Deutsche Bahn
2020 Integrated Report

A strong team for a strong rail system

At a glance

To the interactive key figure comparison

Selected key figures	2020	2019	Change absolute	Change %
KEY FINANCIAL FIGURES (€ MILLION)				
Revenues adjusted	39,902	44,431	-4,529	-10.2
Revenues comparable	40,197	44,330	-4,133	-9.3
Profit / loss before taxes on income	-5,484	681	-6,165	-
Net profit / loss for the year	-5,707	680	-6,387	-
EBITDA adjusted	1,002	5,436	-4,434	-81.6
EBIT adjusted	-2,903	1,837	-4,740	-
Equity as of Dec 31	7,270	14,927	-7,657	-51.3
Net financial debt as of Dec 31	29,345	24,175	+5,170	+21.4
Total assets as of Dec 31	65,435	65,828	-393	-0.6
Capital employed as of Dec 31	41,764	42,999	-1,235	-2.9
Return on capital employed (ROCE) (%)	-7.0	4.3	-	-
Debt coverage (%)	0.8	15.3	-	-
Gross capital expenditures	14,402	13,093	+1,309	+10.0
Net capital expenditures	5,886	5,646	+240	+4.3
Cash flow from operating activities	1,420	3,278	-1,858	-56.7
KEY PERFORMANCE FIGURES				
Passengers (million)	2,866	4,874	-2,008	-41.2
RAIL PASSENGER TRANSPORT				
Punctuality DB passenger transport (rail) in Germany (%)	95.2	93.9	-	-
Punctuality DB Long-Distance (%)	81.8	75.9	-	-
Passengers (million)	1,499	2,603	-1,104	-42.4
thereof in Germany	1,297	2,123	-826	-38.9
thereof DB Long-Distance	81.3	150.7	-69.4	-46.1
Volume sold (million pkm)	51,933	98,402	-46,469	-47.2
Volume produced (million train-path km)	677.8	767.3	-89.5	-11.7
RAIL FREIGHT TRANSPORT				
Freight carried (million t)	213.1	232.0	-18.9	-8.1
Volume sold (million tkm)	78,670	85,005	-6,335	-7.5
TRACK INFRASTRUCTURE				
Punctuality (rail) in Germany[1] (%)	94.5	93.1	-	-
Punctuality DB Group (rail) in Germany (%)	95.1	93.7	-	-
Train kilometers on track infrastructure (million train-path km)	1,066	1,090	-24	-2.2
thereof non-Group railways	385.5	368.3	+17.2	+4.7
Share of non-Group railways (%)	36.2	33.8	-	-
Station stops (million)	155.4	156.4	-1.0	-0.6
thereof non-Group railways	44.2	40.2	+4.0	+10.0
BUS TRANSPORT				
Passengers (million)	1,367	2,271	-904	-39.8
Volume sold[2] (million pkm)	4,207	6,462	-2,255	-34.9
Volume produced (million bus km)	1,388	1,554	-166	-10.7
FREIGHT FORWARDING AND LOGISTICS				
Shipments in land transport (thousand)	108,166	107,132	+1,034	+1.0
Air freight volume (export) (thousand t)	1,094	1,186	-92	-7.8
Ocean freight volume (export) (thousand TEU)	2,052	2,294	-242	-10.5
Warehouse space contract logistics (million m²)	8.8	8.4	+0.4	+4.8
ADDITIONAL KEY FIGURES				
Order book for passenger transport as of Dec 31 (€ billion)	84.7	87.9	-3.2	-3.6
Length of line operated (rail network) as of Dec 31 (km)	33,399	33,423	-24	-0.1
Passenger stations as of Dec 31	5,691	5,679	+12	+0.2
Rating Moody's / S&P Global Ratings	Aa1 / AA-	Aa1 / AA	-	-
Employees as of Dec 31 (FTE)	322,768	323,944	-1,176	-0.4
Share of women as of Dec 31 (%)	24.3	24.3	-	-
Employee satisfaction (SI)	3.9	-	-	-
Specific greenhouse gas emissions in comparison to 2006 (%)	-34.4	-34.8	-	-
Share of renewable energies in the DB traction current mix (%)	61.4	60.1	-	-
Track kilometers noise remediated in total as of Dec 31 (km)	2,039	1,844	+195	+10.6
Quiet active freight cars in Germany as of Dec 31	60,180	57,644	+2,536	+4.4

[1] Non-Group and DB Group train operating companies.

[2] Excluding DB Arriva.

