



changing ways
Sustainability Report 2008

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1.0 Changing ways

introduction from our Chairman



“We want to become the pacesetter in all areas affecting our industry’s ability to face the future. The principle of sustainability takes on a special importance here.”

Frank Appel, Chairman of the Board of Management, Deutsche Post World Net



Dear Readers,

Deutsche Post World Net is the world's market leader in logistics. With our workforce of over 500,000 employees, we are engaged in just about every country in the world. Our goal is not only to be the biggest company in our industry. We also want to become the pacesetter in all areas affecting our industry's ability to face the future. This represents a new stage in our Group's development, an era in which we will set off in new directions. Today, our focus is to create more value - for our customers, our employees and our shareholders.

This goal is demanding and challenging. We will achieve it only by transforming the culture of Deutsche Post World Net. Two Group-wide programs play a major role in this process. For one, our "First Choice" program focuses on increasing customer satisfaction and loyalty. The other, our "Roadmap to Value" capital-market program, should help us to become the most attractive investment in our industry.

In our effort to become the best in our industry, economic factors are far from the only critical concerns. We must also live up to our responsibility toward employees, society and the environment. The principle of sustainability takes on a special importance here. At the moment, one issue is foremost on our minds: climate change.

In April, 2008, we launched our global climate protection program, GoGreen. We are the first major logistics company to set a measurable goal: we intend to improve our CO₂ efficiency. This means cutting emissions by 30 percent through 2020 for each mailed letter, transported container and square meter of space used. The only way for us to achieve this is to draw on our staff, subcontractors and customers, who can contribute to environmental protection in logistics by using our *GOGREEN* products and services.

We also want to be the employer of choice for our employees. After all, it is people who make logistics move. Recruiting talented people, honing their skills and strengthening their loyalty to the company - these are critical components of Deutsche Post World Net's future. Furthermore, we continuously work to increase occupational safety and to promote the health of our staff. All of these activities contribute to high levels of

employee satisfaction - a fact that was recently confirmed by our Group-wide Employee Opinion Survey. The direct feedback received is extremely valuable. It shows us where we can make improvements for the sake of our staff. It also forms the foundation for targeted programs.

Our commitment extends far beyond our company, though. A major interest of ours is to help people in need by drawing on our closely-knit logistics network, our core areas of expertise and the volunteer work of our employees. One example of such efforts is our support of a project organized by our partner, UNICEF, to reduce infant mortality in Kenya - by undertaking such measures as distributing around 3.5 million mosquito nets. Working together, we have significantly reduced malaria-related deaths.

We also contribute our logistics skills when natural disasters strike. Since October 2007, there has been a global network of DHL Disaster Response Teams in place, set up in partnership with the United Nations.

We also believe that exploring new approaches means building on proven practices: exercising our Corporate Values and our Code of Conduct in daily business represents an ongoing duty for each individual. With these guidelines, we have created a binding system of values that extends beyond country and divisional boundaries. It is a system that we bring to life anew every day. The pages that follow discuss this and provide an overview of our multifaceted activities on behalf of the environment, employees and society. I am thoroughly convinced that we are on the right track: toward creating a company that works in a sustainable manner and, as a result, toward bolstering the long-term success of Deutsche Post World Net.

I hope that you find this report stimulating reading!

Sincerely,
Frank Appel
Chairman of the Board of Management

1.0 Our business

Deutsche Post World Net is the global market leader for logistics. Our Deutsche Post, DHL and Postbank brands stand for a wide range of integrated services and customized solutions for the management and transport of letters, goods, information and payments. Over 500,000 employees in more than 220 countries and territories make us the world's sixth largest employer and provide superior logistics services to help our customers be even more successful in their markets.

MAIL

Deutsche Post delivers mail and parcels in Germany. It is an expert provider of dialogue marketing and press distribution services as well as corporate communications solutions. We operate a nationwide transport and delivery network in Germany. At the heart of this network are 82 mail centers processing

around 70 million items each working day, and 33 parcel centers whose handling volume on six days a week exceeds 2.5 million units. An annual volume of around seven billion items makes us the cross-border mail market leader and Europe's largest postal company.

Deutsche Post 

www.deutschepost.com

EXPRESS/LOGISTICS

DHL delivers time-critical shipments, as well as goods and merchandise, by road, rail, air or sea. We transport courier and express shipments via one of the world's most extensive networks – our gateway to more than 220 countries and territories. DHL is the international market leader in the air and ocean freight and

contract logistics segments. To satisfy our customers' needs, we draw on our geographic coverage, multi-modal capabilities and specific skills in numerous sectors.



www.dhl.com

FINANCIAL SERVICES

As the largest single retail bank in Germany, Deutsche Postbank serves 14.5 million customers, has around 21,000 staff and employs more than 4,200 mobile financial advisers. With its 855 own branches and several thousand outlets of Deutsche Post, it has the most extensive branch network of any bank in Germany.

Postbank's wide range of standardized banking products is designed to meet the typical needs of private and business customers. Along with traditional savings and current account offerings, Deutsche Postbank primarily provides private real estate financing and home loan savings products.



www.postbank.com



“Changing ways”

As a facilitator of the movement of goods and financial services, our business puts us at the heart of economic development and global trade. The worldwide exchange of goods continues to grow at a rapid pace. Businesses and consumers are becoming more dependent on global trade and production patterns.

Every day and every year, collectively, we also learn more about the unintended impacts of our way of life. The world community is seeking more sustainable ways of living, working and conducting business, that will have a more neutral or positive impact on people and our natural environment, by applying better technologies, new sources of energy, and better ways of providing for human needs and quality of life.

We lead our industry in many of our markets, and we also want to be at the forefront of addressing the sustainability challenge. We do this by learning, and changing our ways.

About this report

We have published comprehensive social and environmental reports since 2003. This is our second sustainability report, with updates on the new ways we have found to change our environmental, social and societal impact. It covers the calendar years of 2006 and 2007, and our MAIL, EXPRESS, LOGISTICS and FINANCIAL SERVICES divisions. Due to the scale of our business and different methods of calculating performance data in different business divisions, some of our performance data is only available from part of our Group (e.g. from Germany) for the current reporting cycle. We are working to ensure greater consistency in data measurement across all areas in order to improve the scope and quality of data in future reports.

To determine the focus of coverage of this report, we have analyzed the issues that people ask us about most. We have considered all of our stakeholders in our analysis, which was backed up by independent research into major global sustainability debates. We concluded that our customers, employees and investors, as well as public policy makers and social and environmental campaign groups, want to read about the issues in this report. Further information about our record in other areas is available in our past reports and on our website. You can read more about them at www.dpwn.com.

To date, we have reported every two years. However, in the interest of increased transparency, we now plan to report on our sustainability-related performance and progress every year.

The data and statements in this report that were reviewed by PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft are labelled with a rhombus symbol (◊). The auditor's assurance report is included in the Annexes.

We have prepared this report with reference to the third version of the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, known as “G3”, and with reference to the GRI Sector Supplement for the Logistics and Transport Sector (www.globalreporting.org). GRI defines a number of levels of application in sustainability reports. We have assessed this report against GRI requirements and believe it to comply with a B+ level of application.

A GRI content index, which locates information for GRI reporting indicators, can be found on our website: www.dpwn.com/sustainabilityreport/2008



Disclaimer: This report contains numerous references to information on our own corporate websites, as well as websites of other parties. All references were correct at the time of publication, but can change over time.

2.0 Sustainability strategy

changing our ways

True leadership includes being a leader in terms of sustainability. That is our aim.

Actions:



Key Issues:

Through the rollout of our strategic "First Choice" program, we are working to become the First Choice for customers, a First Choice employer and the First Choice for investors. Responding to our material sustainability issues is intrinsically tied to meeting the expectations of these and other stakeholders in an environmentally and socially-conscious world. Uniting our diverse operations in over 220 countries and territories in a common program is a challenge for a business of our scale.



Our Record:

We are building the global framework to become leaders in sustainable logistics. Since our last report we have:

- Launched our Code of Conduct and supporting compliance mechanisms
- Built networks of regional and national CSR and environmental managers to align our sustainability efforts
- Taken major steps in respect to climate change, dealings with employees and humanitarian initiatives, as detailed in this report.



Targets:

With our strategy defined, we will continue to innovate and roll out global policies and programs addressing our greatest impacts, ensuring that the practices of all our businesses are aligned to the standards we uphold in our Corporate Values and Code of Conduct. Our performance targets are explained in detail in the Environment, Employees and Society chapters of this report.

2.0 Our ethos

We are making our Corporate Values a part of our corporate strategy, and our working day.

Our Corporate Values

Our guiding principles are our seven Corporate Values; the foundation of our corporate culture. They apply to everyone working in Deutsche Post World Net businesses.

1. To deliver excellent quality
2. To make our customers successful
3. To foster openness
4. To act according to clear priorities
5. To act in an entrepreneurial way
6. To act with integrity, internally and externally
7. To accept social responsibilities

We adopted our Corporate Values in 2005 and communicated them widely. Since that time, we have been building on these foundations to ensure that they remain at the base of our corporate culture.

Our Code of Conduct

As part of our work to integrate our Corporate Values into our culture and to be clear with our employees about the standards of behavior we expect, we launched a binding Code of Conduct in 2006. It contains clear guidelines and rules for everyone working in all of our regions and business units. We have communicated it to all business units in sixteen languages so far (its content is available on the "About Us/Values" section of our corporate website). In parallel to the launch of our Code of Conduct, we established a Global Values Office with the purpose of managing the roll-out of the Code and ongoing compliance management.

A Clearing Committee and an Integrity Board were established in 2006 to support the Global Values Office. The Clearing Committee provides expertise from functions such as human resources, legal services and internal audit to review compliance cases that are particularly serious. It meets a minimum of every two months. The Integrity Board is made up of the Board Member for Personnel, two former members of the

Corporate Board, the Global Values Officer, as well as an outside adviser. It meets four times a year to advise on matters of concern and on the further development of our compliance systems.

Employees can report serious incidents relating to accounting and financial irregularities via the dedicated hotline and web-based reporting service that we launched in the summer of 2006. Complementing this is our network of twelve regional Values Officers who coordinate and respond to employee questions about our Code of Conduct. In 2007, our Global Values Office, working closely with the business units involved, investigated reports and brought them to conclusion.

Corporate governance

As a German stock market-listed company, we have a dual management and supervisory structure. The Supervisory Board is made up of ten shareholder representatives, who are elected at the Annual General Meeting, and a further ten representatives who are elected by employees in accordance with the provisions of the *Mitbestimmungsgesetz* (German Co-Determination Act).

The majority of the Supervisory Board members are independent, in compliance with the German Corporate Governance Code. The German Public Companies Act requires our Board of Management and Supervisory Board to make an annual declaration regarding compliance with this Code. In 2007, an unqualified Declaration of Conformity was issued by Deutsche Post AG and by Deutsche Postbank AG.

Further information of interest to shareholders, such as announcements about company stock, management changes, annual reports, and interim reports, are published on our websites: www.dpwn.com and www.postbank.com



First Choice for customers, our employees, and investors

Following the completion of our strategic program to integrate our global business under the DHL, Deutsche Post and Postbank brands, the next phase of our corporate strategy is to be "First Choice": First Choice for customers, a First Choice employer and the First Choice for investors. The three are inseparable.

This is an ambitious aim, and we intend it to transform the way we do business. Through First Choice we are building a new management culture, finding new ways to demonstrate openness and transparency, and to stimulate our employees to deliver superior service. To do this, we need the best and most talented people to consider us their employer of choice. Achieving this will also make us the best choice for investors.

In November 2007, we presented our Roadmap to Value program aimed at making Deutsche Post World Net the most attractive investment in the logistics industry, as well as the number one choice for customers and employees. Signaling our efforts toward transparency and openness, it involves enhancing our disclosures to investors with more frequent, detailed earnings outlooks for the following year. A new performance metric - earnings before interest and taxes (EBIT) after asset charge - is used for this. The metric is intended to motivate managers to generate more value from their day-to-day business.

Web content >>>>>>>>

www.dpwn.com

www.postbank.com

2.0 Our approach to sustainability

While uniting our organization behind becoming the leading sustainable logistics business, we are making changes our stakeholders and employees expect.

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”
Brundtland Commission, 1987

As a signatory to the UN Global Compact, we seek to achieve this balance. This means in some cases changing how we conduct our business in more than 220 countries and territories, a changing of ways that - like all efforts to improve - is a lasting challenge.

Our Corporate Values commit us to act with integrity and to accept social responsibilities. Our approach to sustainability uses our Values and our business' specific know-how, resources and skills to minimize our impact on the environment, to address our social responsibilities, and to offer our employees an excellent place to work.

At Deutsche Post World Net we see sustainability as everyone's responsibility. All of us are answerable to our Board of Management in fulfilling the spirit of our Corporate Values, our Code of Conduct and our First Choice strategic program. All departments have a role to play in minimizing our impact on the environment. Based on our understanding of the pressures and expectations that society has of us, all departments with relevant remits work together to address priority issues.

Our challenge is to unite our diverse businesses behind common programs, while respecting the value of many outstanding initiatives that have been launched and supported locally. These address the range of sustainability issues surrounding our operations. During 2007, we made progress in bringing local managers together into two formal networks: one for environment, and another to coordinate our volunteering and community initiatives. Our first global summits of environmental and "CSR" managers in 2007 served as springboards toward greater consistency in environmental management and community involvement across our operations. These networks complement our existing network of human resources professionals. We are using the networks to

roll out a voluntary e-learning program, launched in January 2008. The program is intended to support our existing communication approach. Among other areas, our new e-learning program provides information to a broader base of employees about sustainability in our business.

Key aspects of our approach to sustainability include stakeholder dialogue and employee engagement.

Stakeholder dialogue

We recognize the importance of understanding what people inside and outside our business expect us to do on key sustainability issues. These stakeholders (ranging from employee representatives to environmental groups, and including governments as well as our customers and shareholders) can have a major impact on our business. We know their expectations are rising.

Establishing routine methods of dialogue and engagement with stakeholders is a challenge for a business of our size, range of activities and geographical scope. Different parts of our business use a variety of methods to understand people's expectations of us. We routinely evaluate customer satisfaction. Regular negotiations with employee representatives and trade unions are an aspect of how we do business. We complement this with regular employee surveys, including our global Employee Opinion Survey. We maintain contact with government officials at international, national and local levels to discuss policies relevant to our activities.

We also gain insights through our partnerships and involvement in cross-industry initiatives. Deutsche Post World Net and its business units support, among others:

- United Nations Global Compact
- World Economic Forum Logistics & Transportation Corporate Citizenship Initiative
- 3C - Combat Climate Change - A Business Leaders' Initiative
- European Road Safety Charter
- Carbon Disclosure Project
- Charta der Vielfalt (Charter of Diversity)
- TOTAL-E-QUALITY Deutschland e.V.
- B.A.U.M. e.V. (German Environmental Management Association)
- Initiative Pro Recyclingpapier
- VfU - Verein für Umweltmanagement in Banken und Versicherungen e.V. (Association for environmental management in banking and insurance companies)
- Bankendialogforum Urgewald e.V. (Urgewald Banking Dialogue Forum).

Employee Opinion Survey

In 2006, we launched our first worldwide Employee Opinion Survey. This broad-based, ongoing dialogue with our employees is an important element of the First Choice program. The survey provided us with a meaningful picture of our strengths and weaknesses, covering such areas as active leadership, employee satisfaction, customer orientation and teamwork. Sustainability was also a topic. Employees receive the survey results and pointed measures are instituted, so as to make the most of the potential for improvement.

Data protection

We launched our Data Protection Network Europe in 2005 to ensure the safe transfer of data between all our companies in Europe. This is another way that we make certain of consistently accurate and secure handling of personal and business data. We also introduced regional quality circles in 2006 and 2007 in Germany and other European countries to help in adhering to data protection requirements on a long-term basis. At our second international data protection conference, held in February 2007 in Bonn, there was a Group-wide exchange of best practices. Preparations for introduction of a privacy policy in line with the European data protection guideline and the German federal data protection law are well under way. Clearance from the German authorities was received in December 2007; the next step will be clearance at the European level.

