): Scope 1-3
- Realized decarbonization effects (million metric tons of CO_2e)
- Total (group-wide) energy consumption (Scopes 1 and 2) (million kWh)
- Share of energy consumption from renewable sources (%)
- Total energy consumption from renewable sources (Scopes 1 and 2) (million kWh)
- Greenhouse gas intensity (grams of CO_2e per euro of revenue)
- Total GHG emissions (logistics-related) (million metric tons of CO_2e)
- Progress achieved compared to base year 2021 concerning sustainability-linked bond (%)
- Employee engagement (%)
- Response rate in the employee opinion survey (%)
- Employees: full-time equivalents at year-end and yearly average (number including trainees), headcount at year-end and yearly average (number including trainees)
- Unplanned employee turnover (%)
- Staff costs (€)
- Share of part-time employees average for the year (%)
- Lost time injury frequency rate (LTIFR) per 200,000 working hours (work-related accidents resulting in at least one working day of lost time)
- Working days lost per LTI (number)
- Number of fatalities due to workplace accidents (number)
- Sickness rate (%)
- Share of women in middle and upper management (%)
- Share of women in workforce (%)
- External employees subject to the control and direction of the Group: full-time equivalents average for the year
- Performance-based remuneration in line with market standards and free of discrimination
- Approval rate: I am proud of my company's contribution to society (%)
- Share of valid compliance training certificates in middle and upper management (%)
- Internal audits carried out by Corporate Internal Audit (number)
- On-site audits carried out (number of countries)
- Internal audits carried out by Corporate Internal Audit with regard to respecting human rights (number)
- Share of valid training certificates in middle and upper management relating to the training "Raise employees' awareness for respecting human rights" (%)
- BitSight cybersecurity rating (points)

(hereafter "the indicators") and performed a limited assurance engagement on all disclosures other than the indicators contained in the combined nonfinancial statement.

Not subject to our assurance engagement are the external sources of documentation and expert opinions as well as prior-year key ratios mentioned in the combined nonfinancial statement.

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the combined nonfinancial statement in accordance with the requirements of Sections 289c to 289e German Commercial Code (HGB), Section 315c in conjunction with Sections 289c to 289e HGB and Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 ("EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in the section "EU Taxonomy" of the combined nonfinancial statement (hereafter "interpretation").

These responsibilities of the executive directors of the Company include the selection and application of appropriate methods to prepare the combined nonfinancial statement and the use of assumptions and estimates for individual disclosures which are reasonable under the given circumstances. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of a combined nonfinancial statement that is free from material misstatement, whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in the section "EU Taxonomy" of the combined nonfinancial statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

The preciseness and completeness of the environmental data in the combined nonfinancial statement, which include the indicators, is subject to inherent existing limitations associated with the manner in which the data was collected and calculated as well as assumptions made.

Responsibilities of the Independent Practitioner

Our responsibility is to express a conclusion with reasonable assurance on the indicators disclosed in the combined nonfinancial statement and a conclusion with limited assurance on all disclosures other than the indicators in the combined nonfinancial statement in each case based on our work performed within our assurance engagement.

Our audit firm applies the IDW Quality Assurance Standard issued by the Institute of Public Auditors in Germany (IDW): Quality Assurance Requirements in Audit Practices (IDW QS 1). We have complied with the German Public Auditor Act (WPO) and the Professional Charter for German Public Auditors and German Sworn Auditors (BS WP/vBP), including the requirements on independence.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement so that we

- can conclude with reasonable assurance whether the indicators disclosed in the combined nonfinancial statement of the Company for the period from 1 January to 31 December 2023 have been presented, in all material respects, in accordance with Section 315c in conjunction with Sections 289c to 289e HGB by the executive directors, and

- can conclude with limited assurance whether matters have come to our attention that cause us to believe that all disclosures other than the indicators in the combined nonfinancial statement of the Company have in their entirety not been prepared, in all material respects, in accordance with Sections 289c to 289e HGB, Section 315c in conjunction with Sections 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder.

The procedures performed in the limited assurance part of our engagement are less in extent than for a reasonable assurance engagement; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The choice of assurance work is subject to the practitioner's professional judgement.

Within the scope of our limited assurance engagement, we notably performed the following activities:

- Gaining an understanding of the structure of the Group's sustainability organization and stakeholder engagement,
- Inquiries of relevant employees involved in the preparation of the consolidated nonfinancial statement about the preparation process, about the internal control system related to this process and about disclosures in the combined nonfinancial statement,
- Identification of likely risks of material misstatements in the combined nonfinancial statement,
- Analytical evaluation of selected disclosures in the combined nonfinancial statement,
- Reconciliation of selected disclosures with the corresponding data in the consolidated and annual financial statements and combined management report,
- Assessment of the presentation of the combined nonfinancial statement,
- Assessment of the process to identify taxonomy eligible and taxonomy-aligned economic activities and the corresponding disclosures in the combined non-financial statement.

In the course of our reasonable assurance engagement part on the indicators disclosed in the Company's combined nonfinancial statement, we have performed the following assurance procedures and other activities in addition to those described above:

- Assessment of the concept and implementation of the systems and processes for determining, processing and monitoring the disclosures on the indicators,
- Assessment of the risks,
- Tests of details on the basis of samples.

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties. In particular, these uncertainties also relate to quantifying performance indicators when they are measured or evaluated.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Practitioner's Conclusion

In our view, the indicators disclosed in the combined nonfinancial statement of the Company for the period from 1 January to 31 December 2023 have been presented, in all material respects, in accordance with Section 315c in conjunction with Sections 289c to 289e HGB by the executive directors.

Based on the work performed and the evidence obtained, nothing has come to our attention that causes us to believe that all disclosures other than the indicators in the combined nonfinancial statement of the Company for the financial year from 1 January to 31 December 2023 do not comply, in all material respects, with the requirements of Sections 289c to 289e HGB, Section 315c in conjunction with Sections 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors as disclosed in the section "EU Taxonomy and its implementation at Deutsche Post AG" of the combined nonfinancial statement.

Not subject to our assurance engagement are the external sources of documentation and expert opinions as well as prior-year key ratios mentioned in the combined nonfinancial statement.

Restriction of Use and Reference to Limitation of Liability

We issue this report as stipulated in the engagement letter agreed with the Company (including the "General Engagement Terms for Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated 1 January 2017 of the Institute of Public Auditors in Germany). We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it.

Our responsibility is to the Company alone. We assume no responsibility with regard to any third parties. Our conclusion is not modified in this respect.

Munich/Germany, 16 February 2024

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr Frank Beine
Wirtschaftsprüfer
(German Public Auditor)

Sebastian Dingel

FINANCIAL CALENDAR

2024

March 6	Results of the 2023 fiscal year
May 3	2024 Annual General Meeting
May 7	Results of the first quarter of 2024
May 8	Dividend payment
August 1	Results of the first half of 2024
November 5	Results of the first nine months of 2024

2025

March 6	Results of the 2024 fiscal year
May 2	2025 Annual General Meeting
May 7	Dividend payment
May 8	Results of the first quarter of 2025
August 5	Results of the first half of 2025
November 6	Results of the first nine months of 2025

Revised dates and information regarding live webcasts can be found on our **Reporting Hub.**

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Publication
In this report, DHL Group presents both financial and nonfinancial information about the results for the 2023 fiscal year. It was published on March 6, 2024, in German and English; in case of doubt, the German version is authoritative. The report sections that are subject to publication requirements are published in the company register, in due consideration of the European Single Electronic Format (ESEF).