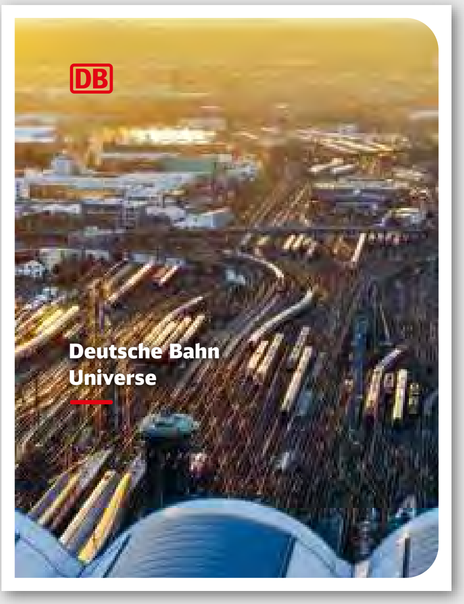
10-year summary

To the interactive key figure comparison

(€ million)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
STATEMENT OF INCOME										
Revenues	39,901	44,430	44,065	42,693	40,557	40,403	39,728	39,107	39,296	37,979
Overall performance	43,465	47,596	47,156	45,593	43,298	43,102	42,422	41,756	41,910	40,436
Other operating income	3,439	3,030	2,998	2,954	2,834	2,772	2,824	2,853	3,443	3,062
Cost of materials	-22,757	-22,262	-22,258	-21,457	-20,101	-20,208	-20,250	-20,414	-20,960	-20,906
Personnel expenses	-18,297	-18,152	-17,301	-16,665	-15,876	-15,599	-14,919	-14,383	-13,817	-13,076
Depreciation [1]	-5,372	-3,671	-2,688	-2,847	-3,017	-4,471	-3,190	-3,228	-3,328	-2,964
Other operating expenses [1]	-5,235	-5,157	-6,088	-5,890	-5,677	-5,750	-5,057	-4,817	-4,719	-4,375
Operating profit/loss (EBIT)	-4,757	1,384	1,819	1,688	1,461	-154	1,830	1,767	2,529	2,177
Result from investments accounted for using the equity method	-21	-12	12	14	33	22	8	3	14	19
Other financial result	-91	-36	-14	-30	-16	0	-3	-15	-13	3
Net interest income [1]	-615	-655	-645	-704	-772	-800	-898	-879	-1,005	-840
Profit/loss before taxes on income	-5,484	681	1,172	968	706	-932	937	876	1,525	1,359
Net profit/loss for the year	-5,707	680	542	765	716	-1,311	988	649	1,459	1,332
Dividend payment (for previous year)	650	650	450	600	850	700	200	525	525	500
VALUE MANAGEMENT										
EBITDA adjusted [1]	1,002	5,436	4,739	4,930	4,797	4,778	5,110	5,139	5,601	5,141
EBIT adjusted	-2,903	1,837	2,111	2,152	1,946	1,759	2,109	2,236	2,708	2,309
Capital employed as of Dec 31 [1]	41,764	42,999	36,657	35,093	33,066	33,459	33,683	33,086	32,642	31,732
Return on capital employed (ROCE) [1] (%)	-7.0	4.3	5.8	6.1	5.9	5.3	6.3	6.8	8.3	7.3
Debt coverage (%)	0.8	15.3	17.6	18.7	18.1	19.0	20.3	20.8	22.2	22.0
CASH FLOW/CAPITAL EXPENDITURES										
Cash flow from operating activities [1]	1,420	3,278	3,371	2,329	3,648	3,489	3,896	3,730	4,094	3,390
Gross capital expenditures [1]	14,402	13,093	11,205	10,464	9,510	9,344	9,129	8,224	8,053	7,501
Net capital expenditures [1]	5,886	5,646	3,996	3,740	3,320	3,866	4,442	3,412	3,487	2,569
BALANCE SHEET AS OF DEC 31										
Non-current assets [1]	52,964	53,213	46,646	45,625	45,290	45,199	45,530	43,949	44,241	44,059
thereof property, plant and equipment and intangible assets [1]	49,994	50,485	44,487	43,207	42,575	42,821	43,217	41,811	41,816	41,541
Current assets	12,471	12,615	11,881	10,811	11,034	10,860	10,353	8,945	8,284	7,732
thereof cash and cash equivalents	3,411	3,993	3,544	3,397	4,450	4,549	4,031	2,861	2,175	1,703
Equity	7,270	14,927	13,592	14,238	12,657	13,445	14,525	14,912	14,978	15,126
Equity ratio [1] (%)	11.1	22.7	23.2	25.2	22.5	24.0	26.0	28.2	28.5	29.2
Non-current liabilities [1]	37,686	32,820	29,104	27,510	28,525	28,091	28,527	26,284	25,599	24,238
thereof financial debt [1]	27,070	23,977	20,626	19,716	20,042	19,753	19,173	18,066	17,110	16,367
thereof pension obligations	6,517	5,354	4,823	3,940	4,522	3,688	4,357	3,164	3,074	1,981
Current liabilities	20,479	18,081	15,831	14,688	15,142	14,523	12,831	11,698	11,948	12,427
thereof financial debt [1]	6,254	4,716	2,618	2,360	2,439	2,675	1,161	1,247	1,503	1,984
Net financial debt [1]	29,345	24,175	19,549	18,623	17,624	17,491	16,212	16,362	16,366	16,592
Total assets [1]	65,435	65,828	58,527	56,436	56,324	56,059	55,883	52,894	52,525	51,791
RAIL PERFORMANCE FIGURES										
PASSENGER TRANSPORT										
Passengers (million)	1,499	2,603	2,581	2,564	2,365	2,251	2,254	2,235	2,152	1,981
Long-distance transport	81	151	148	142	139	132	129	131	131	125
Regional transport	1,418	2,452	2,433	2,422	2,226	2,119	2,125	2,104	2,021	1,856
Volume sold (million pkm)	51,933	98,402	97,707	95,854	91,651	88,636	88,407	88,746	88,433	79,228
Long-distance transport	23,542	44,151	42,827	40,548	39,516	36,975	36,102	36,777	37,357	35,565
Regional transport	28,391	54,251	54,880	55,306	52,135	51,661	52,305	51,969	51,076	43,663
FREIGHT TRANSPORT										
Freight carried (million t)	213.1	232.0	255.5	271.0	277.4	300.2	329.1	390.1	398.7	411.6
Volume sold (million tkm)	78,670	85,005	88,237	92,651	94,698	98,445	102,871	104,259	105,894	111,980
INFRASTRUCTURE										
Train kilometers on track infrastructure (million train-path km)	1,066	1,090	1,086	1,073	1,068	1,054	1,044	1,035	1,039	1,051
thereof non-Group railways	386	368	349	331	322	290	261	247	231	220
SOCIAL										
Employees as of Dec 31 (FTE)	322,768	323,994	318,528	310,935	306,368	297,202	295,763	295,653	287,508	284,319
Employee satisfaction (SI)	3.9	-	3.7	-	3.7	-	3.7	-	3.6	-
ENVIRONMENTAL										
Specific greenhouse gas emissions in comparison to 2006 (%)	-34.4	-34.8	-33.2	-29.5	-27.3	-24.5	-22.8	-18.5	-11.9	-9.9
Quiet active freight cars in Germany as of Dec 31	60,180	57,644	50,409	39,604	32,396	20,460	14,334	8,408	7,349	-

[1] Since 2019, limited comparability with the previous year's figures due to the ***IFRS 16 effect (2019 Integrated Report 101)***.

Deutsche Bahn Universe



The enclosure is missing?
"Deutsche Bahn Universe"
is also available *online*.

About this report

Integrated reporting: what does it mean?

The Integrated Report is more than simply a combination of the Annual Report and the Sustainability Report. Our goal is to provide a comprehensive overview of DB Group and our performance within the scope of our three sustainability dimensions: ***economic, social*** and ***environmental.*** We also cover the implementation of the Strong Rail STRONG RAIL strategy.

How to use this report?

We have added a few helpful features to make this report simpler to read:

FURTHER INFORMATION
We have used the following symbol to refer to further information in a certain section within the report: ***xxx.***

BUILDING BLOCKS OF THE STRONG RAIL STRATEGY
We have used the building block symbol to show which measures affect each corresponding building block of our Strong Rail strategy.

green.

OUR GREEN PROJECTS
“This is green.” serves to show the diversity of our green projects, and the corresponding project numbers in our “This is green.” Internet portal are also provided.

GRI

DISCLOSURES IN ACCORDANCE WITH GLOBAL REPORTING INITIATIVE STANDARDS
The GRI Index shows where to find information regarding a specific indicator. We have marked the respective locations within the report.

IN-DEPTH INFORMATION
We highlight individual topics of particular interest to us with an exclamation point.

TABLES AVAILABLE TO DOWNLOAD
The download icon indicates that the corresponding content can be downloaded online as an Excel file.