Web content >>>>>>>>

www.baumev.de

www.initiative-papier.de

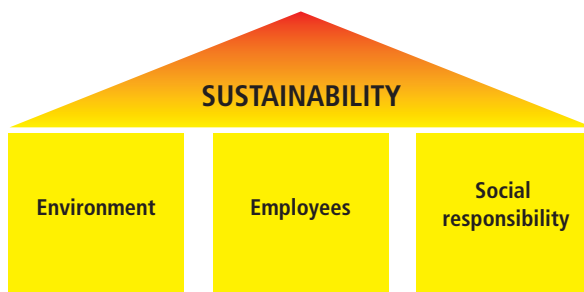
www.combatclimatechange.org

www.unglobalcompact.org

2.0 Our strategic priorities

Keeping employees safe on roads, carbon efficiency, tackling child mortality and disasters: we focus on our core competencies and impacts.

During 2006 and 2007, we identified and developed global strategies to achieve change in three priority areas of sustainability - environment, employees and society. Below, we provide a brief summary of our strategic priorities in each of these areas and outline some of the key activities undertaken in 2006 and 2007. Each of these priority areas is discussed in more detail in the chapters that follow.



Environment

As the number one global logistics company, we are aware of our significant use of fossil fuels and other resources, and our contribution to climate change.

GoGreen program

Our GoGreen program is our most significant effort yet to tackle our carbon footprint and, more generally, our overall environmental footprint. It comprises changes to our fleets, our buildings, our processes and our purchasing. With our *GOGREEN* product line we are converting our response to climate change into an enduring business model.

Details of how our GoGreen program is changing our ways are found in the "Environment" section.

Employees

The health and safety of our employees is of great importance to us. Thanks to the coordinated efforts of our occupational safety and health management areas with those of our corporate divisions, we were again able to make great strides

in 2006 and 2007, thus proving our claim of being a first-rate employer to our employees.

Health management

Introducing our Corporate Health Policy in November 2007 enabled us to further develop our global health management. With the help of a broad-based campaign, the new guideline was communicated throughout the Group. The corresponding introduction of Group-wide definitions of key performance indicators (KPIs), such as accident and sickness figures, our main KPIs, has enabled more precise and systematic recording and analysis of sickness-related absences and accident rates in all regions in which we operate. This has also enabled us to create the basis for effective management of global health risks. In addition, our Corporate Health Policy supports the continuous expansion of a working environment conducive to good health and raising our employees' consciousness of how to lead healthy lifestyles.

Road safety

For a logistics corporation, traffic safety is of paramount importance. We were consequently one of the first large logistics companies to sign the European Commission's European Road Safety Charter in 2006. The goal of our Group-wide Global Road Safety Initiative, launched in January 2007, was to heighten the awareness of anyone and everyone on the road for Deutsche Post World Net of the associated dangers. Another aim is to promote foresighted and safety-focused behavior. The initiative is international in scope and extends over several years. At its core is our Road Safety Code, which applies throughout the Group.



In-depth coverage of our health management and road safety initiatives may be found in the "Employees" section.



Society

Appropriate and credible engagement in communities is a fundamental element of a secure licence to operate. The countries where we operate and our employees expect us to play a serious role in society. Indeed, accepting social responsibilities is one of our Corporate Values. We believe our best and most credible role in society hinges on applying our core competencies and know-how to make a substantial impact in response to humanitarian and development needs. Being a people business, our social responsibility program leverages the unique attributes of our business: the potential of our more than 500,000 employees, our global logistics network and specialized transport expertise, and our local presence nearly everywhere in the world.

Therefore we act both on a global scale, and at the grassroots level in local communities, to deliver help. At the global level, we have initiated a long-term strategic partnership with three United Nations agencies. The cooperation tackles two key global humanitarian challenges:

- The need to better prepare for and react to the effects of major natural disasters and
- Safeguarding children's lives.

Since our last report, we have developed programs that offer our employees the opportunity to become involved in volunteering and fundraising to support our global partnerships. We believe this fosters collaboration and teamwork across our diverse business units, and we are exploring how to expand the opportunities we make available.

In addition to this, our employees have a long tradition of recognizing the needs in their local areas, and initiating or engaging in projects to respond to them. This tradition of action is a strong motivator and a source of pride, both for our employees and for our global business. We are encouraging our local businesses to initiate community programs because they know local needs best.

Details of our programs and our future engagement plans are found in the "Society" section.

DHL Supply Chain uses "First Choice" approach to capture carbon data

DHL Supply Chain is using First Choice's Operational Performance Measurement program to enable site-by-site capture of its carbon footprint. Understanding the carbon footprint across DHL Supply Chain is a significant step toward putting in place a sustainable environmental management system.

Each DHL Supply Chain site inputs carbon emissions data on a regular basis, with the long-term target of completing monthly updates. To do so, the DHL Supply Chain Global Metric System is used, the same system that is used to measure and report health and safety and financial measures. This provides improved visibility of the carbon footprint across DHL Supply Chain's operations and a framework for the ongoing analysis of carbon data.

Allowing each site's management team to have visibility of their carbon footprint enables them to more easily measure progress toward targets. More generally, the regular reports allow management at all levels to have a detailed overview of the business' carbon footprint and to review measures to reduce it.

2.0 Our performance

The effectiveness of our action on sustainability is monitored by external organizations.

Sustainability ratings

Rating/Rating agency	Our score	Comments
Deutsche Post AG		
AccountAbility 2007 www.accountability21.net	34.7 (out of 100)	We ranked 64th out of 100 companies. Our industry's average score was 28.33.
Bank Sarasin / Deutsche Börse AG 2007 DAXglobal® Sarasin Sustainability Germany deutsche-boerse.com www.sarasin.ch	6 (on a scale from 1 to 25; 1 being the highest score)	
Carbon Disclosure Project (CDP) 2007 www.cdproject.net	60 (out of 100)	This score is based on our 2007 (CDP5) submission.
EIRIS (Ethical Investment Research) and imug (Institut für Markt-Umwelt-Gesellschaft e.V.) 2007 FTSE4Good Index www.ftse.com www.eiris.org www.imug.de	Listed	
KLD Research & Analytics 2007 KLD Global Climate 100 SM Index www.kld.com	Listed	
Innovest Strategic Value Advisers / Corporate Knights, Inc. 2008 Global 100 Most Sustainable Corporations in the World www.global100.org	Listed	
oekom research AG 2007 www.oekom-research.com	C (on a scale from A+ to D-)	We ranked 3rd out of 13 in our industry group.
SAM (Sustainable Asset Management) 2007 DowJones Sustainability Index (DJSI) series www.sustainability-index.com www.sam-group.com	Not listed 74 (out of 100)	The industrial transport sector average was 50. DJSI World index entry level was 72. DJSI STOXX index entry level was 79.
Scoris GmbH 2007 www.scoris.de	67.5 (out of 100)	We ranked 10th out of 30 companies. The average score for DAX 30 companies was 62 .
SiRi Company Ltd (Sustainable Investment Research International) 2006 www.siricompany.com	67.5 (out of 100)	The average score for global transport companies was 51.7.



2.0

Rating agency	Our score	Comments
Deutsche Post AG		
Vigeo 2007 www.vigeo.com	Listed	
Deutsche Postbank AG		
EIRIS (Ethical Investment Research) and imug (Institut für Markt-Umwelt-Gesellschaft e.V.) 2007 FTSE4Good Index series www.ftse.com www.eiris.org www.imug.de	Listed	
E. Capital partners (ECPI) 2007 ECPI Ethical Index Euro www.e-cpartners.com	Listed	
Ethibel 2007 Ethibel Sustainability Index (ESI) Pioneer Global www.ethibel.org	Listed	
oekom research AG 2007 www.oekom-research.com	C- (on a scale from A+ to D-)	
SAM (Sustainable Asset Management) 2007 DowJones Sustainability Index (DJSI) series www.sustainability-index.com www.sam-group.com	Not listed 60 (out of 100)	The banking sector average was 48. DJSI World index entry level was 66. DJSI STOXX index entry level was 67.
Scoris GmbH 2007 www.scoris.de	63.5 (out of 100)	We ranked 18th out of 30 companies. The average score for DAX30 companies was 62.
SiRi Company Ltd (Sustainable Investment Research International) 2007 www.siricompany.com	72.4 (out of 100)	The average score for banking companies was 54.2.
Vigeo 2007 ASPI Eurozone® index www.vigeo.com	Listed	

3.0 Environment

changing our impact

The science on global warming is clearer than ever. And we will change the way we work and do business.



Actions:



Key Issues:

Our customers are increasingly taking into account our environmental impact and record when they decide to use our services. In line with our strategy to be the "First Choice" for customers, we are actively looking at how we can change the way we work to respond to their concerns. We are addressing our contribution to climate change, air and noise pollution and our use of natural resources - particularly paper for printing and packaging.



Our Record:

We have brought together the initiatives to manage our carbon footprint and our other environmental impacts in our new GoGreen program. At its core is our response to climate change. This has been our priority since 2002. GoGreen is also a catalyst for wider change. We have already started rolling out a six-step process for environmental management, launched carbon-neutral shipping services, started switching to more climate-friendly vehicle and aircraft fleets and changed how we buy paper-based products.



Targets:

We are working toward:

- Improving our CO₂ efficiency by 30% by 2020
- Replacing more than 90% of our jet aircraft by 2020
- Investing in alternative fuel technologies in our ground fleet
- Offering customers more climate-friendly shipping, advisory and financial services
- Setting up carbon accounting for all of our corporate divisions.

3.0 Managing our environmental challenges

GoGreen - with a clear focus on carbon efficiency, our program is a catalyst for change; from environmental management, to purchasing, to green products.

The environment, and in particular climate change, is at the forefront of public debate around the world. Our customers tell us they expect and require more environmentally-friendly transport solutions - to help improve their own "footprint". We also believe it is our responsibility to lead in finding sustainable solutions for our greatest environmental impacts, namely our reliance on fossil fuels, our use of paper, and the impact which our fleets have on air quality and noise.

Our work to mitigate these impacts has included cutting unnecessary flights and road travel through route optimization across our networks since 2002, and promoting recycled and sustainably-sourced paper, thanks to a company policy in place since 2004.

GoGreen to change our business

Since early 2007, we have been developing our Group-wide strategic thinking on how we approach the climate change

challenge. In early 2008, we announced our most significant response to climate change and other environmental challenges to date - our new and comprehensive GoGreen program.

The message to management from our Chairman, Frank Appel, sums up our corporate ambition for significant change:

"With this program we respond to the needs of our top customers; we will decrease our dependence on fossil fuels and reduce costs over the long term. We must strive to reduce carbon emissions for every letter we mail, every package we ship and every square meter of space we use by almost one-third."

GoGreen is a key strategic priority for our business. It brings together all our efforts to manage our climate change impacts across all our divisions, regions and countries. It will also help us improve the ways we manage other environmental impacts

Six steps to leading environmental management

While responding to climate change is our number one environmental priority, our operations also have other impacts on the environment. GoGreen will also help us with our initiatives to respond to all of our environmental challenges, including our use of paper and other resources and the air quality and noise impacts of our transportation fleets. Such impacts tend to be local or regional. Managing them has to be done in the context of local environmental circumstances, such as local air quality and noise levels; and local regulations, for example dealing with waste, water usage and waste water.

To enable a structured, consistent and well-organized approach to continually improving our environmental performance at a local level, we introduced a six-step process for environmental management. This helps our global network of environmental managers roll out management systems compliant with the ISO 14001 standard. The process starts with basic, minimum standards, progressing to "best-in-class" and ultimately, toward achieving our vision of embedding the principle of sustainability in our day-to-day operations.

Each of our businesses is working to develop objectives and timelines for implementing the six-step process. We have made significant progress in implementing ISO 14001 certified environmental management systems. ♦As of the end of 2007, around 40% of our employees are working under ISO 14001 audited systems. In the course of 2008 and 2009, further entities, among them Deutsche Postbank AG, are looking to achieve ISO 14001 certification.

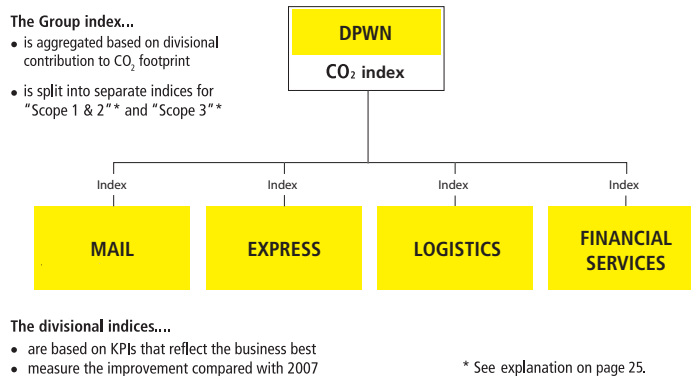
Of particular note is our Deutsche Post mail operation. It is in the advanced stages of becoming the first postal operator to have all of its operations certified according to ISO 14001, covering more than 150,000 employees. This process will be completed in 2008. ♦

1. ISO: International Organization for Standardization

Carbon efficiency index

In order to demonstrate our progress against our 2020 carbon efficiency target, we are developing a "carbon efficiency index". This index has to be relevant to our very different business activities.

To do this, we will define individual carbon efficiency ratios for each of our business divisions. These will be aggregated, similar to a stock index, to form a group carbon efficiency index. The absolute CO₂ emissions of the respective business division will be used as a weighting factor. For the base year 2007 this index number will be set to 100%. This index structure will allow us to define business specific carbon efficiency ratios which are also meaningful internally as an indicator for management.



such as on local air quality, noise emissions, and our use of paper and other resources.

The aim of the GoGreen program is to change our ways and make the transport of goods more climate-friendly. All of our divisions are involved. The initiatives and developments we have underway include:

- Upgrading our fleets of road vehicles and aircraft to improve emission standards and fuel efficiencies and to operate more alternative-fuel road vehicles
- Implementing more climate-friendly design and operational changes at our facilities, and increasing our use of energy from renewable sources
- Encouraging the personal commitment of our staff
- Offering customers solutions that help them make informed decisions on the cost and the carbon impact of their logistics and supply chains
- Offering customers the option of carbon-neutral shipping services.

Next steps

• We set ourselves a target of a 30% improvement in our global CO₂ efficiency by 2020 – covering CO₂ emissions from our own operations and from our subcontracted transportation services. To help us track our progress toward achieving this goal, we have set ourselves a 10% CO₂ efficiency improvement target by 2012 for our own operations. • Both of these targets will be measured against our efficiency in 2007. We are also enhancing our systems to monitor our efforts.

We believe we are the first major logistics company to adopt such a target.

3.0 Responding to climate change

Global warming challenges everyone, including business. We will improve our CO₂ efficiency with change and innovation across our business.

The UN Environment Programme estimates that the global transport sector (e.g., the transportation of goods and passengers) accounts for 26% of the world's annual energy usage. As the leading company in the logistics sector, we rely on many forms of transportation. We operate one of the world's largest private air fleets of approximately 350 aircraft, utilize over 120,000 vehicles and trailers, and handle the shipment of around 2.8 million containers on ocean-going vessels each year. The majority of our current (owned, leased and subcontractors') fleets use fossil fuels and produce CO₂ emissions, which are linked to the greenhouse effect and man-made climate change.

The potential risks of man-made climate change for our world are numerous - rising sea levels, extreme weather, impacts on food supplies, water resources, health, eco-systems and security are just a few of them. We also recognize that such changes to the environment would have implications for transportation and our business. For example, many cities and airports are in low-lying coastal areas that would be affected by rising sea levels. There are also potential impacts to fuel and energy costs, along with new regulatory costs, such as the inclusion of the aviation sector in the European Union's Emission Trading Scheme from 2012.

Climate change also presents opportunities. It is a powerful driver for technological innovations, CO₂ and energy efficiency improvements, and the development of new products and services that help our customers reduce their environmental impact.

