

# CORPORATE GOVERNANCE

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**NIKOLAUS VON BOMHARD**  
Chairman

## REPORT OF THE SUPERVISORY BOARD

### Dear Shareholders,

Deutsche Post DHL Group, the global logistics company, continued to grow in 2019. All operating divisions posted positive performance despite the challenging economic environment.

The Supervisory Board advised and oversaw the Board of Management in management of the company, made decisions regarding Board of Management membership, consulted with the members of the Board of Management on the strategic direction of the company and shaping corporate policy, as well as participating in decisions that were material for the company. Strategy 2025, which was adopted after extensive discussions by the governing bodies in the autumn of 2019, was particularly important. This plan aims to achieve lasting business success through a focus upon the profitable core businesses and digital transformation.

The Board of Management informed us on an ongoing basis about the course of business, material transactions and its deliberations on these matters. Issues concerning business planning, profitability and maintaining competitiveness were thoroughly deliberated in the committees and the plenary meetings.

Between meetings, I also had regular discussions with the Chairman of the Board of Management (CEO), Frank Appel. Stefan Schulte, Finance and Audit Committee Chair, additionally held regular conversations on current developments with the Chief Financial Officer, Melanie Kreis.

Members who were unable to attend all meetings generally participated in decisions by submitting their votes in writing. At 98%, the attendance rate remained very high on

the whole in the year under review, as the following breakdown shows.

#### Attendance at plenary and committee meetings

| %  |            |
|--|------------|
| Supervisory Board member                       | Attendance |
| Dr Nikolaus von Bomhard (Chair)                | 100        |
| Andrea Kocsis (Deputy Chair)                   | 100        |
| Rolf Bauermeister                              | 100        |
| Dr Günther Bräunig                             | 86         |
| Dr Mario Daberkow                              | 100        |
| Ingrid Deltenre                                | 89         |
| Jörg von Dosky                                 | 100        |
| Werner Gatzler                                 | 88         |
| Gabriele Gülzau                                | 100        |
| Thomas Held                                    | 100        |
| Dr Heinrich Hiesinger (since 15 May 2019)      | 100        |
| Mario Jacobasch                                | 100        |
| Prof. Dr Henning Kagermann (until 15 May 2019) | 100        |
| Thomas Koczelnik                               | 100        |
| Ulrike Lennartz-Pipenbacher                    | 100        |
| Simone Menne                                   | 100        |
| Roland Oetker                                  | 100        |
| Dr Stefan Schulte                              | 100        |
| Stephan Teuscher                               | 100        |
| Stefanie Weckesser                             | 100        |
| Prof. Dr-Ing. Katja Windt                      | 100        |

Four plenary Supervisory Board meetings and twenty committee meetings were held in the year under review. The members of the Board of Management regularly participated in plenary meetings and reported on the business performance in the divisions for which they are responsible. The Chairman, and the members of the Board of Management responsible for their relevant divisions, attended the

committee meetings. Executives from the tier immediately below the Board of Management and representatives of the auditors were also invited to attend for individual agenda items. For financial year 2020, I will be holding talks with key investors and voting rights advisers regarding issues that are the Supervisory Board's responsibility.

### Key topics addressed in plenary meetings

In our March 2019 meeting, we discussed the annual and consolidated financial statements, including the management reports and the separate combined non-financial report. Following the report by the auditor regarding the findings of the audit, we approved the financial statements at the recommendation of the Finance and Audit Committee. We concurred with the Board of Management's proposed resolution on the appropriation of the net retained profit. Based upon the results of the audit, no objections were raised regarding the non-financial report.

We determined the annual bonus for active Board of Management members based upon the degree of target achievement and corresponding recommendations by the Strategy and Executive Committees.

The proposed resolutions for the 2019 Annual General Meeting, including the dividend proposal, were also approved at this meeting. Moreover, we appointed Tobias Meyer to the Board of Management effective from 1 April 2019 for an initial period of three years and entrusted him with the management of the Post & Parcel Germany division.

In June, we discussed John Gilbert's departure from the Board of Management and appointed Oscar de Bok as his successor. We also extended Tim Scharwath's mandate and employment contract until 2025. The Group's strategy and StreetScooter's development were further topics of the meeting.