INTERNET LINKS
You can find more information on our link page at ***db.de/links_ir20*** or on the specified Web site.

Online report

Online and PDF versions of this report are available at: ***db.de/ib-e***

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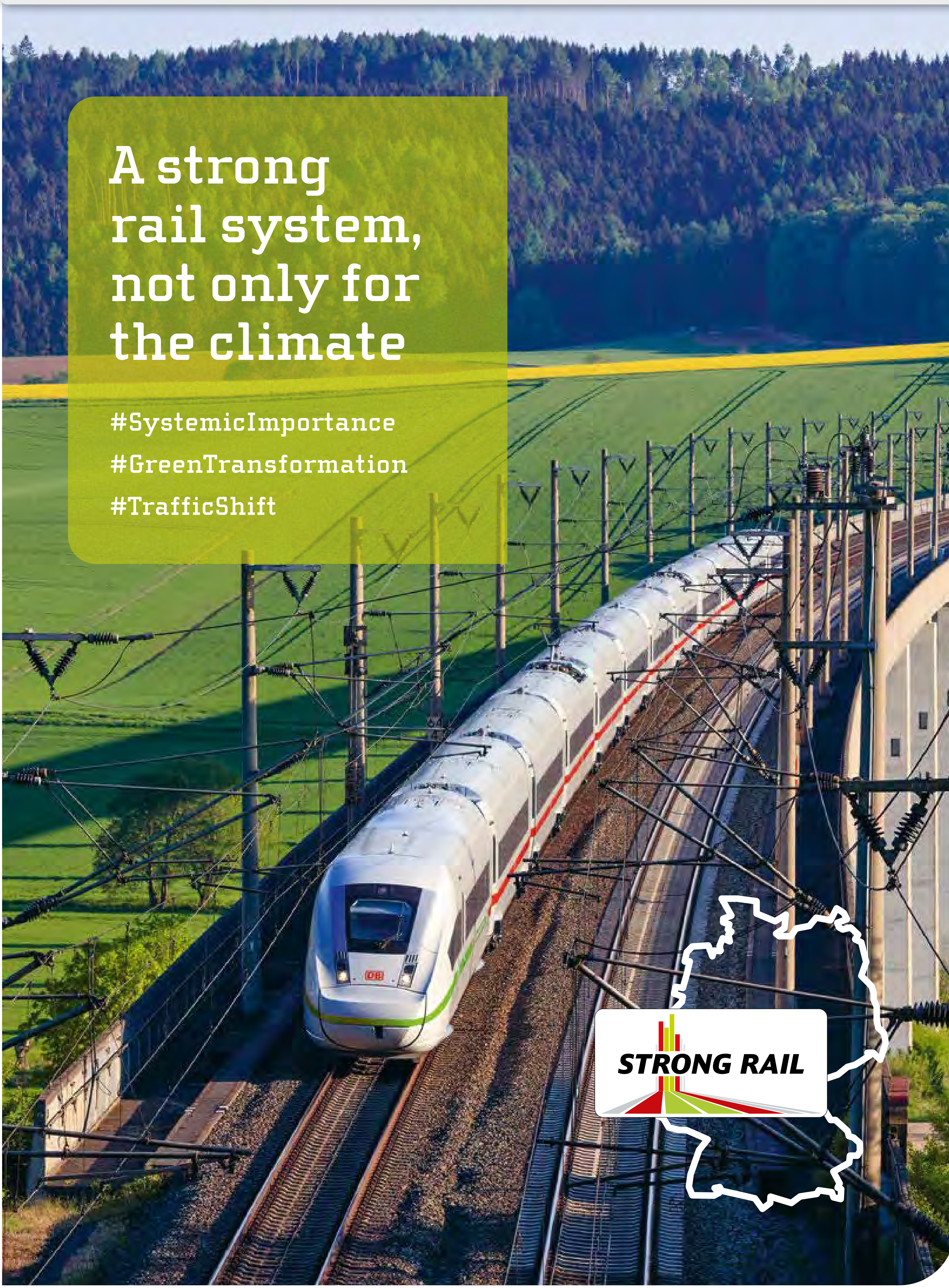
A strong rail system, not only for the climate

#SystemicImportance

#GreenTransformation

#TrafficShift



A strong rail for Germany – our inner ambition

In 2019 we presented our Strong Rail strategy. No one was talking about systemic importance back then, but of **#GreenTransformation** and of the **#TrafficShift**. The first successes of Strong Rail came about through plenty of energy and determination. Then came Covid-19, and we showed that we are not only important for the climate and crucial for mobility. We are essential for society. **#SystemicImportance.**

We want to continue on our growth path

The long-term trends for Strong Rail are intact and gaining increasingly wide support.

For the climate

... because protecting the climate is still important and is becoming more and more pressing.

For the economy

... because networking is moving forward and the need for “green” transport is growing.

For people

... because leisure and professional mobility are and will continue to be essential needs in a digital society.