Responding to this challenge has been a priority for us since 2002. Going forward, our GoGreen program will help us implement our response to climate change across all our corporate divisions and regions.

Our approach is to assess our performance and our carbon footprint, reduce our impact, and provide offsetting opportunities for our customers: or assess - reduce - offset.

We are assessing levers in every business unit to improve the carbon efficiency of our own operations and that of our subcontracted transportation services. Some work has already been completed. In 2007, our businesses evaluated opportunities to reduce carbon dioxide emissions across all modes of transport and in our offices, logistics centers and retail operations as part of the development of our GoGreen program. Designated teams are now validating and implementing efficiency improvement measures, and we have established targets for each division.

To assess our progress and to enhance the quality of our reports to our stakeholders, we are improving how we calculate and audit our carbon footprint each year. Our current method still includes many estimations and model calculations, particularly with regard to our subcontracted transportation services. But we are making step-by-step improvements to expand the scope and the quality of the data we capture.

First, we are standardizing the way data is reported across our global businesses, thereby working toward alignment with the ISO 14064 standard. This will enable us to undertake more detailed analyses of opportunities and risks. Second, we are improving the information technology and databases we use to collect the data. To support this, we are evaluating alternative IT-based solutions. Third, we are examining our subcontracted transportation services to understand their contribution to our overall carbon footprint.



Energy use ¹ (in million kWh)	2005 ³	2006	2007
Electricity	1,431	2,334	2,101
Heating ²	n.a.	2,734	2,271
District heating	265	168	223
Heating oil	231	78	72
Natural gas	1,087	449	602
District cooling	n.a.	n.a.	4
Total	3,014	5,763	5,273

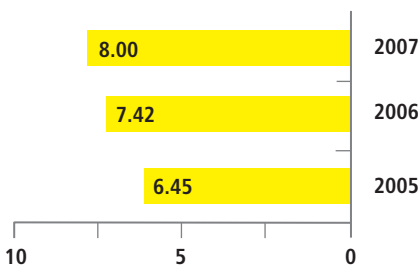
1. Energy consumption totals are based on both measured and calculated/estimated data. 2. "Heating" stands for calculated/estimated energy use where the energy source is not specified. 3. 2005 data represent only a part of the Group and a part of the company formerly known as Exel plc, which was acquired in December 2005 (see our Sustainability Report 2006 for detail).

Scope 1 fuel use ¹ (in million liters)	2005 ²	2006 ³	2007
Total biofuel	n.a.	n.a.	0.3
Total CNG (compressed natural gas)	n.a.	n.a.	10.9
Total LPG (liquid petroleum gas)	13.0	n.a.	0.2
Total gasoline	n.a.	n.a.	49.2
Total diesel	673.0	n.a.	655.0
Total road fuels	686.0	690.4	715.6
Total kerosene	1,399.0	1,760.1	1,744.2

1. Fuel consumption data are based on both measured and calculated/estimated data. 2. 2005 data was incomplete. It did not cover all of Deutsche Post World Net, and included only a part of the company formerly known as Exel plc, which was acquired in December 2005 (see our Sustainability Report 2006 for detail). 3. For 2006, data for different types of fuel were not available.

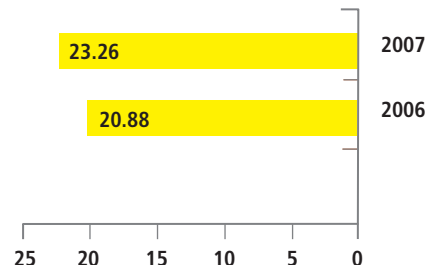
Total CO₂ emissions*

Scopes 1 and 2^{1,2} (in million tonnes)



1. 2006 and 2007 data cover 100% of our business. 2005 data is incomplete. It did not cover all of Deutsche Post World Net, and included only a part of the company formerly named Exel plc, which was acquired in December 2005 (see our Sustainability Report 2006 for detail). 2. Scope 1 and Scope 2 data are based on the fuel and energy consumption data reported above. We used measured data where it was available, but some units and processes which do not yet have measured data applied model calculations and assumptions. Wherever possible, we used internal benchmarks for this to achieve the best possible data quality. From 2006 to 2007 data, we were able to improve data quality by increased use of measured data. However, the overall accuracy of the Group data is difficult to assess; error margins could be in the range of +/- 10%.

Scope 3^{1,2} (in million tonnes)



1. 2006 and 2007 data cover 100% of our business. 2. Processes within Scope 3 changed in 2006 to include only emissions from subcontracted transportation processes. 2005 Scope 3 data published in our Sustainability Report 2006 are not comparable to this. Because we receive very few emission or fuel consumption reports from our subcontractors, Scope 3 emissions are based on model calculations and some assumptions. The calculations are based on internal benchmark data wherever possible. Scope 3 emission data are therefore assumed to be less accurate than Scope 1 and Scope 2 data.

* The World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI) Greenhouse Gas Protocol Corporate Standard (Corporate Accounting and Reporting Standard, revised March 2004) defines CO₂ emissions directly and indirectly resulting from own operations as "Scopes 1 and 2", and CO₂ emissions from subcontractors as "Scope 3".

Vehicles and aircraft are the backbone of our transport network; reducing their impact is a focal point for GoGreen.

We have initiatives underway to improve our efficiency to reduce carbon emissions, including using more advanced technologies in our fleet, processes and facilities, and helping to increase environmental awareness among our staff. These measures help reduce the carbon footprint of our products and services.

Our technologies – using energy and fuel alternatives

We have a long history of road trials on new types of fuel-efficient and alternative fuel vehicles.

Our most recent efforts include testing a nine tonne electric truck in the UK and a hybrid truck in the Marunouchi business district of Tokyo, Japan. DHL Express is testing bio-gas courier vans and bio-gas trucks in different European countries. In 2007, we changed our company car policy for senior executives at our headquarters in Bonn to encourage the use of more fuel-efficient vehicles. We also changed all of our pool of cars in Bonn to vehicles that are among the most fuel-efficient in their class.

However, we are still faced with a very limited choice of highly efficient or alternative fuel vehicles. In contrast to the passenger car sector, almost no "off-the-shelf" alternative fuel commercial vehicles are on offer at a similar cost to comparable conventional vehicles. This severely limits the number of economically and ecologically viable options available to us.

2007 Road fleet (Germany) ¹ Euro emissions standards	
EEV1	163
Euro5	95
Euro4	8,679
Euro3	27,878
Euro2	15,415
Euro1 and comparable	3,627
Total	55,857

¹ Data is not available for road fleets in other countries. However, since our fleet renewal policies are similar across countries, we assume that the technical status of our global fleet is very similar to our German fleet.

The use of sustainable biofuels is an important option to consider, and we are developing internal biofuels guidelines to help us make the right choices. Biofuels need to be carefully evaluated because their production might cause adverse social and environmental impacts - of particular concern are the possible consequences for food supplies in poor or developing countries. The public discussion on biofuels is ongoing and we are following it carefully, including through dialogue with relevant stakeholders.

Our air operations require the use of around 350 dedicated aircraft worldwide, made up of a mixture of aircraft operated by DHL airlines and chartered capacity. Together they represent one of the biggest fleets of cargo aircraft globally. We are continually replacing the older aircraft in our fleet with newer aircraft that are more fuel efficient and generate lower carbon dioxide emissions. We plan to replace more than 90% of our containerized jet aircraft (currently 260 of our aircraft) by 2020.

Significant replacement activity has recently taken place on our intercontinental operations, where space purchased on B747-200 and MD11 aircraft has been replaced by more modern aircraft. We have contracted with Polar Air Cargo to provide services between the US and Asia using the latest version of Boeing 747-400 freighters. Moreover, we are taking delivery over the next two years of six new Boeing 767-300ERF

2007 Non-conventional fuel road vehicles

CNG (compressed natural gas)	423
B30 and other biodiesel blends ¹	202
LPG (liquid petroleum gas)	126
Bi-fuel/flexi-fuel ²	100
Biogas (made from biomass such as compost)	22
Vegetable oil	7
Hybrid diesel	4
Full electric	3
Fuel cell	1
Total	888

¹ 30% biodiesel in fossil diesel. ² Vehicles with a petrol engine capable of using different fuel types, e.g., petrol or CNG

freighter aircraft, which will be dedicated mainly to transatlantic services. DHL's recent joint venture with Lufthansa Cargo, Aerologic, is scheduled to begin operations in 2009, and will initially operate eight new Boeing 777-LRF freighter aircraft between Europe and Asia.

Other environmental impacts of our aircraft fleet are also being reduced by this program. The Boeing 747-400F, the 767-300 ERF and the Boeing 777-LRF freighter aircraft all comfortably meet the International Civil Aviation Organization standards on aircraft noise and NOx emissions.

As well as replacing aircraft, we have been looking at how we can improve the environmental performance of our existing fleet. We have reviewed the use of "winglets" (aerodynamic aids that reduce drag and improve fuel efficiency) on aircraft for which the modification is available. As a first step, they will be installed on the six new Boeing 767 aircraft serving the transatlantic route. We estimate that this initial installation of winglets will save 12,000 tonnes of CO₂ per year.

We have been looking into technical innovations with the potential to reduce the environmental impact of ocean shipping. In January 2008, a freighter belonging to the Beluga shipping company set sail. On board was a DHL Global Forwarding shipment. What is unusual about this is that the freighter was trialing a new SkySails wind propulsion system that uses a 160-square meter kite to help propel the ship. The


kite is released when the ship is at sea and is held in place by a computer-controlled tether. The kite reduces the demand on the ship's conventional engine, thereby reducing fuel use and emissions of carbon dioxide.

We can also reduce the environmental impact of our buildings. In existing buildings, more efficient lighting and optimized heating and cooling systems reduce specific energy demands. In new buildings, technical and design innovations can reduce heating and cooling requirements. ♦ For example, at our new Leipzig hub heating and cooling is provided by a combined heat and power system which saves approximately 3,000 tonnes of carbon dioxide emissions a year compared to conventional systems. We have also been increasing our use of energy from renewable sources. In Germany, we started purchasing approximately 70% of our electricity, including power supplies to Deutsche Postbank, from renewable sources on January 1, 2008. ♦ Our Post Tower corporate headquarters in Bonn now uses 100% electricity generated from renewable sources as part of this energy contract.

Our logistics business in the US has been developing approaches to building design that meet the US Green Building Council's Leadership in Energy and Environmental Design's certification requirements. In Singapore, our DHL Express regional office achieved a 30% reduction in energy consumption following an independent energy audit.

2007 Air fleet	
Total aircraft	349
- of which jet aircraft ¹	232
ICAO NOx emissions standards ²	
CAEP/2	144
CAEP/4	74
ICAO noise standards ³	
Chapter 3	232
Chapter 4	84
Equipped with hushkits	99

1. As of November 2007, DHL used a total fleet of 349 owned and dedicated/chartered aircraft. Approximately two-thirds of the fleet was equipped with jet engines, and subject to international emissions and noise standards. The other one-third was mainly comprised of small turboprop aircraft used as feeder aircraft for the main network flights. 2. 62.1% of jet aircraft complied with the emissions limits relating to nitrous oxides (NOx) set out in ICAO Annex 16 - Volume 2 CAEP/2. We do not make a distinction between aircraft that legally have to meet these limits and aircraft that were built before the limits entered into force. 31.9% of jet aircraft met the more demanding, revised CAEP/4 requirements, without this being required for legal compliance. Further information is available on <http://www.icao.int/icao/en/env/caep.htm> 3. All jet aircraft complied with "Chapter 3" noise requirements described in ICAO Annex 16 - Volume 1. Moreover, 36% already complied with the more demanding "Chapter 4" requirements, only applicable to aircraft manufactured after January 1, 2006.



Engaging management, employees, and ultimately our customers: together we can all reduce our carbon footprints.

Looking ahead to 2008, we will trial further hybrid trucks in our European fleet. The trials will compare performance by alternating between one week of hybrid vehicle use and one week of conventional vehicle use. The hybrid vehicles are loaded and driven in the same way as conventional vehicles. In Germany we will also test a new biofuel (similar to biodiesel but based on a mixture of fats and vegetable oil) in ten trucks. We will also continue progressing with our Global Aviation Strategy's aircraft replacement program.

Our people – inspiring behavior change

Deutsche Post World Net is one of the ten largest private employers in the world. Engaging our workforce in our initiatives is a key factor in our GoGreen program - a change in mindset of our workforce has the power to greatly influence the impact of all our business operations.

We have been developing ways to inspire changes in employee behavior. These include a global communications program, a management toolkit for employee engagement, and a personal "carbon footprint" calculator on our intranet that enables employees to calculate their own emissions. A network of GoGreen Champions is being established to train other employees to become "green" instructors in specialist areas. Our Idea Management program (see pages 40 and 41) is being expanded to enable employees to submit their ideas for reducing carbon dioxide emissions, with an annual "Green Award" for the best idea.

The way road vehicles are driven can significantly affect fuel consumption and hence emissions of carbon dioxide. We have dedicated in-house trainers who teach our drivers fuel saving and defensive driving techniques. As part of our GoGreen program, we will expand the driver training and awareness lessons.

As we continue to roll out our six-step approach to environmental management across our businesses (see page 18), more employees will receive environmental training and become engaged in environmental activities at a local level.

Our processes – more climate-friendly

Our response to climate change includes innovations in the processes we use, such as route planning and shifts in modes of transportation.

Route optimization improves efficiency and reduces fuel consumption. We do this through electronic route planning and the optimization of vehicle cargo loads. Our electronic freight exchange system (EFX) connects 450 DHL operating centers and provides real time information to improve the utilization of the subcontractor fleet. In its first year of operation it saved approximately two million truck miles, equivalent to 3,000 tonnes of CO₂.

Shifting the mode of transport from air to road and rail transport significantly reduces the quantity of carbon dioxide emitted per tonne of goods transported. We are also working with our customers to help them optimize how parcels are packed and loaded. DHL Supply Chain recently reconfigured the international supply chain for a major UK customer, resulting in fewer containers being used and reducing their use of air freight by approximately 50%.

Our products and services – enabling green choices

Based on the concepts of the Kyoto Protocol, we developed and piloted innovative low carbon and carbon-neutral delivery services. Building on successful products in Germany and Europe, our DHL and Deutsche Post businesses are expanding this climate-friendly option across other regions. This meets a growing desire among customers to reduce the carbon footprint of their own supply chains.

In 2004, DHL launched its first carbon-reduced shipping service in Sweden, based on operating trucks using fuels made from renewable sources such as biogas. Our first carbon neutral pilot service began in Germany in 2005. Encouraged by our customers' demand, the *GOGREEN* brand was established, and further DHL and Deutsche Post *GOGREEN* carbon-neutral services for both business and private customers were launched in Germany and Europe in 2006 and 2007.



For *GOGREEN* shipments, our Carbon Management team calculates the corresponding CO₂ emissions generated in our processes and offsets them. The emissions are calculated using a patented procedure. Offsets are provided either through emissions reduction projects in our business or by purchasing carbon credits. In both cases we take care that the emission reductions meet relevant standards. The international certification firm "SGS" certifies all our related procedures and calculations against the ISO 14064 standard.

In addition to DHL's continued expansion of the *GOGREEN* service, in October 2007 Deutsche Post first offered private customers in Germany the option of sending carbon neutral letters. This is a further value added to the existing *PLUSBRIEF* product - envelopes using Forest Stewardship Council (FSC) certified paper with integrated postage stamps. The CO₂ emissions produced from the transport of these letters are offset through our Carbon Management team in the same way as other *GOGREEN* services. Carbon-neutral *PLUSBRIEF* envelopes are available at our postal outlets in Germany. In addition, our online franking service enables customers in Germany to frank and pay for parcel delivery online and to choose the *GOGREEN* service for an additional ten cents.

So far, all our carbon neutral *GOGREEN* services are produced within our own express and mail networks, where we assess and reduce the carbon footprint within our own control. For our Freight, Global Forwarding and Supply Chain customers, we are now piloting new *GOGREEN* solutions. They will allow our customers to optimize their customized logistics solutions, not only with regard to the usual criteria, but also in terms of the carbon footprint associated with different options. Together with DHL, they will be able to assess, reduce and - if requested - offset the CO₂ emissions from their logistics processes.