After initially considering the issue in June, we consulted in depth on Strategy 2025 in September and worked with the Board of Management to determine the key areas of focus in the divisions. We extended Thomas Ogilvie's mandate and employment contract until 2025 and determined achievement of the strategic targets of the 2019 LTI Tranche for all Board of Management members. Our annual Directors' Day was held in September in conjunction with this meeting and our closed meeting. Speakers from within and outside of the company made presentations on current issues and developments and were available to provide explanations and answer questions.

At the last Supervisory Board meeting of the year in December, we approved the Group's business plan for 2020 and the targets for variable remuneration of the Board of Management for 2020, and agreed to again issue an unqualified Declaration of Conformity.

### Key topics addressed in committee meetings

The six committees of the Supervisory Board prepare the decisions to be taken in the plenary meetings. They have also been tasked with taking the final decisions regarding a few matters, including approval for property transactions and secondary activities of Board of Management members. The committee chairs report extensively in the plenary meetings on the work of the committees. The composition of the committees is outlined in the Annual Corporate Governance Statement, [page 82 ff.](#)

The Executive Committee met four times and dealt mainly with Board of Management issues and preparatory work for Supervisory Board meetings.

The Personnel Committee also held four meetings. Items discussed focussed upon human resources development, promoting women to executive positions and further developing the Group-wide human resources initiatives.

The Finance and Audit Committee met seven times. It examined the financial statements and the management reports for the company and the Group. The committee also discussed the quarterly financial reports and the half-yearly financial report, which were reviewed by the auditors before their publication, with the Board of Management and the auditors. In addition, it issued the audit engagement for the auditors elected by the Annual General Meeting and specified the key audit priorities. The committee also discussed the tender for auditing services for financial year 2023 on several occasions and provided extensive support for this process. Also covered at the meetings were the non-audit services provided by the auditor, the accounting process, risk management and the findings of internal audits. It obtained detailed reports from the Chief Compliance Officer on compliance and on updates to the compliance organisation and compliance management.

The Strategy Committee met four times, primarily addressing the business units' strategic positioning in their respective market segments and the implementation of our Strategy 2020 and Strategy 2025. Particular areas of focus also included the progress made in the digital transformation of the company and regular status updates by the divisions.

The Nomination Committee met once. In December it recommended that the Supervisory Board propose Lawrence Rosen to the Annual General Meeting as a Supervisory Board candidate.

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

### Changes to the Supervisory Board

A shareholder representative, Henning Kagermann, stepped down from the Supervisory Board with effect from the end of the 2019 Annual General Meeting. He was a committed

and engaged member of the Supervisory Board for more than ten years, contributing his experience and advising the Board of Management with great vision, primarily on digitalisation and technology. The 2019 Annual General Meeting elected Heinrich Hiesinger as a new member of the Supervisory Board. As a manager with international experience, his particular expertise in strategy, innovation and digitalisation issues is a supplement to the Supervisory Board's skills profile.

An overview of current Supervisory Board members is provided on [page 79](#).

### Changes to the Board of Management

With effect from 1 January 2019, Ken Allen assumed responsibility for the newly created eCommerce Solutions division. John Pearson was appointed to the Board of Management for an initial period of three years and became his successor at the Express division. On 1 April 2019, Tobias Meyer took over responsibility for the Post & Parcel Germany division, initially also for a period of three years. John Gilbert resigned from the Board of Management for personal reasons with effect from 30 September 2019. We transferred responsibility for the Supply Chain division to Oscar de Bok and also appointed him to the Board of Management for an initial three years. He was previously Chief Executive Officer of DHL Supply Chain Mainland Europe, Middle East and Africa.

### Managing conflicts of interest

Supervisory Board members do not hold positions on the governing bodies of, or provide consultancy services to, or maintain personal relationships with, the Group's main competitors. The Supervisory Board was not informed of any conflicts of interest affecting individual members during the year under review.

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

In December, the Board of Management and the Supervisory Board issued an unqualified Declaration of Conformity pursuant to section 161 of the *Aktiengesetz* (AktG – German Stock Corporation Act), which was also published on the company's website. The declarations from previous years are also available there. The company also continued to comply with all recommendations of the Government Commission on the German Corporate Governance Code in the version dated 7 February 2017, which was published in the Federal Gazette on 24 April/19 May 2017, following submission of the Declaration of Conformity in December 2018, and decided to continue to do so in the future. We have also implemented all the suggestions made by the Government Commission, with the exception of broadcasting the full AGM on the internet. Further information regarding corporate governance within the company can be found in the annual Corporate Governance Statement (page 82 ff.).