For Europe

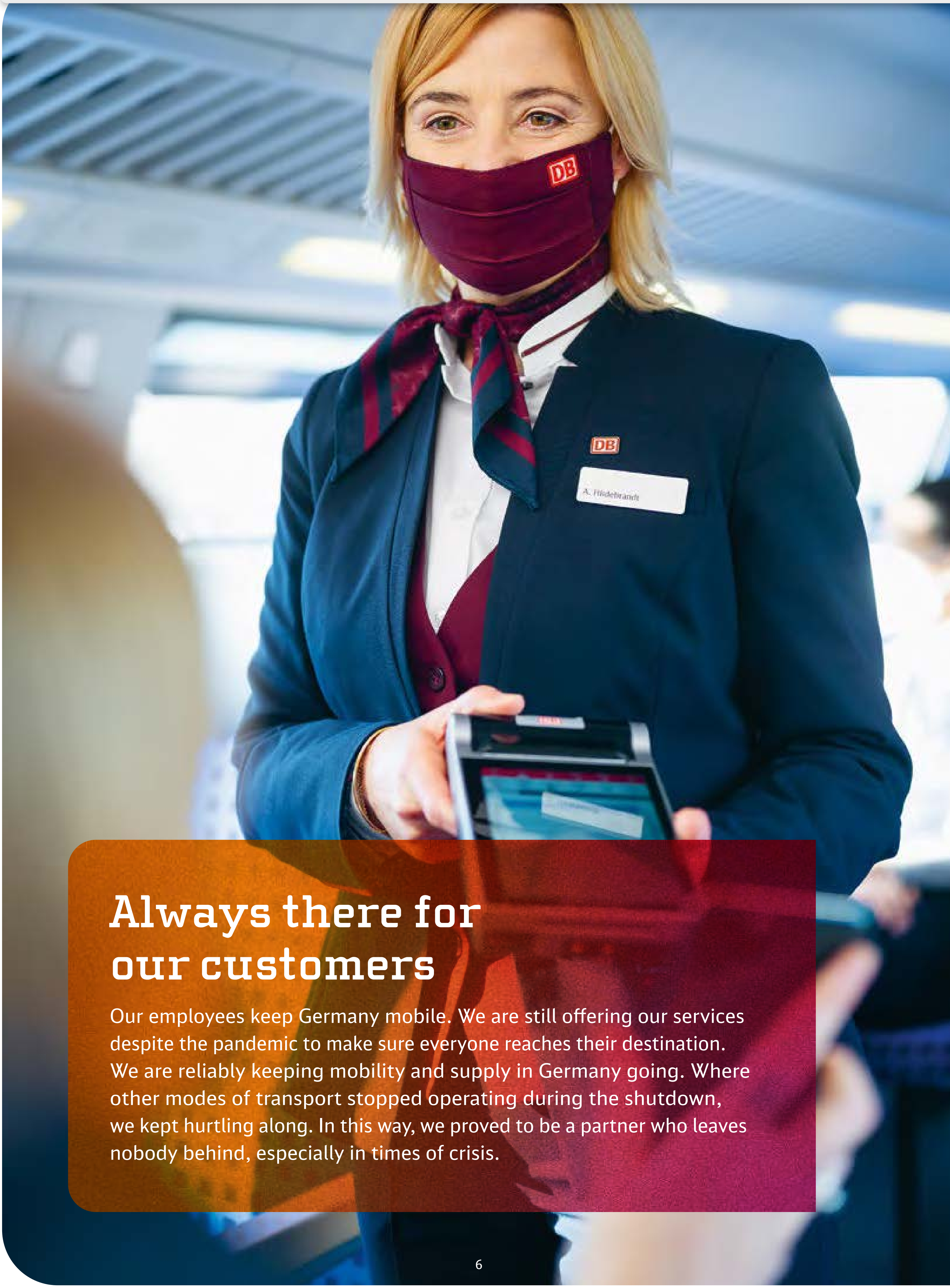
... because cross-border mobility and transport are essential and increasingly in demand in a common market.

#SystemicImportance

Fundamental for mobility

During the Covid-19 pandemic, the waiver of non-essential travel has had a particularly significant impact on our business. At the same time, we have been, and still are, constantly aware of our systemically important role as the backbone of public mobility, and we have lived up to that responsibility together with the public transport

authorities. We have maintained at least a stable basic service at all times. That was not just to make sure everyone gets to where they are needed – whether hospitals, deployment sites or supermarkets. No, we were also able to give our customers a slice of normality: their summer holiday in Germany.



Always there for our customers

Our employees keep Germany mobile. We are still offering our services despite the pandemic to make sure everyone reaches their destination. We are reliably keeping mobility and supply in Germany going. Where other modes of transport stopped operating during the shutdown, we kept hurtling along. In this way, we proved to be a partner who leaves nobody behind, especially in times of crisis.

The highest customer satisfaction and best brand awareness in DB history

The rock of mobility

“We’re moving on!” Consistently since the start of the Covid-19 pandemic, we have played a substantial part in getting people and goods safely and reliably to their destination. Our brand image and customer satisfaction figures both reached new highs in 2020. In particular, this shows that our customers highly value our commitment and our reliability during the pandemic.

#SystemicImportance

Backbone of the economy

Large, green and powerful! During the Covid-19 crisis, we have shown that DB Cargo and rail freight transport can be relied on: we run also across borders and without traffic jams. Thus, DB Cargo has ensured that during the Covid-19 pandemic the supply of European economy has continued across borders.

DB Cargo connects the economic centers of Europe. From the very first phase of the Covid-19 crisis it was clear that, as the backbone of the German and European economy, DB Cargo is an enormously important provider of rail freight transport and that we are there for the economy and for people.

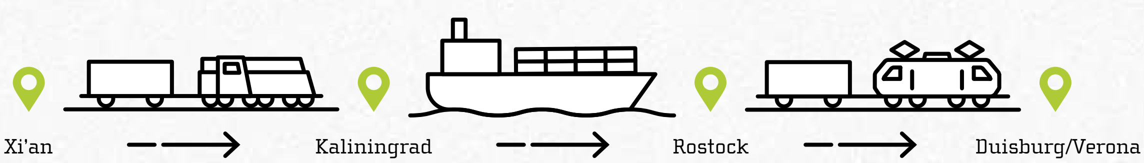
Maintaining essential supply chains

Whether pasta, tomato sauce or toilet paper, in the first phase of the Covid-19 pandemic, what had been mundane everyday items suddenly became sought-after goods. “Supply secured!” was the crucial message here. DB Cargo and DB Schenker have helped to maintain flows of goods in Europe and worldwide every day around the clock. The Covid-19 pandemic has shown the importance of stable supply chains: logistics makes the world go round. One example is our short-term pasta transports in April 2020, which allowed empty supermarket shelves to be refilled quickly.

Supply of essential protective equipment

Millions of protective masks came from China across the Eurasian railway bridge

In early May 2020, the first delivery of millions of masks and other protective equipment came across the Eurasian railway bridge and arrived in Rostock. On board were four containers of 7.4 million protective masks for Germany and six containers of urgently needed protective equipment for Italy. DB Cargo and DB Schenker dealt with sales and logistics by providing combined services. In just 12 days, the supplies traveled by train from the terminal in Xi'an in China, via Kazakhstan and Russia, to Kaliningrad – a total of more than 10,000 km on the rails. From Kaliningrad, the containers reached Rostock by ship and then continued by rail to Duisburg and Verona. The goods were delivered to their final destinations by truck. Rail transport has many advantages over air freight from China. It is significantly more climate-friendly and cost-effective.



A strong team for a strong rail system

For the first time, the DB Management Board has presented the DB Award 2020 not just to individual DB employees, but to all of them for their exceptional dedication in 2020.

"In 2020, we all proved that you can count on us. As a result, more than ever, we have become exactly whatwe need to be: a strong DB team. I cannot imagine any more deserving winner, and I would like to thank all of our colleagues for their extraordinary commitment."







DB

Thank you

To all the helpers in the crisis.
To all those who are there for our customers.
To all our employees
who are keeping Germany mobile.