Deutsche Postbank offers retail banking products that contribute to sustainable development and addressing climate change. The "Postbank Dynamik Vision" investment fund is one of the largest sustainability funds in Germany, with a volume of around €300 million. The fund only invests in companies that are listed in Dow Jones Sustainability World and Euro Indexes. During June and July 2008, Deutsche Postbank will offer a capital-guaranteed investment fund called "Postbank Dynamik Klima Garant" to private customers. This fund will invest in the

S&P Global Clean Energy fund and the Dow Jones Euro Stoxx Sustainability Index.

Next steps

Our GoGreen program initiatives are working toward a longer-term and a short-term aim.

By 2020, we are committed to improving our carbon efficiency by 30% compared to our 2007 baseline performance. Our target covers CO₂ emissions from our own operations ("Scopes 1 and 2" under the GHG Protocol Corporate Standard, WBCSD and WRI 2004) and CO₂ emissions from transport carried out by subcontractors ("Scope 3"). Because our customers and investors consider our carbon footprint to include both our direct emissions and our "indirect" emissions from transport, we have included our subcontractors' transport emissions. The longer-term target also allows us necessary time to engage with our subcontractors in order to understand their carbon footprints, to establish processes to improve transparency of CO₂ emission data, and to identify the most effective opportunities for improvements.

However, 2020 is a long way off, so we have also set a short-term target of achieving a 10% carbon efficiency improvement in our own emissions (Scopes 1 and 2) by 2012, when the Kyoto Protocol expires. This interim target will allow us to evaluate our progress toward achieving the 2020 goal.

Our climate-friendly products	Where to find them
<i>PLUSBRIEF GOGREEN</i>	Deutsche Post Germany
<i>GOGREEN</i> Parcel Business Service	DHL Germany
<i>GOGREEN</i> Mail Business Service	Deutsche Post Germany
DHL Neutral Services Carbon Consultancy	DHL Global
<i>GOGREEN</i> Express	DHL Europe and Asia
<i>GOGREEN</i> Cent	DHL Switzerland
<i>GOGREEN PLUSPÄCKCHEN</i>	DHL Germany
<i>GOGREEN</i> Online Franking	DHL Germany
<i>GOGREEN</i> Tonnage	DHL Sweden
Postbank Dynamik Klima Garant	Postbank Germany
Postbank Dynamik Vision	Postbank Germany
BHW Öko Konstant Darlehen	BHW Bausparkasse / Postbank Germany

3.0 Sourcing sustainably



We are working to ensure we choose environmentally-friendly options across our major purchases, step-by-step.

While we have a clear focus on our environmental impact from our own processes and subcontracted transport, we are also aware of the impact we have through our own supply chain. Two of our most significant and recognizable procurement categories are commercial vehicles and paper-based products for use and resale.

In Europe the major part of our commercial vehicle fleet is purchased. This sourcing process changed in 2006. It now regularly involves an expert from the corporate sustainability team to support the procurement team's discussions on environmental issues including emission standards, fuel efficiency and supplier evaluation among others.

Our policy on the procurement of paper-based products was formalized in our 2004 Paper Policy. We aim to maximize our use of recycled paper products. As the second-best option, we want to increase our use of paper sourced from sustainably-managed forests. This includes promoting standards for sustainable forestry such as the FSC (Forest Stewardship Council) or the PEFC (Programme for the Endorsement of Forest Certification) standards.

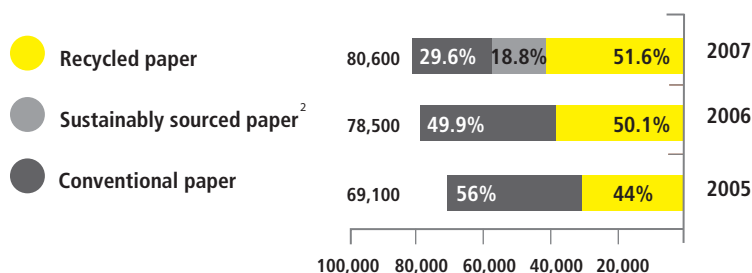
From our dialogue with relevant stakeholders, we know that different standards for sustainable forestry apply different criteria, some of which are not regarded as being "truly

sustainable" by all stakeholders. As users of many different paper-based resources, we encourage the relevant parties to agree on common criteria.

From an initial focus on recycled paper for printers and copiers in offices (our headquarters in Bonn with about 2,000 staff switched to recycled office paper in 2004), we made major steps forward by using recycled paper for a growing share of corporate publications. Deutsche Post AG and Deutsche Postbank AG were the first DAX 30 companies to publish their annual reports on 100% recycled paper in 2006. The Deutsche Post AG 2007 annual report was awarded the German "Blauer Engel" label for compliance with the strictest environmental criteria throughout its production process for the second year running. This report also meets the "Blauer Engel" standard.

As a member of the German "Initiative Pro Recyclingpapier," in our Deutsche Post outlets and Deutsche Postbank Finance Centers we now sell more than 40 different products made from recycled paper and all other paper products comply with PEFC criteria for sustainable forestry. This exceeds our target of 60% published in our 2006 report. The cardboard box included in our *GOGREEN PLUSPÄCKCHEN* product is also made from 100% recycled paper.

Paper use in Germany¹ 2005-2007 (in tonnes)



¹ Paper consumption data includes all purchases made through our central procurement department in Germany, including paper products for resale in German postal retail outlets and paper used by our Williams Lea services for German customers. Incomplete reports from some business units and other geographic areas that could not be aggregated into the data above show 6,610 tonnes of office and other paper consumption in 2007, with a recycled paper share of 22%. ² Paper certified according to the FSC or PEFC standards.



The total share of recycled paper in Deutsche Post World Net's paper consumption in Germany of 80,642 tonnes in 2007 was 51.6%.

In 2007 we started a global program to systematically review our major purchasing categories and to negotiate new contracts for "greener" alternatives. We have already evaluated our uniform suppliers using environmental criteria. This has resulted in the Öko-Tex Standard 100 ecological criteria being used in the manufacture of our uniforms. Next, we will work with our IT suppliers, for example by assessing the energy efficiency of IT hardware.

Building on our new Code of Conduct, we have developed a new Supplier Code of Conduct as a sustainability framework for cooperation and engagement with our suppliers.

Our Supplier Code of Conduct will help us encourage suppliers to adhere to ethical and environmental standards covering:

- Laws and ethical standards (child labor, forced labor, compensation and working hours, discrimination)
- Health and safety
- Business continuity planning
- Improper payments/bribery
- Environment
- Dialogue with business partners.

Its rollout is underway and will be supported by an e-learning program for procurement staff and with face-to-face seminars. The Supplier Code of Conduct will form part of new procurement contracts and existing long-term framework agreements.

4.0 Employees

our employees are our future

We are always forging new ways to make our businesses even healthier, safer, and more interesting places for the over 500,000 employees of Deutsche Post World Net. Why? Their motivation and their engagement are important to us.



Actions:



Key Issues:

Every day, around the globe, we strive to be the first choice for our customers. Our employees are the engine driving toward this goal. It is their engagement that brings us customer loyalty and guarantees our success. For this reason, we afford them training and development opportunities and support them as they undergo the attendant change. We shape our working environment as attractively as possible, and go about managing health and safety risks in a professional way. Our executives are our role models, helping our employees as they undergo the cultural change brought about through the First Choice Group initiative. Our employees are actively involved in what we do; we value their opinions and ideas. We cultivate a respectful and constructive way of working together with trade unions and works councils. In sum, we forge new ways so that every last employee is "first choice".

reduce accidents
DHL

Make it global
Deutsche Post

Train young people
DHL

Employee Survey findings
Postbank

Recognize accomplishments
Postbank

Be a good listener
DHL

Cross-Cultural Communication
Postbank

Be first choice employer
Postbank

Enhance health awareness
Deutsche Post

up EC



Our Record:

We have:

- Conducted global employee opinion surveys in 2006 and 2007 and introduced new programs
- Expanded vocational training opportunities
- Trained young people and facilitated their entry into the world of work
- Instituted a health guideline for early detection and prevention of health risks
- Informed our employees about traffic safety and campaigned for defensive driving
- Expanded Idea Management to other Group units.



Targets:

- Continue to actively involve our employees in our First Choice and "GoGreen" Group initiatives
- Regularly conduct employee surveys, producing measures for improvement and development
- Expand our activities to promote good health and present a health award
- Expand our road safety initiative to additional topics and language versions
- Position our Idea Management program on a broader international base.

4.0 Introduction

Our employees are the engine driving our global business.

Over 500,000 employees are out working for our Group every day. They are the engine behind our business. They shoulder the responsibility for our customers' success every day. They master complex processes, while guaranteeing good service and high quality. They initiate innovations.

Together with our employees and with the help of our First Choice Group initiative, we are making sure that our services are strictly oriented toward the needs of our customers. The motivation, development and well-being of our employees are at the forefront of our work in personnel. After all, only engaged, qualified, and healthy employees can successfully meet the challenges set by the markets, today and in the future.

First Choice is reflected in the guiding principles of our work in personnel:

- We support our executives and develop persons of talent
- We develop the creativity, capability and skills of our employees. We make it clear that we are investing in a shared future.
- We show appreciation to our employees, we take their opinions seriously and we acknowledge special contributions.
- We smooth the way for good health and safety on the job, everywhere.
- We are careful on the road and, by being so, promote traffic safety.
- We develop and reward employees who show an innovative spirit, because every good idea moves our business that much further forward.
- We cultivate open and constructive cooperation with employee representatives.

Our executives take a great measure of responsibility for business success and serve as role models in such matters as mastering the needed change processes. To do so, they make use of proven tools and measures throughout the Group. These include training and promotion programs, idea management, employee surveys and occupational health and safety programs.

Some examples are:

- A global employee opinion survey which we use to determine strengths and weaknesses in leadership, employee satisfaction, customer orientation, teamwork and sustainability, among others, and to measure progress
- Development and training opportunities, available to all employees
- A variety of training professions and opportunities for young people
- A global health management program focussed on prevention
- The European traffic safety "Global Road Safety Initiative", which we were the first global logistics company to sign on to
- An exemplary idea management program, which we use to tap the creative potential of our employees.

In our personnel work, we are guided by the principle: "As decentralized as possible, and as centralized as necessary". We see this as the key to efficient and successful personnel management for a complex, large corporation with strong corporate divisions.

For us, the ongoing involvement of all of our employees is an important factor in our success. We encourage mutual support and learning from one another. We organize networks and platforms that make it easier for our employees to pass along good examples of measures that have worked for them and, by so doing, promote the transfer of knowledge and experience.

The cultural change that has been driven forward by our First Choice Group initiative is something that we cultivate every day, particularly in the way our executives and employees deal with one another and with our customers. This is another approach to forging new ways to support, reinforce and inspire our employees in their work. Being First Choice for our customers is not only our compass here, it is our goal.



Executive development and cultivation of talent

First Choice is bringing about a fundamental change in our Group, our culture and our way of working. Its success depends on the quality of our management. For this reason, we provide our executives with targeted development opportunities and unceasingly encourage talented individuals.

Our Group-wide executive performance management system, "motiv8", facilitates early identification of promising individuals. We make systematic use of the motiv8 results for succession planning. At the heart is the annual assessment of executives, by a qualified management committee, using eight core competencies. We also make use of the 360° feedback tool. For career prospects identified in this way, development measures are agreed to and implemented. Our goal is to fill the bulk of our management positions with our own people.

Building upon motiv8, we have set up targeted executive promotion programs. With the International Business Leadership Program, we offer our executives working internationally the opportunity of systematically establishing cross-divisional, internal networks, familiarizing themselves with Group business strategies and further developing their own management qualities. Since 2006, selected executives can also pursue an Executive Masters of Business Administration (EMBA). Taken outside of working hours, the course of study covers general management, logistics and finance. Twelve young executives from different corporate divisions were awarded their degrees in 2007.

International talent programs round out our programs for the promotion of promising individuals. We are working at increasing the numbers of women in our Group who occupy management positions. We first introduced our Mentoring Program for Women in 2002 in Germany, and it was successful. We expanded it internationally starting in 2007. Also in 2007, we focused on helping middle management employees to take on new tasks within the Group with our "activ8" program.

Next steps

In 2008, we will:

- Develop a holistic management model for Deutsche Post World Net, based on our Corporate Values and First Choice
- Streamline our link-up between motiv8, the findings of the "Every ONE counts" Group-wide Employee Opinion Survey, and our management and talent programs
- Continue to improve upon our tried and true promotional and development programs for executives and talented succession candidates.

4.0 New ways to develop and promote employees



We reward the creativity, capabilities and skills of our employees. We make it clear that we are investing in a shared future.

We want to be first choice in everything having to do with personnel. We want to be the top employer for prospective applicants and employees alike. This is why, as an international corporation, we need to have tailored solutions in place for all of our corporate divisions. This is why we put a special focus on personnel planning and marketing, integration, and employee promotion and development.

Employer image and personnel attraction and retention

As a worldwide logistics company, with a great need for staff, we must be sure that we detect global changes in the business and demographics of individual regions early on, position ourselves as employers and meet these challenges on a timely basis. For this, not only do we forge traditional ways, but we also follow new ways of personnel marketing and personnel attraction and retention.

We operate a broad cooperative network with national and international universities as well as with scientific institutions. For example, in recent years we built up our work together with internationally leading business schools in the context of our MBA Internship Program, creating a platform geared toward winning top international talents and positioning the Group as an attractive employer. Our goal is to attract students who will be future Deutsche Post World Net managers, contributing new ideas and putting them into practice. With this in mind, over 250 MBA students have already concluded an internship. Also, together with the international AIESEC student organization, we have regularly welcomed university graduates and entry-level employees as trainees or interns.

In addition to the traditional media, we have also had success on the Internet, a tool that speaks to young target groups. "Global Job Watch" on the Internet and "Global Job World" on our internal Corporate Intranet are fitting and successful recruiting channels. Not to mention that, for our Internet career portal (www.dpwn-career.com), we again took first place against the European benchmark for the "Top Employer Web Benchmark 2007", sponsored by Potential Park Communication, the Swedish market research institute.

We provide rapid and focussed orientation to new employees. Over and above local introductory events and e-learning programs such as "e-Induction", since 2007 we have been able to educate all new employees about our Group and its corporate divisions, not only over the first few days and weeks, but later as well. This is thanks to our new portal, "First Steps". For newly-hired executives, the "Step In" introductory conference offers the opportunity of setting up a cross-regional network within the Group.

We also run image campaigns, which heighten our reputation as an excellent international employer. In particular, 2007's "Vote for your favorite mail carrier" campaign was very successful in Germany. The campaign entailed looking for the 1,000 "mail carriers of the year". These were "found" or, more accurately put, elected by 3.2 million federal citizens. This shows that our mail carriers have a huge fan club of their own and that our customers appreciate their engagement.

Apprentices and trainees	2005	2006	2007
At Deutsche Post AG (as of December 31)	3,496	3,223	2,894
- women (%)	37.9	36.6	36.6
- men (%)	62.1	63.4	63.4
At Deutsche Post World Net (including Deutsche Post AG) ¹ (annual average)	4,604	4,878	4,469
- women (%)	40.5	35.1	36.1
- men (%)	59.5	64.9	63.9

¹ These figures include apprentices and trainees working both in Germany and for the Group worldwide. (The data for apprentices and trainees according to gender were surveyed from Deutsche Post World Net companies in 2006 and 2007. Mapped are 99.7% (2006: 89.3%) of all employees (head count).)



Training

In Germany, we go by the proven system of dual vocational training. We hire around 2,300 young people every year (apprentices and interns) in widely varying professions, and have committed to take on at least 30% of them after successful completion of the program. We also made it possible for quite a number of other apprentices to get their careers off the ground in our Group. This sometimes meant placing apprentices in professions they had not trained for or offering part-time employment.