### 2019 annual and consolidated financial statements examined

The auditors elected by the AGM, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Düsseldorf, audited the annual and consolidated financial statements for financial year 2019, including the combined management report, and issued unqualified audit opinions. PwC also reviewed the quarterly financial reports and the half-yearly financial report and audited the non-financial report on behalf of the Finance and Audit Committee without issuing any objections.

Upon recommendation by the Finance and Audit Committee, the Supervisory Board in its meeting today focussed upon the annual and consolidated financial statements, including the Board of Management's proposal on the

appropriation of the net retained profit, the combined management report and the combined non-financial report for financial year 2019, and discussed these in depth with the Board of Management. The auditors reported on the results of their audit before the Finance and Audit Committee and plenary meeting and were available to answer questions and provide information. The Supervisory Board concurred with the results of the audit and approved the annual and consolidated financial statements for financial year 2019, as recommended by the Finance and Audit Committee. No objections were raised on the basis of the final outcome of the examination by the Supervisory Board and the Finance and Audit Committee of the annual and consolidated financial statements, the combined management report and the proposal for the appropriation of the net retained profit. Similarly, no objections were raised with regard to the examination of the combined non-financial report. The Supervisory Board endorsed the Board of Management's proposal for the appropriation of the net retained profit and the payment of a dividend of €1.25 per share.

We would like to thank the members of the Board of Management and the employees of the company for their dedicated and successful work in this financial year.

Bonn, 9 March 2020  
The Supervisory Board



Nikolaus von Bomhard  
Chairman

# SUPERVISORY BOARD

## Members of the Supervisory Board

### Shareholder representatives

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

**Dr Günther Bräunig**  
CEO of KfW Bankengruppe

**Dr Mario Daberkow**  
Member of the Managing Board of Volkswagen Financial Services AG

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

**Werner Gatzler**  
State Secretary, Federal Ministry of Finance

**Dr Heinrich Hiesinger**  
(since 15 May 2019) Member of the Supervisory Board of BMW AG

**Prof. Dr Henning Kagermann**  
(until 15 May 2019) Member of the Supervisory Board of KUKA AG and former CEO of SAP AG

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

**Roland Oetker**  
Managing Partner, ROI Verwaltungsgesellschaft mbH

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

**Prof. Dr-Ing. Katja Windt**  
Member of the Managing Board of SMS group GmbH

### Employee representatives

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

**Rolf Bauermeister**  
Head of Postal Services, Co-determination and Youth and Head of National Postal Services Group at ver.di (until 14 September 2019)

Secretary, ver.di national administration (since 15 September 2019)

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

**Gabriele Gülzau**  
Chair of the Works Council, Deutsche Post AG, Mail Branch, Hamburg

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

**Mario Jacobasch**  
Deputy Chair of the Group Works Council, Deutsche Post AG

**Thomas Koczelnik**  
Chair of the Group Works Council, Deutsche Post AG

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

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

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

## Mandates held by Supervisory Board members

### Shareholder representatives

#### Memberships of statutory supervisory boards

**Dr Nikolaus von Bomhard**  
(Chair) Chair of Münchener Rückversicherungs-Gesellschaft AG (Munich Re) (since 30 April 2019)

**Dr Günther Bräunig**  
Deutsche Pfandbriefbank AG (Chair)  
Deutsche Telekom AG

**Werner Gatzler**  
Flughafen Berlin Brandenburg GmbH  
PD-Berater der öffentlichen Hand GmbH (Chair)

**Dr Heinrich Hiesinger**  
(since 15 May 2019)  
BMW AG

**Prof. Dr Henning Kagermann**  
(until 15 May 2019) Münchener Rückversicherungs-Gesellschaft AG (Munich Re) (until 30 April 2019)  
KUKA AG

**Simone Menne**  
BMW AG  
Springer Nature KGaA

**Prof. Dr-Ing. Katja Windt**  
Fraport AG

### Memberships of comparable bodies

**Dr Nikolaus von Bomhard**  
(Chair) Athora Holding Ltd., Bermuda (Board of Directors, Chair)

**Dr Mario Daberkow**  
Softbridge-Projectos Tecnológicos S.A., Portugal<sup>1</sup> (Board of Directors)

Volkswagen Participações Ltda., Brazil (Supervisory Board)<sup>1</sup>  
Volkswagen Holding Financière S.A., France (Supervisory Board)<sup>1</sup>

Volkswagen Payments S.A., Luxembourg (Supervisory Board, Chair)<sup>1</sup>  
Volkswagen S.A., Institución de Banca Múltiple, Mexico (Supervisory Board)<sup>1</sup>