#GreenTransformation

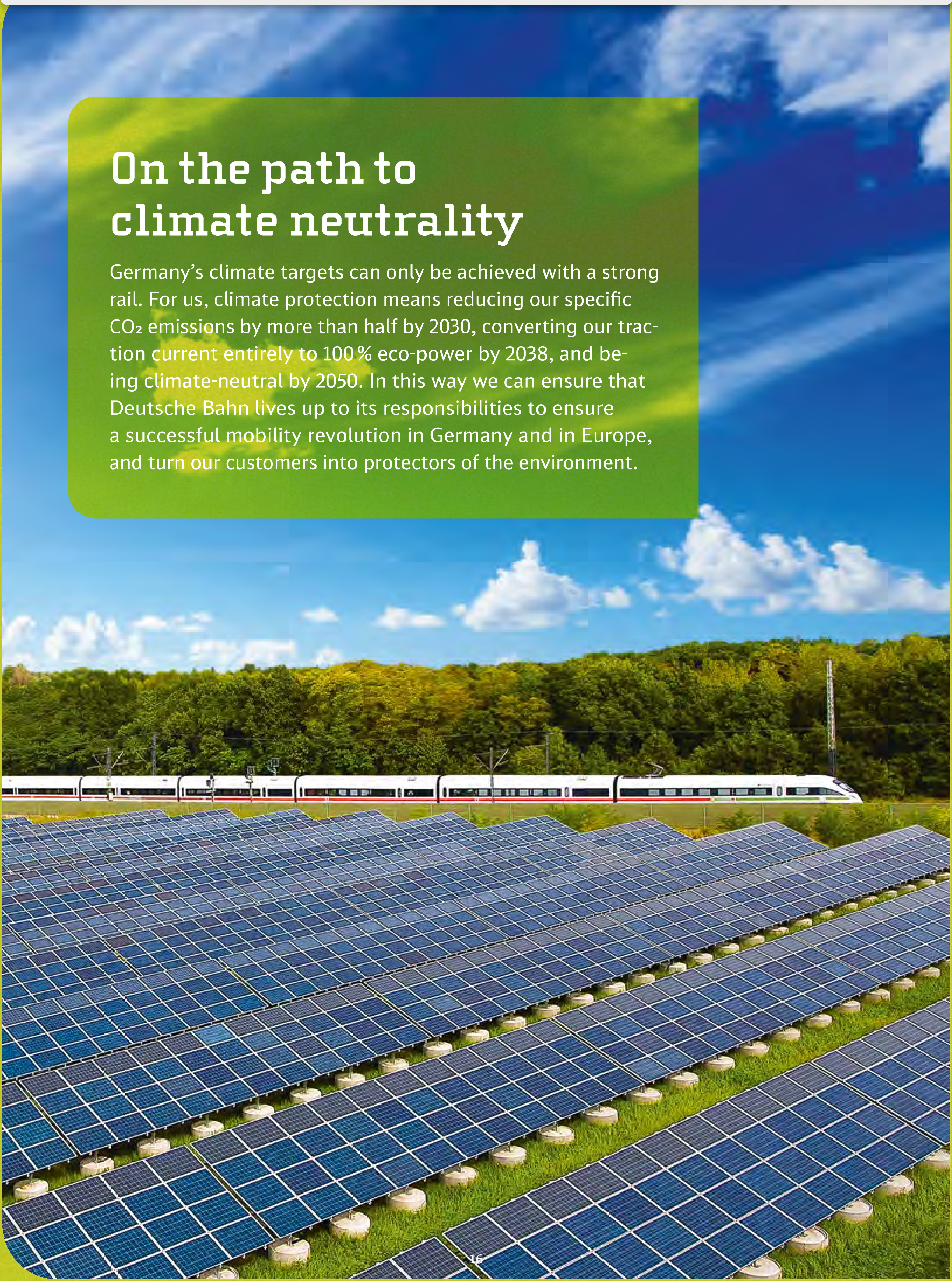
Vital for a mobility transition

Rail is the key for a transition to more sustainable mobility. We are taking a holistic approach to the Green Transformation of DB Group: this means not only making all our prod-ucts and services green, but also designing our way of working to be even greener and more sustainable. In this way, we are taking responsibility for the environment and society. We are strengthening the rail in Germany – for the climate,

for people, for the economy and for Europe. We have embedded this understanding in our Strong Rail strategy and are implementing it with our Green Transformation. After all, we know that German and European climate targets can only be achieved through environmentally friendly rail.

On the path to climate neutrality

Germany’s climate targets can only be achieved with a strong rail. For us, climate protection means reducing our specific CO_2 emissions by more than half by 2030, converting our traction current entirely to 100 % eco-power by 2038, and being climate-neutral by 2050. In this way we can ensure that Deutsche Bahn lives up to its responsibilities to ensure a successful mobility revolution in Germany and in Europe, and turn our customers into protectors of the environment.



Largest eco-power package assembled

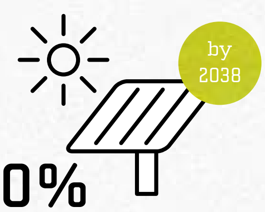
We are continuing to expand our top position in Germany in terms of eco-power use

With three new contracts supplying about 780 gigawatt hours of green energy, we are securing our supply for the coming years. With this amount of hydroelectric, wind and solar power alone, it would be possible to operate about 40,000 trains for more than 20 days. This is the largest green traction current package in the history of DB Group and another milestone on the way to a completely green railway.

by 2030

> -50%

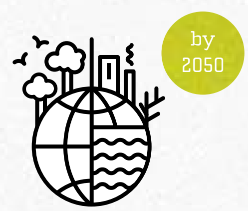
reduction of our specific CO_2 emissions