We introduced a development program for high-performing apprentices in 2006, the Top-Apprentice program. The goal is to attract, develop and retain high-performers. The best five percent of all apprentices and students of universities of cooperative education participate in their respective training professions. The program encompasses joint events and targeted development measures, both on- and off-the-job, and participants are guaranteed placement when the training is over.

Some of the training entails educating our apprentices on the importance of tolerance and openness in working together. To address this, last year we restructured our MIDEAL program. "MIDEAL", a German acronym standing for "Living together at work", stresses the importance of non-discrimination and freedom from violence. MIDEAL also supports the ongoing personal development of the apprentices. As a way of making a stand against discrimination and violation of human rights, in 2007 we also conducted our fourth "Human Rights Campaign Day".

Every year, as part of the "PIA" vocational training project initiative, we award a prize for the best apprenticeship projects in the Group in Germany. The contest pits Deutsche Post, Deutsche Postbank and DHL apprentices against one another, and the contestants develop key qualifications in the process. They learn to broaden their horizons and to strengthen their sense of identification with Deutsche Post World Net. We also train young holders of German junior high school diplomas to be specialists in courier, express and postal

services; in other words, to become letter, small packet and parcel carriers. A survey of the German Confederation of Trade Unions (DGB) yielded a high level of satisfaction on the part of the apprentices.

"*Perspektive Gelb*" is one way in which we help to provide young people with their first qualifications. *Perspektive Gelb* was developed by the business community in response to the German government's Training Pact. We give young people who are experiencing difficulties getting their start in business a chance by means of a six- to twelve-month internship as a carrier for courier, express, and postal services. The success of this measure can be clearly seen by the fact that almost 90% are then hired.

Employee development

We are a "learning company". Our employees receive an abundance of opportunities to improve and to update their skills and knowledge. But we also make channels and platforms available, by means of which our employees can contribute new ideas to benefit our Group.

We would like to underscore here the many electronic options that supplemented our traditional on-site seminars in 2006 and 2007. These took the form of on-the-job training and met with good results. Our employees throughout the world can study online around the clock, thanks to the "Learning in the Net" and "mylearningworld.net" e-learning platforms. Last year, we also backed up specific Group initiatives with the help of tailored measures. These included First Choice, "EBIT After Asset Charge", and "Code of Conduct".

An innovation in human resources development in 2006 was the "House of Finance" program, a comprehensive catalogue of training courses, with specific modules for managers and experts working in the finance area. The topics range from general skills, such as presentation techniques and intercultural competencies, to financial topics, such as controlling and accounting, through to executive-level programs. House of Finance was honored in 2007 with the Training Initiative Award, jointly sponsored by the Otto-Wolff Foundation, the German

We value our employees, take their opinions seriously and give acknowledgement for exceptional performance.



Training at Deutsche Post World Net	2005	2006	2007
Annual training hours per full-time employee	10.8	10.6	12.6 ¹
Annual training costs per full-time employee (in €)	489	475	461 ¹

¹ Increased training hours and the accompanying decrease in training costs are directly correlated with the utilization of e-learning. (The data for training were surveyed from Deutsche Post World Net companies in 2006 and 2007. The data collected on training hours covered 63.2% of all employees (FTEs) of Deutsche Post World Net in 2006 (2007: 60.4%). The data collected on training costs covered 47.0% of all employees (FTEs) of Deutsche Post World Net in 2006 (2007: 40.5%).)

Chamber of Commerce and Industry, and *Wirtschaftswoche* business magazine.

Next steps

In 2008, we will:

- Intensify our work with universities for attracting future executives
- Pursue our International Mentoring Program in support of women in management positions
- Launch the "Discover Logistics" business simulation, the first worldwide plan game on the Internet with several thousand projected participants
- Expand the mylearningworld.net e-learning platform internationally, adding numerous courses, both specific to the Group and standardized, in various languages
- Roll out the Group-wide activ8 talent program, a showcase for future executives from the middle management ranks, to the appropriate audience in Germany, Austria and Switzerland
- Develop and implement the "House of HR" program, based on the successful House of Finance
- Further develop our tools for evaluation of demographic risks confronting our Group; pilot in selected regions and corporate divisions.

Every employee counts

It is important for the further development of the Group to understand what each individual thinks and feels about his or her work and the company. For this reason, the Corporate Board decided that the first Group-wide employee survey would be conducted in 2006, to be repeated every two years.

Called "Every ONE counts", in 2006 our employees around the world spoke out in this survey for the first time about employee engagement, customer orientation, teamwork, active leadership, openness and communication, sustainability, the future of the company, First Choice and HR development. An employee survey was also conducted in most corporate divisions in 2007.

The results were indisputable. The greatest strengths seen by employees are those of customer orientation and teamwork. For employee engagement, an important measurement reflective of performance motivation, satisfaction and employee retention, the range of responses within the Group was significant. The strongest influence factor on employee engagement turned out to be the extent to which employees believe in the future of the company.

The Employee Opinion Survey yielded differentiated findings. These were discussed locally with employees, and conclusions were drawn. Based on employee responses, the corporate divisions then developed follow-up measures. This shows our employees that we take their opinions very seriously. We are quite proud of having recently won the Hewitt "Best Employer" award in Turkey, to name but one example.

Next steps

In 2008, we will:

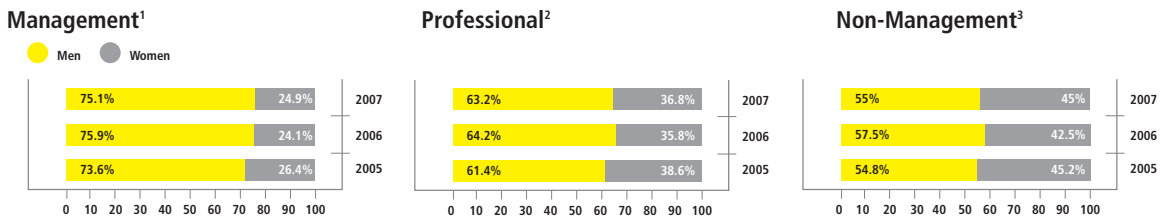
- Repeat our worldwide Employee Opinion Survey, and improve the link-up of the resulting key performance indicators with our motiv8 executive development measures
- Be even more systematic in linking the specific follow-up measures within the corporate divisions with personnel tools and strategic initiatives
- Take on indicators resulting from the Employee Opinion Survey as variables for executive target agreements.



Employees around the world	2005	2006	2007
Total headcount at year-end	502,545	520,112	536,350
Percentage deviation year-on-year (%)		3.5	3.1
Total full-time employees at year-end¹	455,115	463,350	475,100
Percentage deviation year-on-year (%)		1.8	2.5
By region			
Europe	330,785	326,099	324,869
North, Central, South America	74,122	81,175	87,185
Asia-Pacific	41,311	46,948	51,852
Other	8,897	9,128	11,194

¹ Excluding apprentices and trainees.

Employees by gender (2005-2007) annual average



¹ Management employees have formal responsibilities for such matters as discipline and performance management. ² Professionals typically perform analytical, conceptual or creative tasks. ³ Non-Management employees typically perform administrative tasks or ones requiring physical exertion. The data on employees by gender were surveyed from Deutsche Post World Net companies in 2006 and 2007. For 2006, these data covered 65.2% of all employees (headcount) of Deutsche Post World Net (2007: 63.0%).

4.0 A healthy and safe workplace

We smooth the way for healthy and safe workplaces in all the regions in which we operate.

We create a working environment for our employees that is conducive to good health. In doing so, we lay the groundwork for strong customer orientation in our company.

Global health management

Since November, 2007, the framework for our Group-wide health management has been our Corporate Health Policy. It provides us with a common understanding of how to promote good health among our staff, while paving the way for a preventive and forward-looking health policy for our Group.

The guideline is based on recognized, international standards and treaties. These include the UN Global Compact, the Global Strategy On Occupational Health For All and the Declaration On Workers Health of the World Health Organization, the Ottawa and Bangkok Charters for Health Promotion of the World Health Organization, the ILO conventions on health and safety at work, as well as the Luxembourg Declaration on Workplace Health Promotion.

We particularly undertake to:

- Promote the health of our employees and motivate them to lead healthy lifestyles
- Enhance the performance and professional qualifications of our employees; retain our employees
- Integrate employees with disabilities into the work routine, to the extent of their capabilities, and
- Live up to our responsibilities in the case of a health emergency, especially by providing know-how.

The Corporate Health Policy also affords us a Group-wide framework for collecting health and safety data such as sickness and accident rates. This ensures transparent reporting, while providing an exact picture of the occupational health and safety situation within our Group. We established a customized platform for our Corporate Intranet for purposes of open communication, promoting dialogue throughout the Group and exchanging experiences regarding occupational health and safety.

We also work with numerous governmental and non-governmental organizations and support various initiatives.

We are an active member of:

- Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria
- Enterprises for Health ("Unternehmen für Gesundheit")
- Occupational Health Working Group
- Network against Colon Cancer ("Netzwerk gegen Darmkrebs e.V.")
- The INQA demographic network ("INQA-Demografie-Netzwerk")
- Board of Trustees of the German Heart Foundation ("Kuratorium der Deutschen Herzstiftung")
- Health initiatives of the European Policy Center

In 2007, we sponsored:

- "Race for the Cure" charity run - Germany and USA - of the Susan G. Komen Breast Cancer Foundation

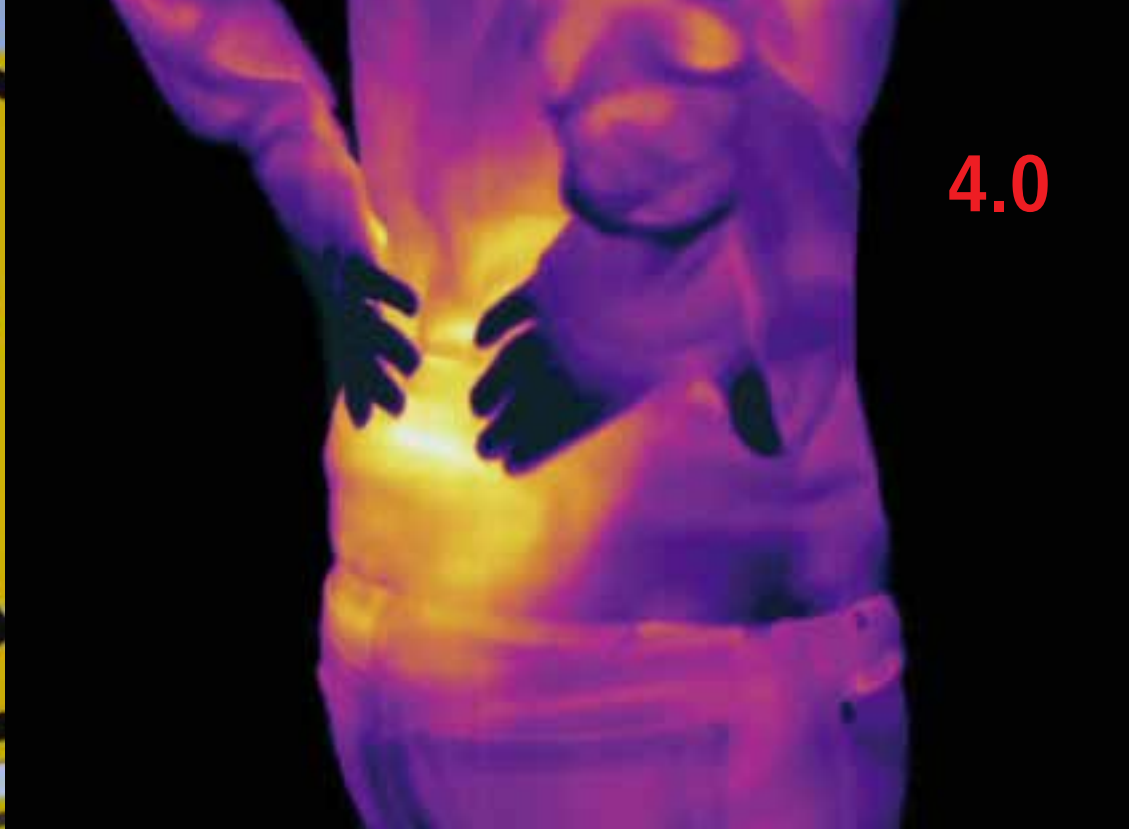
Germany is a role model

We have introduced a highly respected health promotion system in our German home market, receiving strong recognition since 2005 and landing us at the top of our peer group.

We have received numerous awards for our health management:

- 2005 - No.1 in Germany, *Capital* magazine rating
- 2006 - No.1 in Germany, *Handelsblatt* rating
- 2007 - No.1 in Germany, *Handelsblatt* rating

We actively manage health and safety risks, providing regular information about classic occupational health and safety for avoiding accidents and illnesses, as well as about leading a lifestyle conducive to good health.



In 2007, at the heart of our annual information campaign, we asked general questions about health and safety:

- The medical assessment of the risk of heart attack among 11,500 employees
- Information about "Traffic safety for children" and "Nutrition, addiction prevention, sport and stress management", reviewed on the occasion of our 2007 "Family Day" at our corporate headquarters.

Our employees can be examined by our company doctors and receive consultations. For questions concerning safety, they can consult our occupational safety and dangerous goods specialists. Our health management in Germany is certified in line with ISO 9001:2000.

Good examples, around the world

Our Corporate Health Policy is being systematically introduced in the regions; in many places, health programs have been in place since 2007.

- DHL Express Asia-Pacific** - the regional office conducted examinations on the occasion of World Health Day 2007
- DHL Express Brazil** - conducts a program for prevention of muscular-skeletal complaints and to do workplace gymnastics
- DHL Express Estonia** - conducts a "health week"
- DHL Japan** - develops "accident-free calendar" for drivers
- DHL Exel Supply Chain UK** - promotes the reintegration of sick employees into the workplace with a comprehensive occupational-medical rehabilitation program
- DHL Express USA** - promotes our employees' good health with the "DHL Well Program"
- DHL Express Singapore** - starts the "Healthy Lifestyle" initiative
- DHL Express South Africa** - organizes a comprehensive program for HIV/AIDS protection
- Corporate Headquarters in Germany** - refines our worldwide "Executive Health Program".

"Supersafe" on the road

Day after day, thousands of employees are on the road for our company, in transporters, trucks, cars, on bicycles, and on foot.



Local health and safety promotion activities operating across our Group are diverse. DHL Japan's "Zero Accident" calendars are filled in by drivers: days accidents occur are red; zero accident months result in rows of black text on the walls. DHL Express Asia-Pacific regional office offered over 130 health screenings to employees to mark World Health Day 2007. Our businesses around the world raise awareness about AIDS for employees and in the communities where we operate. This included distributing over 24,000 condoms and providing over 600 confidential employee testing and advice sessions in 2006 alone. We also ran local press announcements in Zimbabwe, and funded education with a women's AIDS group in Kenya.

We consider these people and everyone on the road with them to be our responsibility. For this reason, we adhere to strict safety standards in providing our services.

In 2006, we were one of the first large logistics companies to sign the European Road Safety Charter of the European Commission. By so doing, we underscored our commitment to greater road safety. In 2007, we made road safety an element of First Choice and introduced the Global Road Safety Initiative as a way of promoting safety in road traffic.

In our commitment to the European Commission, we set ourselves four goals:

- Every year, to provide at least 50,000 of our employees in the EU who are professionally on the road with road safety assistance by means of informational and training events
- To inform at least 150,000 of our EU employees and their families about road safety topics through publications in our internal media
- To introduce the Deutsche Post World Net Road Safety Code throughout the Group
- To support awareness of the Deutsche Post World Net Road Safety Code by way of targeted communication.

With new programs, we are prepared to anticipate global health challenges.

With the launch of our seven-point, comprehensive Road Safety Code in 2007, we met all of these goals. Throughout the year, we communicated each rule one-by-one with a "superheroes" campaign and its broad appeal. We distributed over 1.5 million flyers, brochures and posters in Germany and Austria alone, with motifs tailored to the topic. We translated the informational material on the initiative into thirteen languages, and published information about it on our Corporate Intranet. Additionally, we informed around 76,000 employees in Germany in the course of road safety events.