VW Credit, Inc., USA (Board of Directors)<sup>1</sup>

**Ingrid Deltenre**  
Givaudan SA, Switzerland (Board of Directors)

Banque Cantonale Vaudoise SA, Switzerland (Board of Directors)

Agence France Presse, France (Board of Directors)  
Sunrise Communications AG, Switzerland (Board of Directors)

**Roland Oetker**  
Rheinisch-Bergische Verlagsgesellschaft mbH (Supervisory Board)

### Simone Menne

Johnson Controls International plc, Ireland (Board of Directors)

Russel Reynolds Associates Inc., USA (Board of Directors) (since 30 January 2019)

**Dr Stefan Schulte**  
Fraport Ausbau Süd GmbH (Supervisory Board, Chair)<sup>2</sup>  
Fraport Regional Airports of Greece A S.A., Greece (Board of Directors, Chair)<sup>2</sup>

Fraport Regional Airports of Greece Board of Directors, Chair B S.A., Greece (Board of Directors, Chair)<sup>2</sup>

Fraport Regional Airports of Greece Management Company S.A., Greece (Board of Directors, Chair)<sup>2</sup>

Fraport Brasil S.A. Aeroporto de Porto Alegre, Brazil (Supervisory Board, Chair)<sup>2</sup>

Fraport Brasil S.A. Aeroporto de Fortaleza, Brazil (Supervisory Board, Chair)<sup>2</sup>

### Employee representatives

#### Memberships of statutory supervisory boards

**Jörg von Dosky**  
PSD Bank München eG

**Stephan Teuscher**  
DHL Hub Leipzig GmbH (Deputy Chair)

<sup>1</sup> Group mandates, Volkswagen AG.

<sup>2</sup> Group mandates, Fraport AG.

# BOARD OF MANAGEMENT

## Members of and mandates held by the Board of Management



### DR FRANK APPEL

Chief Executive Officer, Global Business Services, also responsible for Post - eCommerce - Parcel until 31 March 2019, born in 1961. Member of the Board of Management since November 2002, CEO since February 2008, appointed until October 2022.

Seats on other legally mandated supervisory boards: member of the Supervisory Board of adidas AG until 9 May 2019.



### MELANIE KREIS

Finance, born in 1971, Board member since October 2014, appointed until June 2022.



### DR THOMAS OGILVIE

Human Resources, Corporate Incubations, born in 1976, Board member since September 2017, appointed until August 2025.



### KEN ALLEN

eCommerce Solutions (since 1 January 2019), born in 1955, Board member since February 2009, appointed until July 2022.

Also holds a seat on the Board of Directors of DHL Sinotrans International Air Courier Ltd.<sup>1</sup>, China and is a member of the Board of Directors of Blue Dart Express Ltd.<sup>1</sup>, India.

<sup>1</sup> Group mandate

**TIM SCHARWATH**

Global Forwarding, Freight, born in 1965, Board member since June 2017, appointed until May 2025.

**JOHN PEARSON**

Express (since 1 January 2019), born in 1963, Board member since January 2019, appointed until December 2021.

Was a member of the Board of Directors of Global-e U.K. Ltd.<sup>1</sup> until 31 December 2019.

<sup>1</sup> Group mandate

**DR TOBIAS MEYER**

Post & Parcel Germany (since 1 April 2019), born in 1975, Board member since April 2019, appointed until March 2022.

**OSCAR DE BOK**

Supply Chain (since 1 October 2019), born in 1967, Board member since October 2019, appointed until September 2022.

**Left the company during the year under review**

**JOHN GILBERT** Supply Chain, born in 1963. Board member from March 2014 to September 2019.

# ANNUAL CORPORATE GOVERNANCE STATEMENT, CORPORATE GOVERNANCE REPORT

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

In December 2019, the Board of Management and the Supervisory Board once again issued an unqualified Declaration of Conformity pursuant to section 161 of the *Aktiengesetz* (AktG – German Stock Corporation Act):

“The Board of Management and the Supervisory Board of Deutsche Post AG declare that all recommendations of the Government Commission German Corporate Governance Code (DCGK) in the version dated 7 February 2017 and published in the Federal Gazette on 24 April/19 May 2017 have been complied with even after issuance of the Declaration of Conformity in December 2018 and that all recommendations of the Code in the version dated 7 February 2017 and published in the Federal Gazette on 24 April/19 May 2017 shall also be complied with in the future.”