by 2038

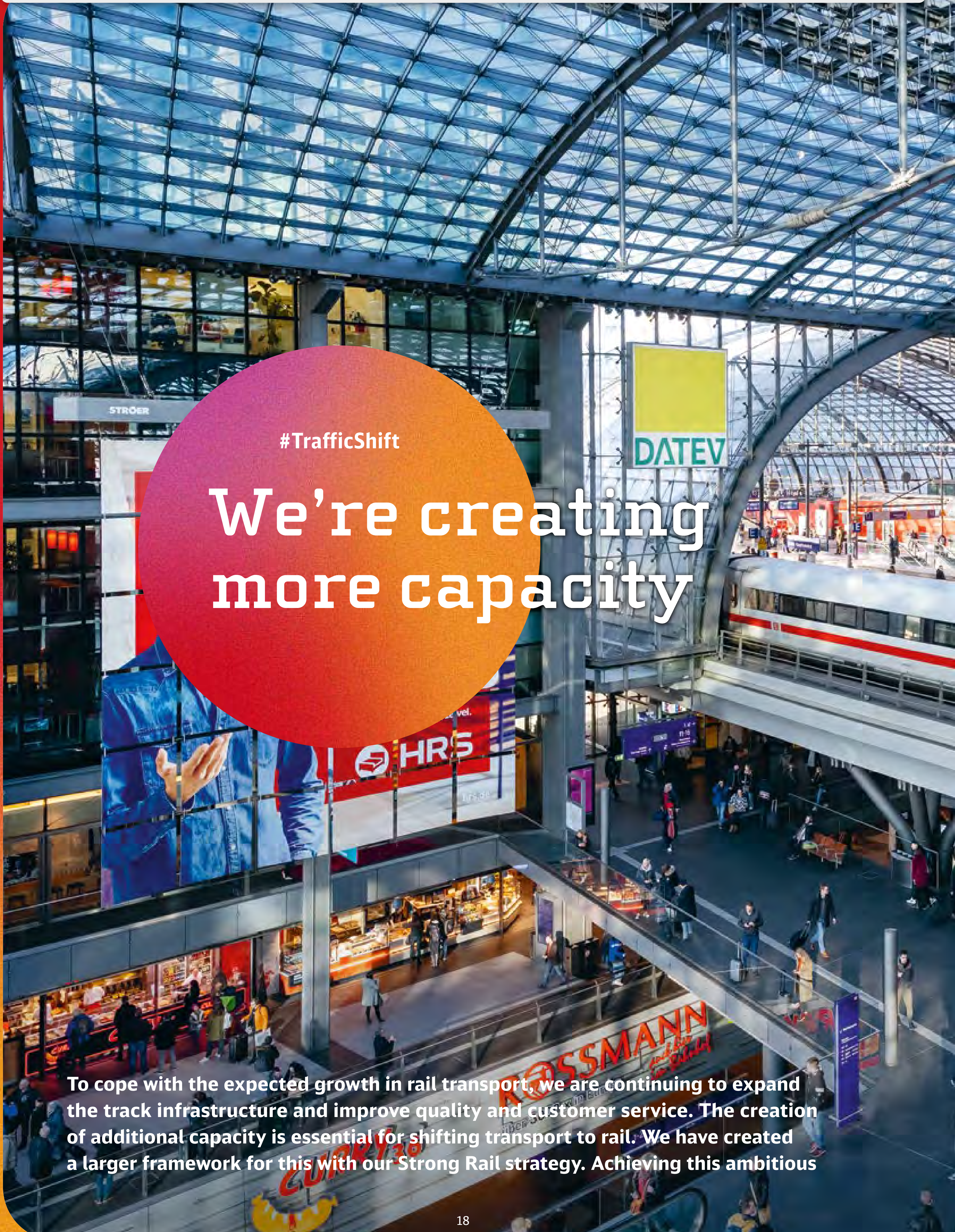
100%

eco-power in the DB traction current mix



by 2050

climate-neutral



#TrafficShift

We're creating more capacity

To cope with the expected growth in rail transport, we are continuing to expand the track infrastructure and improve quality and customer service. The creation of additional capacity is essential for shifting transport to rail. We have created a larger framework for this with our Strong Rail strategy. Achieving this ambitious

project requires a joint effort from us, the entire industry and politicians. With Strong Rail, we are taking on central transport and climate policy projects by the Federal Government and creating the basis for a sustainable shift in the mode of transport.

Record capital expenditures in the rail network and stations

We are making the infrastructure fit for the future to produce the conditions for even more growth on the rails. To do this, we need one thing in particular: more capacity! The target is for our infrastructure to handle at least 30 % more traffic to a high standard. That is why we, together with the Federal Government, are investing heavily in the modernization of the existing network and in expansion and newly build lines, hubs and service facilities for passenger and freight transport. More capacity is also made possible by the digitalization of rail operations – Digital Rail for Germany is the crucial key to success here: we are implementing the standardized European Train Control System (ETCS) and digital interlockings throughout the network. This not only enables trains to be operated more frequently and at higher speeds, but also reduces disruptions and therefore increases operating quality.

Expansion of the ICE fleet

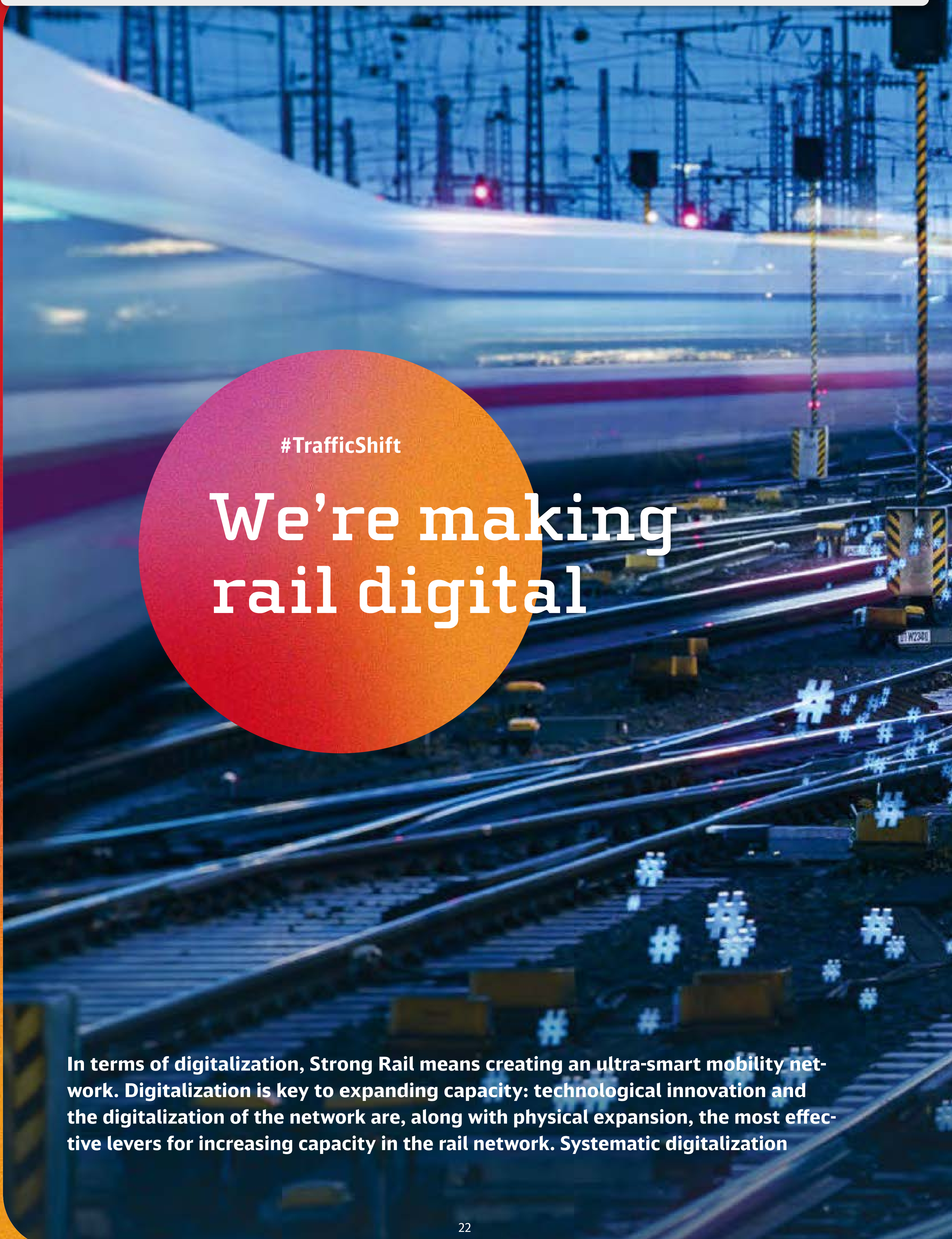
Billions of capital expenditures in our fleet