Under the umbrella of our Group-wide campaign, subsidiaries from around the world have launched their own initiatives for heightening safety on the road.

- **Costa Rica:**
DHL Express conducted an internal campaign, which was extended to general instruction in local schools on traffic issues.
- **Finland:**
With the proceeds from the sale to a recycling company of used wooden pallets, DHL Express financed 140 traffic safety vests for schoolchildren.
- **Hong Kong:**
DHL employees took part in vehicle and scooter driver information events.
- **Poland:**
DHL Express supported the "Road Safety Partnership" and took an active part in the first "United Nations Global Road Safety Week".
- **Sweden:**
DHL Express presented an exhibition by the Swedish traffic safety authorities – *Vägverket* – on the topic.
- **Serbia:**
DHL Express repeated its "Defensive Driver Trainings" for all employees professionally on the road.
- **Taiwan:**
DHL Express acted to sensitize its employees through a program featuring comprehensive coverage of road traffic risks.

Pandemic protection

Prevention is an important aspect of our health strategy. It is important to us to ensure protection against such worldwide risks of illness as those ensuing from a further mutation of the influenza virus. For this reason, we have established concrete pandemic plans division-wide, which we systematically refine and update. We do this to protect our employees and their families from the dangers of infection and, consequently, to maintain the best possible functioning of the organizational units and our ability to do business in the case of a pandemic outbreak.

We established a cross-divisional Pandemic Steering Team, which in turn developed informational and educational documents for the attention of our employees. In these documents, we provide counsel as to how the risk of infection can be recognized and objectively evaluated, as well as how to protect employees, customers, and the general public from further infection in the event of an infectious outbreak.

Next steps

In 2008, we will:

- Expand our work together, with the goal of minimizing the effects of global health risks within the Group
- Award incentives and prizes for exceptional examples of health and safety promotion within the Group
- Make exceptional examples of health promotion within the Group accessible to all employees via the Corporate Intranet, thereby reinforcing the exchange of knowledge and experience
- Further advance the Road Safety Code, produce more materials in more languages and further elaborate on the topic
- Drive efforts toward the minimization of pandemic risks further forward
- Further improve the international and systematic recording of accident and sickness rates, starting in 2008.



4.0

Occupational health and safety (Deutsche Post AG)	2005	2006	2007
Number of accidents with more than one day off, including accidents on the way to work ¹	12,997	12,824	11,555
Rate of accidents per 1,000 employees ⁴	69	70	63
Number of days off due to accidents during full calendar year	265,904	280,351	242,053
Average number of days off per accident ⁴	20.5	21.9	20.9
Number of work related fatalities ²	3	2	3
Sickness rate in % ^{3,4}	6.5	6.2	6.4

1. The decline in accident figures between 2006 and 2007 is related to the introduction of our Global Road Safety Initiative in 2007. 2. All fatal accidents occurred in traffic. 3. In 2007, we changed our calculation of sickness rate by considering part-time employees as full-time employees and deducting weekends, holidays and vacations. This resulted in a higher sickness rate than that of the last report. 4. Annual average

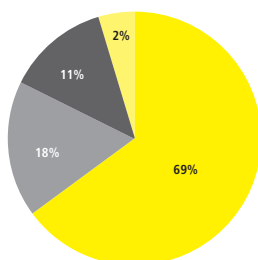
Work/life balance (at Deutsche Post AG) as of December 31	2005	2006	2007
Maternity/paternity leave days taken (headcount)	3,928	3,604	3,168
Other family leave days taken (e.g., unpaid holidays) (headcount)	3,400	3,112	2,868
Part-time employees (headcount)	61,382	65,068	69,823
Part-time employees in %	33.1	35.8	38.5

The reduction in leave days taken can be directly correlated to the increase in part-time employees, who are largely ineligible for similar benefits.

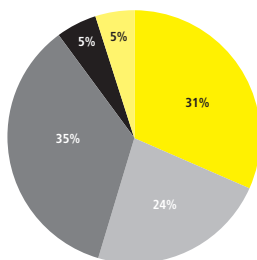
Employees with disabilities (at Deutsche Post AG) as of December 31	2005	2006	2007
Total employees	10,159	10,514	10,976
Proportion of total DPAG employees %	6.09	6.50	6.83

Rate is according to the Schwerbehindertengesetz (German Disabled Persons Act).

Employees by region (2007) Full-time employees as of December 31	Employees by corporate division (2007) Full-time employees as of December 31
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- Europe
- North, Central and South America
- Asia-Pacific
- Other Regions



- Mail
- Express
- Logistics
- Financial Services
- Services

4.0 Innovation starts with an idea

We promote and reward innovative employees, because every good idea drives our business forward.

Idea management (Deutsche Post World Net) (as of December 31)	2005	2006	2007
Savings per employee in €	460.19	521.81	479.53
Number of suggestions for improvement	200,184	210,588	201,832
Number of accepted suggestions	143,202	187,489	178,187
Total benefit in € millions	86.1	271.4	257.2
Total costs in € millions	12.3	12.8	12.0

Note: Our calculation of benefits in euros (€) was converted in 2006 to benefits per month. This increased the value of benefits per employee. Beginning in 2006, savings per employee was calculated on a Group-wide basis. Prior to that, as reported in the previous sustainability report, Deutsche Post AG served as the frame of reference. The figures reported here are for Corporate Idea Management, and do not take Group companies into account which operate their own, unaffiliated idea management systems.

What First Choice means to us is continuous introduction of improvements. We therefore systematically retrieve the huge potential that lies in our employees' knowledge, gained through years of experience combined with their own individual skills. We use such potential to bring about specific improvements to our business.

We have established certain basic conditions that serve to motivate our employees to think beyond the processes to which they have become accustomed, and to contribute their own, new ideas. We introduced a re-worked idea management system back in 1999. This motivational system is the leading one of its kind in Germany and, since being restructured, has also been expanded internationally.

In 2007 alone, over 200,000 ideas from our employees throughout the world have led to savings of €257 million. Whether from individuals or small groups, all ideas are recorded, evaluated and communicated internally through our Idea Management system. This is the special strength of the system, because this is also the path to significant improvements in our business as a whole.

Our mid-term targets for Idea Management for the Group as a whole are:

- A minimum of one suggestion for improvement per employee per year
- At least €270 million in savings from suggestions for improvements, and
- Expanding Idea Management to all regions.

We reached our goals in 2007.

Ideas with potential for change

Ideas range from small changes that make a big difference through to patentable inventions. They all have one thing in common: the ideas come from employees of Deutsche Post World Net, they improve processes, they save money and, frequently, time as well - and they motivate us to forge new ways, now and in the future. We reward good ideas based on a pre-set compensation model.

Water extinguisher – Deutsche Post AG, Germany

An employee of Deutsche Post AG was the most successful proponent of ideas implemented in the Group in 2006 and 2007. Over this period, he submitted over 2,000 ideas, with a total calculated financial benefit of over €978,000. His winning proposal for 2006 was to use water instead of the more expensive foam extinguisher for fire protection exercises. We implemented this idea, which generates €50,000 in annual savings.

"Icebreaker" – DHL Network Europe, United Kingdom

The winner of our 2007 "International Idea Management Award" had a simple suggestion, on the face of it. He thought that ground staff rather than the pilots should decide on whether (DHL) planes should be de-iced before take-off. Because, as he rightly surmised, the ground staff are in a position to decide far earlier than the pilots as to whether de-icing is needed and, on that basis, can start the process faster. Implementing this change cut de-icing delays by 85% and saved €480,000. We are actively looking to replicate this prize-winning idea across all air hubs in Europe and the USA.



4.0

Air freight straps - DHL Network Control Group, Belgium

It occurred to one of our employees that we were losing or wasting most of the straps used to secure air freight shipments. He had the idea of recalling and "recycling" straps instead of buying new ones for every shipment. A single recall saved 600 straps, 15 nets and over €7,500. We see this to be an idea that is so promising that it could also be introduced in other dispatch centers.

Virtual postage stamps – Deutsche Post IT Services GmbH, Germany

The "mStamp" is the virtual stamp that comes from a cellular (or mobile) phone. People who can't find a stamp can send an

sms from their cellular phone to a specified number stating how many stamps they want. Within seconds, a stamp ID number is returned that can be handwritten onto a letter or postcard. Business customers in Germany have already expressed interest in this new business idea.

Next steps

In 2008, we will:

- Further expand the Idea Management tools and tap the creative potential of our employees for the success of GoGreen (see pages 18-25) and First Choice
- Run an idea contest around climate and the environment
- Reach a higher consciousness of environmental matters in our operations and sensitize people to imminent environmental certification (DIN EN ISO 14001).

Reaching a global workforce: employee representation

Respectful and constructive work with our elected employee representatives is important to us. That is why, based on conditions and practices particular to given countries, we work actively with trade unions and works councils.

With our Code of Conduct, we have accepted the basic principles of the United Nations' Global Compact and the International Labour Organization for Deutsche Post World Net. We respect human rights within our area of influence and operate our businesses in such a way that makes us exemplary as an employer. We respect the basic principles of the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, in accordance with national laws and practices.

We promote social dialogue within the European Economic Area. We have established our own forum of works councils – the Deutsche Post World Net Forum. In it, cross-border European matters are heard and discussed. The Forum is a joint committee, composed of employee representatives (the European Works Council Forum) and management representatives (the European Management Forum). This joint structure facilitates direct and open communication, which is very important in light of our Group's growth and the attendant changes in conditions.

Deutsche Post World Net is also represented on the European Social Dialogue Committee for the postal sector. This committee, comprised of representatives from postal organizations and trade unions, was constituted by the European Commission upon the joint application of the European social partners. In the Committee, social topics with possible impact on the postal sector are analyzed and evaluated. It also serves as a link between postal organizations and trade unions. The special focus is on the development of the postal sector, the development of training and competence, social responsibility in corporations, accident prevention and exchange with other sectors. An example of our work on this committee is the regulation of working and rest times for European truck drivers that took effect in April 2007.

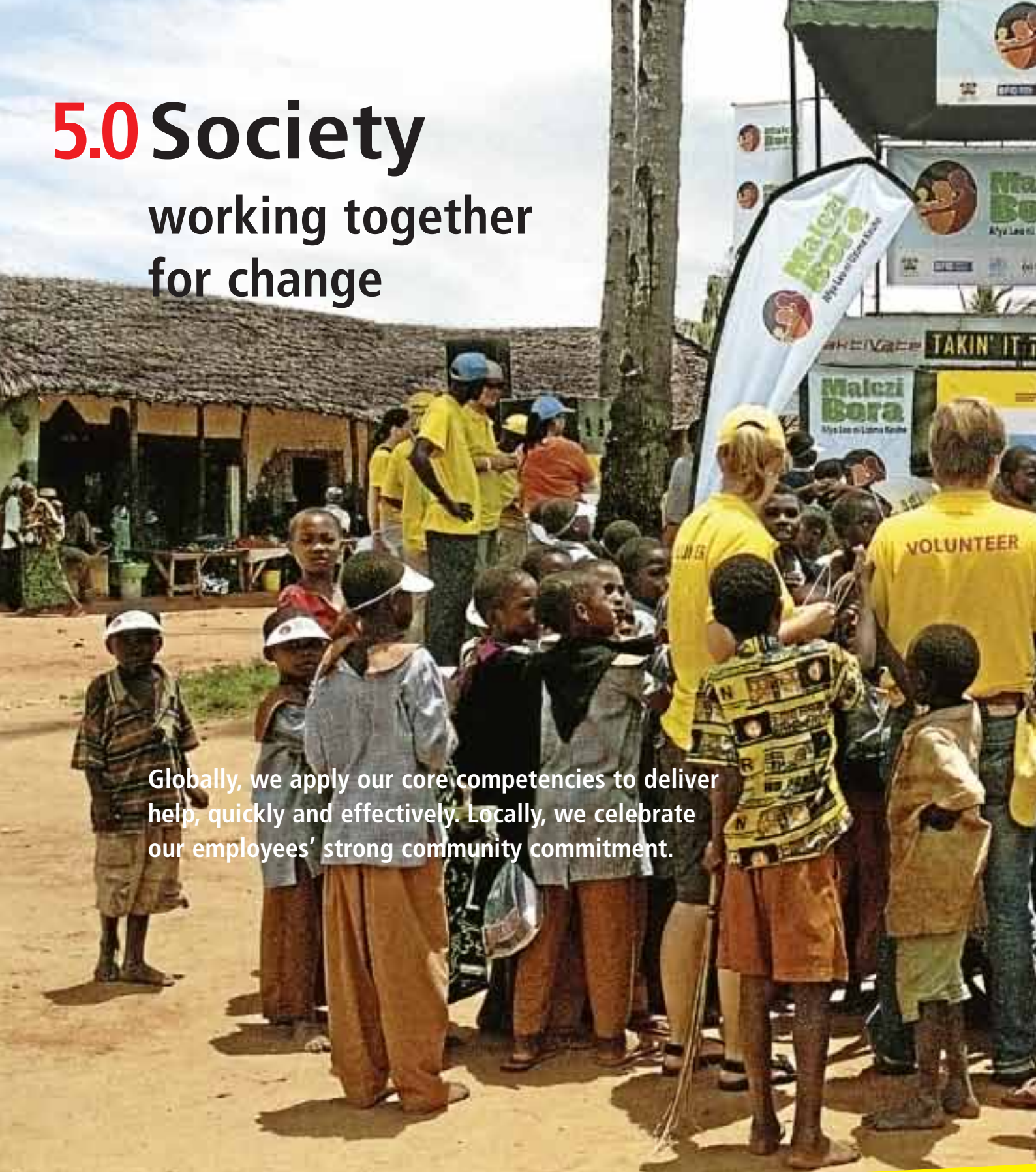
Next steps

In 2008, we will:

- Continue our active involvement in social dialogue on the European level
- Act on and refine specific agreements with the European works councils in the Deutsche Post World Net Forum.

5.0 Society

working together
for change



Globally, we apply our core competencies to deliver help, quickly and effectively. Locally, we celebrate our employees' strong community commitment.

Actions:



Key Issues:

Uniquely equipped with know-how and transport infrastructure to get life-saving supplies through busy airports or difficult terrain, we respond to global disaster and development challenges. We also support our employees' tradition of working for local causes because they know the needs on the ground best. We want to give them the freedom, and the resources, to respond. Over time, we will benefit from the goodwill that underpins our license to operate, as well as the employee motivation and pride that community investment fosters.



Our Record:

Working with the United Nations, we have delivered:

- Expert volunteers and in-kind donations for disaster response, within three days, anywhere
- A concept to prepare airports for disaster
- Mosquito nets that helped cut Kenyan child malaria deaths by 44%.

Our people invested our expertise and logistics resources in hundreds of local projects.



Targets:

In 2008, we will be:

- Ensuring our DRTs remain ready for action worldwide
- Offering disaster preparedness training for airports in at-risk countries
- Expanding our child survival and development support to other African countries, Asia and South and Central America
- Developing instruments to foster our employees' local engagement world-wide in a sustainable manner.

5.0 Responding to disaster, anytime, anywhere

In times of disaster, airports can turn from a lifeline into a bottleneck. We are uniquely placed to deliver help.

When a major sudden-onset natural disaster strikes, airports are a lifeline through which humanitarian organizations and governments send large volumes of essential water, food, medicine, tents, blankets and other basic supplies. However, airports sometimes do not have the manpower, storage capacity and routines in place to unload and transport this volume of shipments. As a result, they sometimes cannot get these supplies out to surrounding regions quickly enough.

We have committed ourselves to support international humanitarian response missions. It is our key objective to reduce bottlenecks at airports. We do this through a major global disaster program. It offers our core competencies in logistics, our global network and the skills and talents of our people as in-kind contributions to countries responding to major natural disasters.