The suggestions of the Code dated 7 February 2017 are also implemented, except broadcasting the full AGM. This helps ensure frank and open discussion during the shareholders’ debate.

The Board of Management and Supervisory Board will discuss the new recommendations and suggestions in the Code, which is expected to be published in the Federal Gazette in the first quarter of 2020, and will take a position on these in the next Declaration of Conformity.

The current Declaration of Conformity and those for the last five years as well as the Annual Corporate Governance Statement can be viewed on the company’s website.

## Corporate governance principles and shared values

Our business relationships and activities are based upon responsible business practice that complies with applicable laws, ethical standards and international guidelines, and this also forms part of the Group’s strategy. Equally, we require our suppliers to act in this way. Long-term relationships with our shareholders, employees and groups associated with the company, whose decisions to select Deutsche Post DHL Group as a supplier, employer or investment are increasingly also based upon the requirement that we apply good corporate governance criteria, are encouraged.

The [Code of Conduct, dpdhl.com/en](https://www.dpdhl.com/en), is firmly established within the company and is applicable in all divisions and regions. The Code of Conduct is based upon the principles set out in the Universal Declaration of Human Rights and the United Nations (UN) Global Compact. It is consistent with recognised legal standards, including the applicable anti-corruption legislation and agreements.

The Code of Conduct also defines what is meant by diversity. Diversity and mutual respect are some of the core values that contribute to good co-operation within the Group and thus to economic success. The key criteria for the recruitment and professional development of our employees are their skills and qualifications. Our Diversity Council discusses the strategic aspects of diversity management and divisional requirements. Its members comprise executives from the central functions and divisions and it is chaired by the Board Member for Human Resources. Members also act as ambassadors for, and promote, diversity in the divisions. The members of the Board of Management

and the Supervisory Board support the Group’s diversity strategy, with a particular focus upon the goal of increasing the number of women in executive positions.

Doing business includes using the expertise as a mail and logistics services group for the benefit of society and the environment, and we motivate our employees to engage personally.

Ensuring our interactions with business partners, shareholders and the public are conducted with integrity and within the bounds of the law is vital to maintaining our reputation. It is also the foundation of Deutsche Post DHL Group’s lasting business success. Our compliance management system (CMS) focusses upon preventing corruption and anti-competitive conduct. We continually improve and upgrade the CMS, in part by incorporating the results of the compliance audits and insights obtained from reported violations. The CMS’s individual components, the Code of Conduct and information on diversity management and sustainability issues are outlined in detail in our [Corporate Sustainability Report, dpdhl.com/sustainabilityreport2019](https://www.dpdhl.com/sustainabilityreport2019). This report also contains the non-financial report with mandatory disclosures in accordance with sections 289c ff. of the *Handelsgesetzbuch* (HGB – German Commercial Code).

## Co-operation between the Board of Management and the Supervisory Board

As a German listed company, Deutsche Post AG is managed by the members of the Board of Management, who are appointed, advised and supervised by the members of the Supervisory Board.

The Board of Management’s rules of procedure set out the principles governing its internal organisation, management and representation, as well as co-operation between its individual members. The members of the Board of Management manage their board departments on their own

responsibility, except where decisions of particular significance and consequence for the company or the Group must be taken by the members of the Board of Management as a whole. They are required to subordinate the interests of their individual board departments to the collective interests of the company and to inform the full Board of Management about significant developments in their spheres of responsibility.

The Chair of the Board of Management conducts its business, aligns board department activities with the company's overall goals and plans, and ensures that corporate policy is implemented. When making decisions, members of the Board of Management may not act in their own personal interest or exploit corporate business opportunities for their own benefit. Conflicts of interest must be disclosed to the Supervisory Board without delay; the other Board of Management members must also be informed.

The Supervisory Board works with the Board of Management to ensure long-term succession planning for the Board of Management. In addition to the requirements of the *Aktiengesetz* (AktG – German Stock Corporation Act) and the DCGK, this plan includes the Supervisory Board's diversity criteria it has stipulated for the Board of Management's composition and the target for the percentage of women on the Board of Management. Taking into account the specific qualifications required, the Executive Committee develops a profile, selects particularly suitable candidates from those available for interviews and submits candidate proposals to the Supervisory Board. The initial term of service for members of the Board of Management runs for no more than three years. No member of the Board of Management is a member of a supervisory board of a non-Group listed company or exercises a comparable function. The Supervisory Board has stipulated that the term of service of Board of Management members generally

ends no later than the year in which the Board of Management member reaches the age of 65. D&O insurance for the members of the Board of Management provides for a deductible as set out in the AktG.