Along with infrastructure and employees, the expansion of vehicle capacity is a key requirement for us to achieve our growth targets and a sustainable shift to rail transport. Our target for DB Long-Distance is to have up to 600 trains in operation. The ICE 4 fleet will then be the core of our high-speed fleet. In regional transport, too, we are working together with public transport authorities to expand the fleet and increase seating capacity.

137
ICE 4 trains in total by 2026

26
new ICE 4 trains joined our fleet in 2020

415
ICE trains overall in the fleet in 2026



#TrafficShift

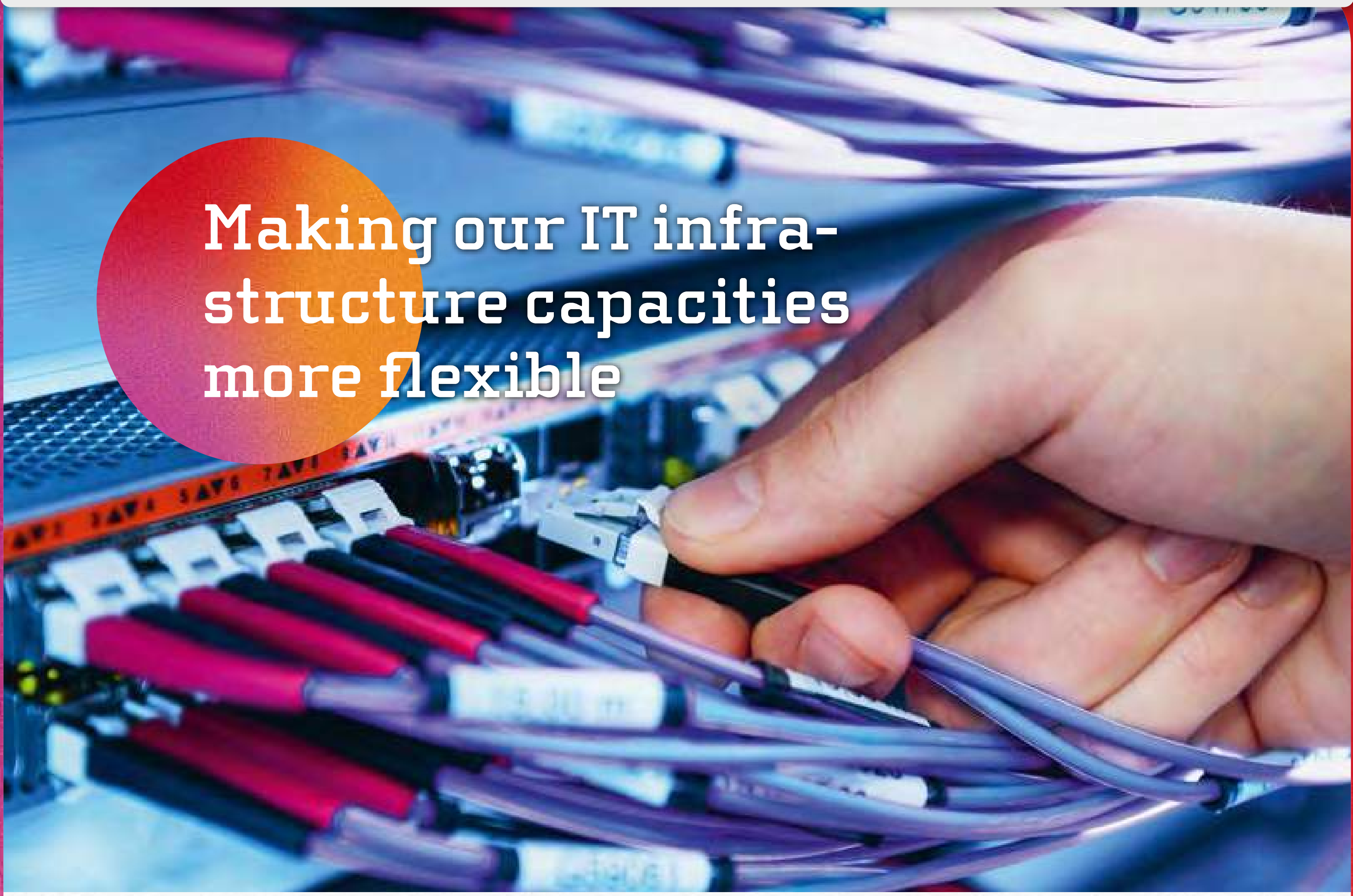
We're making rail digital

In terms of digitalization, Strong Rail means creating an ultra-smart mobility network. Digitalization is key to expanding capacity: technological innovation and the digitalization of the network are, along with physical expansion, the most effective levers for increasing capacity in the rail network. Systematic digitalization

and greater automation of vehicle maintenance are important requirements for our fleets to achieve higher availability. And, last but not least, mobility needs to be fun – with maximum flexibility to determine and individualize the travel experience. Digitalization provides the basis for this, too.

WiFi that travels with you

We are continually expanding our technical WiFi infrastructure at stations and on trains and buses. With WIFI@DB, our trains are a step closer to being an extension of the living room or a mobile office. Our customers can surf continuously while on the train, at the station and in the DB Lounge. In previous years, we have invested a total of more than € 200 million in this. About 3,800 access points have been installed so far.