DHL has supported relief efforts for many years. Our experience and the relationships we have built helped us to further develop and shape our company's contribution. As a result of this long-term involvement, we initiated and launched a global humanitarian partnership in the field of disaster management with the United Nations Development Programme (UNDP) and the United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA) in 2005.

72 hour disaster response to any airport, anywhere

♦By the end of 2007, we established a global network of DHL Disaster Response Teams (or "DRTs"). DRTs are made up of expert employee volunteers and respond to formal requests from UN OCHA and national governments to help ensure that essential relief supplies reach people affected by major natural disasters. The DRT network consists of three regional teams: DRT Middle East and Africa, DRT Asia-Pacific and DRT Americas. DRTs comprise nearly 200 volunteers and are able to respond in all locations that are at high-risk of experiencing a major natural disaster. DRTs have been deployed three times since 2005. ♦

It is important that we ensure that our DRT teams are fully prepared to work hand-in-hand with national authorities and the international humanitarian system - quickly, efficiently and professionally.

♦In cooperation with UN OCHA, we offer comprehensive training for DRT volunteers. All volunteers receive training about disaster situations and working with local airport authorities in their first year in the DRT network. Refresher courses are run every year. A typical training day reviews core activities such as inventory and warehouse management. It also addresses aspects such as security and health, and requires the teams physically to set up a camp of tents and a workable warehouse at an airport. ♦

♦During 2007, we developed and distributed complete standard operating procedures for DRT responses. They cover everything from assessing the gravity of a disaster, through completing a Memorandum of Understanding with a local government, alerting volunteers and managing an airport warehouse, and on to evaluating our contribution after a deployment has finished. These step-by-step procedures help shorten the time it takes to define a DRT's tasks in a country experiencing a major disaster, and to get volunteers on the ground in the critical first days of disaster response. ♦

Thinking ahead – disaster preparedness

Natural disasters often cannot be predicted, but we are convinced that better preparation can save lives. A focus on how to support governments and populations in regions at-risk of sudden-onset natural disasters was a natural step forward in our partnership with UNDP and UN OCHA. During 2007, we held extensive dialogue with UNDP and the government of Indonesia about how to do this. The outcomes of this work are two concepts on disaster preparedness with potential for international application – one promotes forward planning at airports; another raises public awareness about how to prepare better for disasters.

♦Together with UNDP and the government of Indonesia we have developed a training concept to reduce the effects of



5.0

natural disasters over the long term, by preparing airport authorities to improve their response in times of disaster. We have created a training package for local airport staff, guidelines, checklists and systems to help airport authorities and government agencies better plan for relief operations and to help airports better manage shipments when aid supplies arrive. ♦

Also with UNDP, we conducted a thorough study into the conditions in Indonesia that impacted on public awareness about how to prepare for disaster ♦. The analysis covered the probable awareness of different natural disasters (such as hurricanes, earthquakes or volcanic eruptions), the seriousness of their impacts on lives and livelihoods, geography and cultural aspects and the consequences of effective disaster preparedness measures. Based on the analysis, we developed a comprehensive four-year communications plan about earthquakes targeting schools in specific at-risk provinces. Our study identified this as the priority to address, taking into account the levels of awareness among the population, and the high likelihood of earthquakes on the islands.

Next steps

Our work in Indonesia was a focussed effort designed to find a robust approach to disaster preparedness that could be transferred to and implemented in at-risk countries. Going forward, we intend to implement the airport concept in a pilot exercise in a disaster-prone country and draw conclusions about its implementation in other countries and regions.

For our DRT program, our challenge remains to keep our expert volunteers trained and focussed for any future deployments which might occur, with a constant focus on professionalism in handling and coordination in the long run.

We also want to further strengthen our relationship with the international relief community and make use of different platforms, such as the United Nations Disaster Assessment and Coordination Teams (UNDAC) trainings, to share experiences and know-how on disaster preparedness and response.

About our UN partners

The United Nations' Development Programme (UNDP) is the official development network of the United Nations system. It works on the ground in 166 countries, toward solutions to global and national development challenges. Its Bureau for Crisis Prevention and Recovery is developing a center of excellence on responding to, and preparing for, disasters and conflicts. It provides technical assistance, advice and financial resources.

The UN Office for the Coordination of Humanitarian Affairs (UN OCHA) has overall responsibility for ensuring the coherence of relief efforts across the humanitarian community. It chairs the Inter-Agency Standing Committee (IASC), which comprises all major humanitarian actors, including the Red Cross Movement and three non-governmental organization (NGO) consortia. In addition, it runs a 24-hour monitoring and alert system to deploy staff at short notice to disaster areas.

By working with globally authoritative organizations we can make a confident contribution, with the assurance that our contribution is both needed, and effectively delivering what the humanitarian community needs in complex natural disasters.

For more information about both organizations, and how to support them, visit: www.undp.org and ochaonline.un.org

5.0 See our DRTs in action

DRT makes deployment decision

- Liaison with UN OCHA
- Pinpointing logistical assistance at the airport
- Deployment by government invitation.



DRT deploys to airport nearest to disaster

- Up to fifteen expert volunteers deployed
- Warehouse and inventory set up at airport
- Twelve-hour shifts established.



DRT INVOLVEMENT

START UP

Disaster strikes

High need for emergency aid such as medical goods and supplies, shelter, food, and water.

Aid deliveries begin

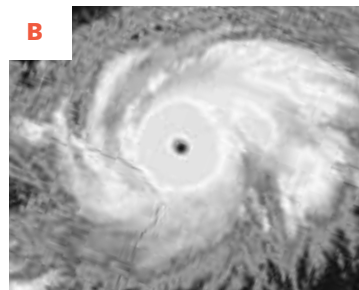
Airports become potential bottlenecks for emergency aid due to capacity overload.



Earthquake response in Peru

DRT Americas
August 2007

Response: On the ground within three days, fourteen DRT members from four countries, together with 25 DHL Peru employees and local helpers, organized warehouses for 2,740 tonnes of supplies from 98 aircraft and 110 trucks. They were immediately shipped to people in the Ica province of Peru.



Typhoon in the Philippines

DRT Asia Pacific
November 2006

Response: The DRT team provided planning assistance to the government-initiated Malacañang Caravan to Mayon Mercy Mission. A convoy of over 240 trucks filled with relief items for the worst-hit areas of Albay, Camarines Sur, Catanduanes and Sorsogon.



Earthquake in Indonesia

DRT Asia Pacific
May 2006

Response: On the ground within two days, fourteen DRT volunteers handled the logistics for 200 tonnes of incoming relief supplies at the Solo Adisumarmo Airport in Java. Over one week they loaded the aid for onward transport to communities in the Yogyakarta and central Java provinces.

DRT manages routine operations

- Around-the-clock unloading, storage, inventory, loading for onward transportation
- Team specialists handle IT, customs, unforeseen challenges.



DRT pack-up phase

- Handover to local authorities, UN and relief agencies
- Ensure the system can run smoothly after departure.



ROUTINE OPERATIONS

PACK UP

TIME

Relief support underway

Huge quantities of aid must be delivered into the disaster zone.

Normalization at the airport

The initial surge of aircraft bringing aid supplies normally decreases to a manageable level.

DRT locations and deployments in 2006 and 2007



5.0 Saving children's lives

Every year, nearly ten million children die before their fifth birthday. With UNICEF we get life-saving health supplies to where they are needed.

A major contributor to the global child mortality rate is that 2.6 billion people (including 1 billion children) do not have access to basic hygiene facilities and medicines. A large number of initiatives and the cooperation of national and international actors is needed to realize the UN Millennium Development Goal to reduce child mortality among children under five by two-thirds by 2015. Reaching children with vaccines, medications, and protective supplies such as mosquito nets would be a simple but effective measure, but cannot be achieved without major financial, logistic and educational efforts.

In 2006, we launched a global partnership with the United Nations Children's Fund (UNICEF). We want to find ways to support UNICEF's efforts by facilitating access to health services in developing countries through enhanced medical logistics, especially with regard to the distribution of vaccines, mosquito nets and crucial vitamins like Vitamin A. Our partnership aims to improve the local health infrastructure, especially the transport and storage of medical supplies. It also raises awareness about simple ways for mothers and children to protect their health.

Fighting malaria in Kenya

Our first action with UNICEF was to launch a three-year pilot program in Kenya in 2006. The kick-off project was to support

one of the largest health campaigns ever in East Africa, run by the Kenyan government. We donated 50,000 insecticide-treated mosquito nets and DHL Kenya assisted in the nationwide distribution of 3.5 million such nets to Kenyan children at risk of contracting malaria♦.

♦Subsequently, we chose to focus on the Kwale district of Kenya, which has experienced very high child mortality rates. With the support of UNICEF and the Kenya Ministry of Health, we conducted a three-month review of the district's medical supply chain. The study examined the entire medical logistics chain in Kwale, including how hospital management tracks the stock of medical supplies, and how medicines and vaccines are delivered and stored in Kwale's three hospitals, five health centers and 43 dispensaries.♦

The study produced a range of quality management and inventory control recommendations which were presented to the Kenyan Ministry of Health serving as an input to the future design of national health interventions. It also identified concrete actions where we could make a difference. For example, funds donated by the Group helped finance Internet access for Kwale hospitals, cooling boxes and 20 solar-powered refrigerators to transport and store medicines, and two motorbikes to facilitate health visits to remote areas. In addition, 20,000 mosquito nets were donated to 56 local

We deliver help in Kenya >>>>>>>>

June 2006

DHL Kenya assists in the distribution of 3.5 million insecticide treated mosquito nets throughout Kenya. Deutsche Post World Net donates 50,000 nets. Our local pilot project to improve social mobilization in the Kwale district, Kenya, kicks off.

October 2006

Ten Deutsche Post World Net volunteers support the UNICEF project at outreach visits to rural communities and by organizing a family health awareness day.

November 2006

DHL delivers UNICEF emergency supplies to Northern Kenya impacted by heavy floods.

December 2006

Two DHL expert volunteers complete a three-month assessment of the supply chain for medical goods in the Kwale district. Among the recommendations are: increased cold storage, more transport capacity, and a way for health workers to check if vaccines have spoiled.



health centers. In October 2006, ten of our employees volunteered on the ground to help improve healthcare in Kwale. The volunteers accompanied health workers on visits to rural communities, for example to promote the correct use of bed nets. They also participated in a health awareness day, where health messages were communicated at a soccer competition.

The first results of UNICEF's work in Kenya are a rewarding and encouraging sign for us. The number of Kenyan children sleeping under a mosquito net increased tenfold in 2006. More importantly, the number of deaths from malaria among children under five fell by 44% nationally (16,000 deaths due to malaria in 2006 compared to 34,000 in 2005).

Supporting health awareness

Since 2007 we have focused our work with UNICEF in Kenya on the mobilization of the Kenyan people on health protection. €200,000 raised by staff was allocated to "Malezi Bora" ("Excellent Childrearing" in Swahili)♦. During June 2007, the Kenyan government, supported by UNICEF, ran the Malezi Bora public campaign nationwide. It gave health advice to pregnant and breastfeeding women, and to children under five, on topics such as vaccinations, malaria protection and vitamin intake.

♦Twelve of our employees volunteered to help. The volunteers assisted the Kwale Medical Officer of Health and community health workers at outreach events, and worked on environmental clean-up exercises to stop mosquitoes from breeding. They also

participated in Malezi Bora road shows to distribute medicines throughout the district.♦

In the wake of the post-election violence in Kenya that started in December 2007, DHL has been supporting UNICEF's relief measures. DHL Kenya volunteered to transport over 1,000 tonnes of relief supplies for UNICEF to camps for internally-displaced people in Nakuru, Eldoret and Kisumu. The tents, medical supplies, educational and recreational material, food and cooking implements particularly benefit mothers and children in the camps.

Expanding the partnership

Following the successful launch of our pilot project in Kenya, we are expanding our partnership with UNICEF to a global level. While our pilot leveraged our medical logistics expertise, a sustained reduction in child mortality can only result from economic development that enables populations to have better access to health care and sanitation. Therefore, we are supporting UNICEF's worldwide program entitled "Young child survival and development". We will be involved in a range of UNICEF projects which besides Africa also address countries in Asia, South and Central America, covering the four core areas of: preventive and curative health care, nutrition, safe water and basic sanitation, and early childhood education. For example, we support UNICEF projects to boost early child education among indigenous peoples in Mexico and Argentina, and to improve care for newborns in India, Bangladesh, and Indonesia.

August 2007

World Health Organization statistics for 2006 report a tenfold increase in children sleeping under bed nets and a 44% drop in child deaths caused by malaria, compared to 2005, in Kenya.

September 2007

Twelve volunteers from Deutsche Post World Net help with the implementation of the "Malezi Bora" child and maternal health roadshow.

October 2007

Deutsche Post World Net employees raise €200,000 to support the "Malezi Bora" maternal and child health campaign.

January 2008

The validation of the "shake test" to identify spoiled vaccines, identified by DHL experts as crucial to improve immunization coverage rates among children, is successfully validated by the World Health Organization. This prepares the ground for an expanded training for health workers in developing countries.

January - April 2008

Following post-election violence in Kenya, DHL Kenya transports over 1,000 tonnes of relief supplies for UNICEF to camps for internally-displaced people. The tents, medical supplies, educational and recreational material, food and cooking implements particularly benefit mothers and children.

5.0 Engaging our people

Corporate social responsibility can only be put into practice by committed people working together

We want to engage our employees in global and local community programs. Their expertise and motivation is crucial for us to live up to our commitment to go beyond philanthropy and "to deliver help". We promote our employees' involvement in society, knowing this motivates our people and increases pride in their work. Our corporate volunteering program opens opportunities for our employees to volunteer in support of our global UN partnerships with UN OCHA on disaster management, and with UNICEF on child mortality. A global fundraising platform aims to promote fundraising across our businesses to support UNICEF.

At the same time, employees initiate and support a wide range of local projects, and we want to play a supportive role in the continued expansion of these grassroots activities. They know their local needs best and how to apply both the company's core competencies in logistics and their personal skills.

Recruiting expert volunteers from around the world

♦ In order to engage the unique core skills of our employees to the benefit of our global UN partners, we have built up two volunteer programs. For our "Expert Volunteer" program, we recruit volunteers who have the personal attributes and technical skills that are essential for disaster response (in the case of our UN OCHA partnership), or medical logistics and development (in our work with UNICEF). Our "Helping Hands" program selects and sends dedicated employees with different business backgrounds and particular skills sets to support UNICEF in the fight against child mortality. In both programs, we actively seek people to apply from all managerial levels, and from all divisions and locations. This generates an additional benefit of fostering collaboration and inter-cultural understanding across our diverse operations. ♦

By the end of 2007, we recruited and trained about 200 expert DHL employee volunteers to respond to disasters in at-risk countries in the developing world. (This supports our partnership with UN OCHA detailed on pages 44 to 47.) Applications through our internal magazines and intranet are open to all employees. We look for team members who are

familiar working in airports, who have foreign language skills and who know first aid, for example. During a deployment, jobs are allocated according to the experience of the individuals in a response team. We have benefited from this expertise in our three deployments during 2006 and 2007.

"Helping Hands" started up in October 2006 when ten volunteers from seven countries and from four of our business units went to Kenya for two weeks. Foreign language skills, exposure to developing country environments, previous engagement in community activities and communications skills are all important to ensure volunteer teams can contribute actively when they arrive at UNICEF program centers. In 2007, interest was high; we received 53,000 hits on our UNICEF volunteering intranet site, and 637 applications to join the twelve person team that supported the implementation of the "Malezi Bora" campaign in Kenya. (see page 49)

Our global fundraising and donation program is an additional platform for our people to engage in society outside the scope of our volunteer programs. It provides employees the opportunity to support our UNICEF partnership by spreading awareness, and using creative means to collect donations. At the end of each year, a global fundraising campaign is kicked off by Group-wide "UNICEF weeks".

All of the 2007 UNICEF "Helping Hands" volunteers actively participated in fundraising events by either giving presentations on the partnership, or by initiating innovative fundraising ideas, such as "Put in a Word", a project where senior managers can donate their external speaking fees.