The Supervisory Board's rules of procedure contain the principles for its internal organisation, a catalogue of Board of Management transactions requiring its approval and the rules governing the work of the Supervisory Board committees. The chair elected by the members from their ranks co-ordinates the work of the Supervisory Board and represents the Supervisory Board publicly. The Supervisory Board represents the company in respect of the Board of Management members. The General Meeting determines the remuneration of Supervisory Board members. There are no contracts between the company and Supervisory Board members apart from those governing their Supervisory Board activities and the employment contracts with the employee representatives.

The Supervisory Board meets at least twice each half-year, often without the Board of Management present. Extraordinary Supervisory Board meetings are held whenever decisions need to be taken at short notice or particular issues require discussion. In financial year 2019, Supervisory Board members held four plenary meetings, twenty committee meetings and one closed meeting, as described in the [▶ Report of the Supervisory Board, page 76 f.](#) At 98%, the attendance rate again remained very high. The Report of the Supervisory Board contains a breakdown of attendance by member.

The Board of Management and the Supervisory Board regularly discuss the Group's strategy, the divisions' objectives and strategies, the financial position and performance of the company and the Group, key business transactions, the progress of acquisitions and investments, compliance and compliance management, risk exposure and risk man-

agement, and all material business planning and related implementation issues. The Board of Management informs the Supervisory Board promptly and in full about all issues of significance. The chair of the Supervisory Board and the CEO maintain close contact about current issues.

Supervisory Board decisions are prepared in advance in separate meetings of the shareholder representatives and the employee representatives, and by the relevant committees. Each plenary Supervisory Board meeting includes a detailed report regarding the committees' work and the decisions taken. Supervisory Board members are personally responsible for ensuring they receive the training and professional development measures they need to perform their tasks and receive appropriate support from the company. A core element is the annual Directors' Day, which is held regularly in conjunction with the Supervisory Board's closed meeting. At this event, speakers from within and outside of the company make presentations on current issues and developments and are available to provide explanations and answer questions.

### **Independence of Supervisory Board members**

All Supervisory Board members are independent within the meaning of the DCGK. The number of independent Supervisory Board members therefore exceeds the target we had set ourselves of at least 75% of the Supervisory Board as a whole. In light of the European Commission's recommendation regarding the independence of non-executive or supervisory directors and the wide-ranging protection against summary dismissal and ban regarding discrimination contained in the *Betriebsverfassungsgesetz* (BetrVG – German works constitution act) and the *Mitbestimmungsgesetz* (MitbestG – German co-determination act), being an employee of the company is not inconsistent with the requirement for independence. The

largest shareholder in the company, KfW Bankengruppe, currently holds approximately 21% of the shares in Deutsche Post AG and therefore does not exercise control. Accordingly, Werner Gatzer and Günther Bräunig are also independent. The duration of service of all members of the Supervisory Board is in compliance with the recommendation by the European Commission that finds no heightened risk of loss of independence for members serving up to three complete terms of office. No former members of the Board of Management are members of the Supervisory Board.

The Supervisory Board intends to submit a proposal to the 2020 Annual General Meeting to elect Lawrence Rosen to the Supervisory Board. Lawrence Rosen was a member of the company's Board of Management until September 2016. With his proven finance expertise, he meets the requirements in the skills profile stipulated by the Supervisory Board and is a particularly suitable candidate.

No Supervisory Board members exceed the maximum service period of three terms of office or the age limit of 72. They also do not hold positions on the governing bodies of, or provide consultancy services to, or maintain personal relationships with, the Group's main competitors.

#### Effectiveness of the Supervisory Board's activities

The Supervisory Board carries out an annual review of the effectiveness of its work in plenary meetings and in the committees. This review is based upon a questionnaire, individual conversations between the Supervisory Board members and the chair and discussion in a Supervisory Board meeting, without the Board of Management. Suggestions made by individual members of the Supervisory Board are also taken up and implemented during the year. In financial year 2019, the Supervisory Board reviewed the efficiency of its activities in its meetings in September and

December. It concluded that it had performed its monitoring and advisory duties efficiently and effectively.

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

The Supervisory Board has set itself the following targets for its composition; they also represent the skills profile it has set itself:

- 1 When proposing candidates to the Annual General Meeting for election as Supervisory Board members, the Supervisory Board is guided purely by the best interests of the company. Subject to this requirement, the Supervisory Board aims to ensure that independent Supervisory Board members as defined in number 5.4.2 of the German Corporate Governance Code account for at least 75% of the Supervisory Board, and that at least 30% of the Supervisory Board members are women.
- 2 The Supervisory Board's future proposals to the Annual General Meeting will continue to consider candidates whose origins, education or professional experience equip them with particular international knowledge and experience.
- 3 The Supervisory Board should be in a position to collectively provide competent advice to the Board of Management on fundamental future issues; in its opinion this includes, in particular, the digital transformation.
- 4 The Supervisory Board should collectively have sufficient expertise in the areas of accounting and financial statement audits. This includes knowledge of international developments in the field of accounting. Additionally, the Supervisory Board believes that the independence of its members helps guarantee the integrity of the accounting process and ensure the independence of the auditors.

- 5 Conflicts of interest affecting Supervisory Board members are an obstacle to providing independent advice to, and supervision of, the Board of Management. The Supervisory Board will decide how to deal with potential or actual conflicts of interest on a case-by-case basis, in accordance with the law and giving due consideration to the German Corporate Governance Code.
- 6 In accordance with the age limit adopted by the Supervisory Board and laid down in the rules of procedure for the Supervisory Board, proposals for the election of Supervisory Board members must ensure that their term of office ends no later than the close of the next Annual General Meeting to be held after the Supervisory Board member reaches the age of 72. As a general rule, Supervisory Board members should not serve more than three full terms of office.

The current Supervisory Board meets these targets and this skills profile. The Supervisory Board took into account the targets and skills profile in its proposals to the 2019 Annual General Meeting and now also in its proposal to this year's Annual General Meeting to elect Lawrence Rosen to the company's Supervisory Board.

#### Board of Management and Supervisory Board committees

The members of the Board of Management meet quarterly for business review meetings. The business review meetings discuss strategic initiatives, operational matters and the budgetary situation in the divisions.

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

The Executive Committee prepares the resolutions to be taken in the plenary meetings for appointing members of the Board of Management, drawing up their contracts of service and determining their remuneration. It also works on long-term succession planning for the Board of Management.

The Finance and Audit Committee reviews the company's accounts, oversees its accounting process, the effectiveness of the internal control system, risk management and internal auditing, and the financial statement audit, and in particular the selection of the auditors and their independence. The Finance and Audit Committee also deals with the audit of the non-financial report. It also approves the Board of Management's engagement of the auditor to perform non-audit services. The committee examines corporate compliance issues and discusses the half-yearly and quarterly financial reports with the Board of Management before publication. Based upon its own assessment, the committee submits proposals for the approval of the annual and consolidated financial statements by the Supervisory Board. Upon entry into force of the Act Implementing the Second Shareholder Rights Directive (ARUG II) on 1 January 2020, the Finance and Audit Committee additionally assumed responsibility for issuing the required Supervisory Board approval for significant transactions between the company and related parties.

The Chairman of the Finance and Audit Committee, Stefan Schulte, is an independent financial expert as defined in sections 100(5) and 107(4) of the AktG. He has no relationship with the company, its governing bodies or its shareholders that could cast doubt on his independence.

An agreement has been reached with the auditors that the Chairman of the Supervisory Board and the Chairman of the Finance and Audit Committee shall be informed without delay of any potential grounds for exclusion or for impair-

ment of the auditors' independence that arise during the audit, to the extent that these are not immediately remedied. In addition, it has been agreed that the auditors shall inform the Supervisory Board without delay of all material findings and incidents occurring in the course of the audit. Furthermore, the auditors must inform the Supervisory Board if, whilst conducting the financial statement audit, they find any facts leading to the Declaration of Conformity issued by the Board of Management and Supervisory

Board being incorrect. The Audit Committee chair and the auditor regularly exchange information both at meetings and at other times.

The Strategy Committee prepares the Supervisory Board's strategy discussions and regularly discusses the competitive position of the enterprise as a whole and of the divisions. In addition, it does preparatory work on corporate acquisitions and divestitures that require the Supervisory Board's approval.