Promoting everyone's involvement in our communities

In our businesses around the world, our employees have a long tradition of getting involved in their communities. Their activities have been the foundation of our global programs and our commitment to social responsibility as a whole. In our view it is irreplaceable. We know that our employees and managers have an intimate knowledge of conditions, cultural expectations and the most urgent needs in their neighborhood. In the local program, we apply their valuable insights.



Our challenge is to find the right way to endorse, support and inspire local participation. By connecting our community investment ever closer to our core skills, we are a credible partner to charitable and humanitarian organizations, thereby opening up opportunities for fruitful partnerships. Moreover, we are convinced that working toward common themes around the world gives our employees a sense of working together, which in turn can inspire involvement. It also provides a means of presenting and explaining our overall contribution to local communities.

Our local community program is built on the foundation of hundreds of projects initiated at local level that our businesses have shared with us. We find that most projects focus on the needs of future generations (especially in the area of health and education), and on delivering help to people affected by major natural disasters.

Next steps

We have identified a range of measures which we intend to implement throughout 2008. All these measures aim to support the objectives of our CSR strategy and the goals of our global UN partnerships.

We will continue our "Helping Hands Program" in Kenya.

We will inspire even more employees to participate in our global fundraising activities supporting UNICEF by distributing a global fundraising tool kit with concrete ideas and suggestions on how to conduct fundraising initiatives.

For expert volunteering, we will train DRT members regularly in refresher courses and activate experts for specific partner projects according to the needs of our partners.

We will develop new instruments to foster the local social engagement of our employees in a sustainable manner.

Shake test to detect frozen vaccines

We believe identifying and supporting the involvement of expert volunteers increases the chance of finding solutions to practical problems. During 2007, one such example of this came about through our program with UNICEF.

While interviewing health workers in Kenya, our medical logistics experts learned about a problem with wide potential implications. Health centers, trying to prevent sensitive vaccines from spoiling in the heat, often store them at very cold temperatures. At times, they become too cold - and freeze - making them ineffective. Health workers did not have an easy and reliable way to check whether vaccines had been damaged by freezing.

Together with UNICEF and the World Health Organization we decided to support the validation of the 'shake test', a simple test that will enable health workers to see if a vaccine has been frozen or is still viable by shaking the vial. Ten pharmaceutical companies donated vaccines. DHL provided free shipping of the vaccines and financially supported trials. These trials were completed successfully in January 2008. The World Health Organization will train its worldwide health worker network to use it. Preventing the use of spoiled vaccines is a sustainable contribution to reducing child mortality.

5.0 Local action - global reach

As much as our business has expanded into a global business, the scope of our community investment has also grown.

Thousands of our employees around the world volunteer and raise funds for social causes. As volunteers, they contribute their skills in their local communities. Their efforts form the foundation of our global social responsibility program.

During 2007, we brought together managers from our regions and business divisions who are responsible for CSR and co-ordinate community investment. The sharing of experience and ideas within this international CSR network enables new

programs to benefit from experience and ideas of other countries. In addition we encourage employee involvement and the application of our core skills to local needs. Together, we also intend to develop guidance for employees and country managers who want to develop new community investment projects.

Here are seven examples of what we are doing around the world:

Deutsche Post and DHL Germany: Twinkling stars



Deutsche Post employees made the Christmas wishes of 700 children come true. Together with selected day-care centers and the charity, "Robin Good", Deutsche Post asked children of deprived families in Bonn to put their wish on paper stars adorning the corporate Christmas tree in the Post Tower headquarters building. Employees chose stars and bought the presents for the children, or donated money to a central fund to ensure every child got his or her gift. DHL Germany delivered the presents to every child in time for Christmas Day 2007.

DHL Netherlands: Food for thought



At DHL Netherlands, 16,000 employees, together with many suppliers and customers, donated thousands of toys for children whose parents rely on the National Food Bank for daily meals. 150 DHL volunteers in six DHL facilities sorted and packed the toys into gift boxes. DHL Express, Freight and Same Day NL delivered the boxes free of charge to Food Banks across the Netherlands.

DHL Turkey: Recording books



Employees working in DHL call centers use their social and language skills every working day. During the summer of 2006, call center workers at DHL Turkey decided to use their voices for visually-impaired children. 24 volunteers read and recorded 20 books, using reserved space in the DHL offices. Children with visual impairments who live in the area can borrow these books and enjoy listening to them. The books have been distributed to 300 other libraries and associations for visually-impaired people.

DHL Asia Pacific: Young Entrepreneurs for Sustainability (YES) Awards



In February 2007, DHL Asia Pacific piloted the "Young Entrepreneurs for Sustainability Award" in Bangladesh, the Philippines, Pakistan, Singapore and Thailand. The DHL YES Award focuses on unleashing the potential of young Asian social entrepreneurs who are working to realize the UN Millennium Development Goals (MDGs). Social entrepreneurs were invited to participate through advertisements broadcasted regionally on CNN local media and via the Millennium Campaign networks. Five national winners were selected by national juries based on the social entrepreneurs' contribution to the UN Millennium Development Goals. They each received a grant to support their efforts.

DHL Argentina: DHL School Initiative



In response to the severe recession Argentina faced in 2001 and 2002, DHL created the "DHL School: Education for Employees by Employees". Its volunteer instructors are employees from all hierarchical levels, who share their expertise in specific disciplines. Initially an in-house program, it was opened up progressively to employees' families and by 2005 to other local stakeholders. In 2007 alone, over 20 "DHL School" employee instructors taught 255 students.

DHL USA: StormZone



DHL USA sponsored StormZone, an interactive hurricane preparedness and recovery exercise for schools in Florida. StormZone helps students to understand the importance of advance preparation when confronted with a serious natural disaster. The program was launched in October 2006 in cooperation with the Miami Herald newspaper and the organization "Hurricane Watch!". The three-hour simulation activity was made available to schools in four counties of Florida. Hundreds of thousands of students took part in the program during 2006 and 2007.


























Deutsche Postbank: Fit for Finance












Among its community programs, Deutsche Postbank runs a range of education initiatives where employees share their banking and workplace experience with young people. Employees teach students about finance and how to deal responsibly with money in the project "Fit for Finance" set up in cooperation with a local consumer association. With the "Schulen ans Netz e.V." ("Schools on the Net") initiative, Deutsche Postbank developed an economic online game. The game challenges young people to play the role of executives in a company that manufactures and sells inline skates, and to generate decent profits, in a virtual marketplace.

Changing ways summary

 achieved
  in progress
  not achieved
  new target

Sustainability management		
Roll out our Corporate Values		We communicated our Values worldwide.
Launch our binding Code of Conduct globally		Our Code of Conduct launched in 2006.
Set up a system for employees to report Code of Conduct infringements		This has been active since 2006.
Environment		
Reduce our road vehicles' greenhouse gas emissions 5% below 1990 emissions		Due 2012, revised Following our climate change strategy development, we revised our targets to encompass all operations.
Improve CO ₂ efficiency in our own operations by 10% compared to 2007		Due 2012
Improve CO ₂ efficiency (in our own operations and our subcontractors' transports) by 30% compared to 2007		Due 2020
Only acquire natural gas or particulate filter vehicles for DHL in Germany		We encountered severe technical difficulties with particulate filters, which could not be resolved by the vehicle manufacturers.
Broaden trials of alternative-powered vehicles		We are testing 888 such vehicles.
Test a new biomass fuel in Germany, and more hybrid trucks across Europe		To start in 2008
Replace 90% of our owned aircraft		Due 2020
Roll out climate-friendly parcel shipping in Germany		Climate-friendly services are available in Germany, Switzerland, Scandinavia and for European business customers.
Reduce our airway bills in Asia-Pacific and Europe to three pages, saving a possible 207 tons of paper		Implemented.
Increase certified-sustainable forestry paper products sold in our German postal outlets to 60%		100% of paper products in German postal outlets are made from recycled, or FSC- or PEFC-certified paper.
Complete ISO 14001 certification for all Deutsche Post mail and parcel operations in Germany		Due 2008
Employees		
Run road safety campaigns on three topics and expand the language versions of our road safety materials		Due 2008
Offer awards to promote health policy alignment across operations; conduct analysis		Due 2008
Expand the scope of reported accident and sickness rate data		Due 2009
Employ approximately 2,300 young people (apprentices and interns) every year in Germany		We achieved this in 2007, as we did in previous years.
Offer employment to all qualified apprentices in 2008 (well in excess of the stipulations of the Training Pact)		Due 2008
Offer advanced training to the top 5% of apprentices		Our "Top Apprentices" training program started in 2007.
Fill 7,500 training places in our Asia-Pacific operations, and provide logistics and supply chain training for 2,000 employees in the region		We filled over 8,000 training positions and delivered logistics and supply chain training to over 3,000 of our employees, supported by our Logistics Management University in Shanghai.
Continue our EMBA program		Due 2008
Launch a global "e-learning" platform for all		Due 2008
Integrate our Corporate Values more visibly into management performance assessments		Due 2008
Expand "activ8" management development beyond Germany and Austria		Due 2008

Conduct our first worldwide employee opinion survey		Our "EveryONECounts" survey was conducted in 2006.
Conduct our employee opinion survey every two years		Due 2008 and beyond
Apply our Idea Management program to environmental performance in Germany		Due 2008
Society		
Ensure our DRTs remain ready for action worldwide		On going
Work with UNDP and UN OCHA on new disaster preparedness and disaster response initiatives		We developed a model disaster readiness training concept for airports in disaster-prone countries.
Pilot our airports concept and consider making it available across disaster-prone regions		Due 2008
Expand our child survival and development support for UNICEF		Due 2008
Continue to strengthen volunteering through our expert volunteering and "Helping Hands Program"		On going
Develop platforms to promote employee support and volunteering for local communities		We developed a global community investment network to develop this platform, and our work continues.

Recognition

The following organizations, among others, have recognized DPWN sustainability initiatives during 2006 and 2007:

B.A.U.M. e.V. (German Environmental Management Association), Environment Award 2007 for Dr. Winfried Häser, Director Environmental Strategy and Policy, Deutsche Post World Net

Handelsblatt, Number 1 Rating for Health Management in Germany in 2006 and 2007 for Deutsche Post World Net

Business in the Community (United Kingdom), Silver Jubilee Big Tick Award 2007 for DHL and Exel Foundation

Luxembourg Ministry of Economy and M.L.Q. (Le Mouvement Luxembourgeois de la Qualité), Lux Quality Award, recognizing sustainability and social responsibility for DHL Luxembourg

Polish European Ecological Responsibility Forum and Poland Environment Minister, Company Close to the Environment certificate for DHL Poland

US Environmental Protection Agency, U.S. Environmental Excellence Award for Exel

Climatecounts.org, Top-ranking among Climate-Conscious Shippers for DHL USA

Bolivia's Leading Employer Awards, First Place for DHL Bolivia

Uruguay Great Place to Work Institute, second-ranked Great Place to Work for DHL Uruguay

Asia Pacific Customer Service Consortium, 2006 Customer Relationship Excellence Award for DHL

Singapore Workforce Development Agency and National Trade Unions Conference, 2007 Lifelong Learner Award for DHL Singapore

Thailand Department of Labor Protection, 2007 Best Employer for Employee Relations and Welfare for DHL Thailand

Hong Kong Council of Social Service, Caring Company accreditation for DHL Hong Kong

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Independent Assurance Report

To Deutsche Post AG, Bonn

We have been engaged to perform a limited assurance engagement on selected data of the "changing ways - Sustainability Report 2008" (the "Sustainability Report") for the calendar years 2006 and 2007 of Deutsche Post AG, Bonn.

Management's Responsibility

Deutsche Post AG's Board of Management has mandated the Corporate Public Policy and Sustainability Department with the preparation of the Sustainability Report, taking account of the criteria stated in the Sustainability Reporting Guidelines Vol. 3 (pp. 7-17) of the Global Reporting Initiative (GRI):

- Materiality,
- Stakeholder Inclusiveness,
- Sustainability Context,
- Completeness,
- Balance,
- Clarity,
- Accuracy,
- Timeliness,
- Comparability and
- Reliability.

This responsibility includes the selection and application of appropriate methods to prepare the Sustainability Report and the use of assumptions and estimates for individual Sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility of Deutsche Post AG's Corporate Public Policy and Sustainability Department includes designing, implementing and maintaining systems and processes relevant for the preparation of the Sustainability Report.

Practitioner's Responsibility

Our responsibility is to express a conclusion based on our work performed as to whether any matters have come to our attention that cause us to believe that the data of the Sustainability Report marked with a rhombus symbol (♦)¹ has not been prepared in accordance with the abovementioned criteria of the Sustainability Reporting Guidelines Vol. 3 of the GRI. We also have been engaged to report on recommendations for the further development of Sustainability management and Sustainability reporting on the basis of the results of our assurance engagement.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to express our conclusion with limited assurance.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement (for example, an audit of financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code")), and therefore less assurance is obtained than in a reasonable assurance engagement.

¹ Explanation for setting of the rhombus symbol:

Review of a sentence is marked after the sentence but in front of the punctuation mark

Review of a text passage is marked in front of the first sentence and after the last word of the text passage.

Review of a table for the data of 2006 and 2007 is marked on the left side of the table headline

The procedures selected depend on the practitioner's judgment. This includes the assessment of the risk of material incompliance of the data marked with a rhombus symbol (◊) with the abovementioned criteria. Within the scope of our work we performed amongst others the following procedures:

- Inspection of the processes for gathering, analysing and aggregating the selected data marked with a rhombus symbol (◊) on the level of the headquarters and on the level of operations.
- Inquiries of the central unit responsible for preparing the Sustainability Report about the process to prepare the Sustainability report and the internal control system aligned with this process.
- Comparison of selected data with corresponding data in the financial annual reports.
- Inquiries of employees in the departments of Procurement, Idea Management, HR, DHL Aviation, CSR Strategy and Policy, Fleet Management, Health Department and Environment Strategy and Policy.
- Examination of the system of determining CO₂-emissions regarding the process and responsibilities, limitations of the system and emissions factors as well as inspection of a sample of physical data of activity on site in Bonn and Brussels.
- Obtaining evidence for the accuracy of the data marked with a rhombus symbol (◊), e.g. by inspecting notifications to public authorities and contracts and by analysing data based on IT-system reports.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the data in the Sustainability Report marked with a rhombus symbol (◊) has not been prepared, in all material respects, in accordance with the abovementioned criteria of the Sustainability Reporting Guidelines Vol. 3 (pp. 7-17) of the GRI.

Emphasis of matter - Recommendations

Without qualifying our conclusion above, we recommend for the further development of Sustainability management and Sustainability reporting the following:

- Despite some progress made since the preparation of the first Sustainability report in 2006 the systems and processes of Sustainability management, in terms of design, degree of implementation and application, are still in an early stage of entering operational practice. Therefore we recommend to continue to drive forward the development and implementation of these systems and processes all over the company.
- We recommend that the necessary Sustainability reporting process in the coming years should be established more stringently, systematically and across the entire Group. The systems and processes required for this have to be better defined, introduced and documented.
- The internal control system related to the preparation of the data for the Sustainability report is in its initial stage. We recommend defining a control framework for data generation to improve data accuracy.

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Michael Werner

ppa. Dieter W. Horst

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Content

Walter Scheurle, Dr. Monika Wulf-Mathies

Project Coordination

Dr. Winfried Häser, Janine Grunwald, Petra Rosignol, Penina Scher

Concept, Text and Design

First&42nd, London, Great Britain
Volker Laengenfelder, Unternehmens-und Umweltkommunikation, Frankfurt a.M., Germany
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Contact details and web links

Corporate Sustainability Team
Fax: +49 (0)228 182 97099
E-mail: sustainabilityreport@deutschepost.de
www.dpwn.com/sustainability
www.dpwn.com/sustainabilityreport/2008

Press Office
Fax: +49 (0)228 182 9880
E-mail: pressestelle@deutschepost.de

www.postbank.com/sustainability
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Deutsche Post AG
Headquarters
53250 Bonn
Germany

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