### Committees of the Supervisory Board

#### Executive Committee

Dr Nikolaus von Bomhard (Chair)  
Andrea Kocsis (Deputy Chair)  
Rolf Bauermeister  
Ingrid Deltenre  
Werner Gatzler  
Thomas Held

#### Personnel Committee

Andrea Kocsis (Chair)  
Dr Nikolaus von Bomhard (Deputy Chair)  
Thomas Koczelnik  
Roland Oetker

#### Finance and Audit Committee

Dr Stefan Schulte (Chair)  
Stephan Teuscher (Deputy Chair)  
Werner Gatzler  
Thomas Koczelnik  
Simone Menne  
Stefanie Weckesser

#### Strategy Committee

Dr Nikolaus von Bomhard (Chair)  
Andrea Kocsis (Deputy Chair)  
Rolf Bauermeister  
Dr Günther Bräunig (since 15 May 2019)  
Prof. Dr Henning Kagermann (until 15 May 2019)  
Thomas Koczelnik  
Roland Oetker

#### Nomination Committee

Dr Nikolaus von Bomhard (Chair)  
Ingrid Deltenre  
Werner Gatzler

#### Mediation Committee (pursuant to section 27(3) of the German Co-determination Act)

Dr Nikolaus von Bomhard (Chair)  
Andrea Kocsis (Deputy Chair)  
Rolf Bauermeister  
Roland Oetker

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

The Personnel Committee discusses human resources principles for the Group.

The Mediation Committee carries out the duties assigned to it pursuant to the MitbestG: it makes proposals to the Supervisory Board on the appointment of members of the Board of Management in those cases in which the required majority of two-thirds of the votes of the Supervisory Board members is not reached. The committee did not meet in the past financial year.

Information about the work of the Supervisory Board and its committees in financial year 2019 is also contained in the [▶ Report of the Supervisory Board, page 76 ff.](#) The members of the Supervisory Board and the mandates they hold are listed on [▶ page 79.](#)

### Diversity

When filling Board of Management vacancies, the Supervisory Board pays close attention to ensuring that the members of the Board of Management have a variety of qualifications, skills and experience. Long-term succession planning in all divisions guarantees that there will be sufficient qualified candidates to fill Board of Management positions in future. The early promotion of women in the company also plays a key role. The current target for the proportion of women on the Board of Management is 2:8, to be achieved by the date of the Annual General Meeting in 2021.

The Board of Management set target quotas for the proportion of women in the two executive tiers below the Board of Management of 20% for tier 1 and 30% for tier 2; these targets applied to the period between 1 January 2017

and 31 December 2019. The target of 20% set for tier 1 was far exceeded at 25%, but at 23.1%, the target of 30% specified for tier 2 was not met. Since the start of the target period on 1 January 2017, extensive organisational changes have been made at tier 2: this has led to changes in the structure of the various units and thus also affected the number of female executives. We shall continue to work on expanding the female talent pool below the second executive tier so that sufficient suitable candidates are available in the future.

A new target of 30% was set for the percentage of women at both executive tiers below the Board of Management. We aim to meet these targets by 31 December 2024.

The company intends to increase the share of women in management positions globally and has therefore set itself the goal of increasing the percentage of women in middle and upper management to 30% by 2025. This figure has risen continually in recent years and stood at 22.2% as at 31 December 2019.

The diversity criteria important to the Supervisory Board, including when considering its own composition, are outlined in the list of its goals. With 35%, the Supervisory Board exceeds the statutory share of women of 30%.

### Shareholders and General Meeting

Shareholders exercise their rights, and in particular their right to receive information and to vote, at the General Meeting. Each share in the company entitles the holder to one vote. The agenda with the proposed resolutions for the General Meeting and additional information will be made available at [@ dpdhl.com/en/investors](https://www.dpdhl.com/en/investors) at the latest when the General Meeting is convened. A detailed CV is published for each Supervisory Board candidate put forth for election. We assist our shareholders in exercising their voting rights not only by making it possible to submit postal votes but

also by appointing company proxies, who cast their votes solely as instructed to do so by the shareholders and who can be reached during the General Meeting. Additionally, shareholders can authorise company proxies, submit postal votes and grant proxies to intermediaries and shareholder associations attending the General Meeting via the company's online service.

### Remuneration of the Board of Management and Supervisory Board

Most recently, the Annual General Meeting approved the system of Board of Management remuneration in 2018 with around 89% of the votes cast. The remuneration system continues to be applicable largely unchanged, as explained in greater detail in the [▶ Remuneration Report, page 17 ff.](#) That report also contains information regarding the remuneration of the individual members of the Board of Management and Supervisory Board. The remuneration system is again scheduled to be presented for approval to the 2021 Annual General Meeting.