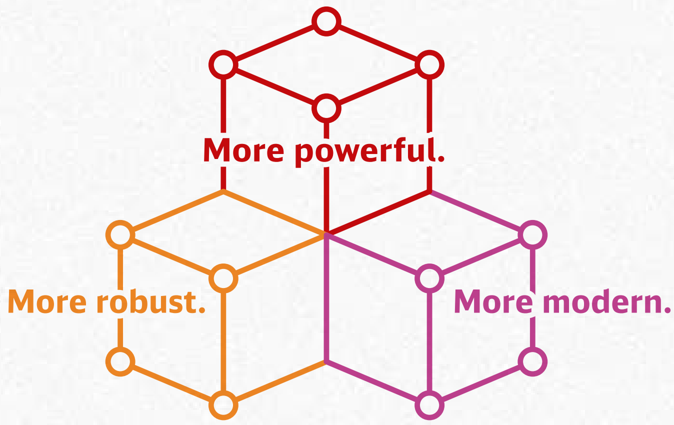
Making our IT infra-structure capacities more flexible

We have moved ... to the cloud

Cloud migration has been one of our biggest IT projects in recent years. Our teams have succeeded in moving our IT to the cloud "with the wheels still turning" – without impacting on rail operations. The exceptional situation created by the Covid-19 pandemic has shown how important the decision to migrate to the cloud has been. Some IT systems were suddenly in very high demand, while others were hardly needed at all. The cloud allows capacity to be adjusted quickly. The gains in terms of stability and greater resilience are enormously important in times of crisis, because if the IT doesn't work, the trains don't run.

- We have completely migrated our IT from our data centers to the cloud.
- Several hundred applications, including the ticket sales systems or the SAP landscape, one of the largest in Europe, have been migrated while in operation.
- The cloud makes the IT systems more powerful and more cost-efficient. We only pay for the IT resources that we actually use.

We're making rail strong



We're becoming more robust.

DB Group is becoming more robust through more train-paths, more trains and more employees.

We're becoming more powerful.

DB Group is becoming more powerful through a simple setup, clear processes and a joint approach.

We're becoming more modern.

DB Group is becoming more modern through a faster cycle, stronger connections and a smarter service.

And we're becoming even greener.

To our stakeholders

Chairman's letter

Dr. Richard Lutz

CEO and Chairman
of the Management Board
of Deutsche Bahn AG

Ladies and gentlemen,

GRI 102-14

It may sound paradoxical, but for DB Group, 2020 was a year that strengthened us. We are living through a Covid-19 crisis, not a Deutsche Bahn crisis. On the contrary, the past year has provided impressive confirmation that we are an essential part of this country's lifelines. We are systemically important. We are and always have been dependable.

This is the core of our Strong Rail corporate strategy. A strong rail system means being there for our society – to help people get where they need to go and to provide logistics supply for the population and the economy. This is particularly true in times when old certainties can no longer be taken for granted. We are living up to our responsibility.

The world has experienced a shift in its key values and priorities over the past year. Covid-19 is still defining our everyday lives. Social distancing is still essential. Carefree socializing is still a long way off.

During the lockdown, we were all called on to stay home, in both spring 2020 and winter 2020/2021. The pandemic slammed the brakes on the track record of the railway in Germany. We were a transport provider for a society that was suddenly no longer allowed to travel. Record figures in our passenger numbers at the beginning of 2020 were followed by painfully empty trains – and an extremely tense financial situation.

Nevertheless, little has changed in my fundamental optimism about the railway's future. On the contrary, it is stronger than ever. Our task and our "raison d'être" have been confirmed and reinforced by the crisis.

Global climate change remains a massive threat. Covid-19 may have temporarily drawn attention away from it, but it is still a vital issue for our future. There is no vaccine against climate change. Only a new way of getting around will allow us to heal our planet. Our customers are also fully aware of this.

Train travel is active climate protection, nothing has changed about that. And we are making this most climate-friendly means of transport even greener and more attractive. With over 160 green initiatives, we are strongly committed to protecting the climate, to preserving nature and resources, to noise remediation and to social responsibility. We are the frontrunner in the expansion of eco-power. By 2050, we will be climate-neutral, and by 2030 will have already more than halved our CO_2 emissions compared to 2006. Right now, we are already the largest eco-power user in Germany, with 61 percent renewable energies in the traction current mix.

This is another reason why Deutsche Bahn was again awarded the top rating A in the renowned climate protection rankings of the global non-profit environmental organization, the Carbon Disclosure Project (CDP). For us, green is more than just an attitude. It is embedded in everything we do. DB Group is considered to be an international leader in its efforts to combat climate change. Deutsche Bahn is also expressly committed to the principles of the United Nations Global Compact, the world's largest initiative for sustainable and responsible corporate management.

The European Commission has declared 2021 the European Year of Rail. In its "Green Deal," the European Union has committed to the goal of being climate-neutral by 2050. A shift in the mode of transport is vital for this, therefore making a strong rail network essential. TransEuropExpress (TEE) 2.0, an initiative of the Federal Ministry of Transport and Digital Infrastructure, is an example of high-performing and modern European rail transport. Its purpose is to provide better connections between existing train links in future. The goal is a European synchronized timetable that unites Europe even more closely and, above all, in a climate-friendly way.

Without a massive shift in the mode of transport to the environmentally friendly rail, neither German nor European climate targets are achievable. The strong commitment of policymakers provides significant support in this respect. The Master Plan for Rail Transport, the measures to strengthen the rail as part of the Climate Action Program 2030, and the further ramp-up of funds for rail-related items in the 2021 Federal budget – all of these demonstrate: rail is the future.

We will deal with the financial consequences of the pandemic together. The second wave forced us to revise our forecasts and adjust them significantly downwards. For the period up to 2024, we expect the railway business to suffer damages of about ten billion euros. There has never been a more drastic slump in DB Group's history. The adjusted revenues of DB Group fell by 10 percent to 39.9 billion euros in 2020. The operating loss (EBIT adjusted) was –2.9 billion euros, a drop of 4.7 billion euros.

Dealing with these financial losses while at the same time being able to continue our capital expenditure program for the Strong Rail strategy requires a joint effort from all the major parties involved – companies, managers, employees and owners. This philosophy underpins the "Alliance for our Railway" ("Bündnis für unsere Bahn"), made up of politicians, DB Group and employee representatives. We have stated that we will do our part by bearing half of the expected Covid-19 damages in the railway business in Germany ourselves. We have already implemented a significant part of this in 2020. The collective labor agreement concluded with the Railway and Transport Workers Union (Eisenbahn- und Verkehrsgewerkschaft; EVG) makes a significant contribution in this respect.

A key factor in facing up to these major challenges is the faith of our passengers. In 2020, our commitment was rewarded with the highest customer satisfaction and best brand awareness in DB history. Our regular customers continue to have faith in us and value our reliability and flexibility. For this reason, too, I am convinced that rail passengers will return. To support this, we are putting all our energy into improving our safety and service even further. The entire ICE fleet, more than 130 stations, all DB Lounges, and the first regional trains and buses now have WiFi. And WIFI@DB continues to grow: in 2021, several hundred regional trains and buses will follow suit, along with the Intercity trains.

We are working very intensively – and successfully – to further improve punctuality. In 2020, 81.8 percent of all ICE and Intercity/EC trains ran on time. This is an increase of 5.9 percentage points compared to the previous year (2019: 75.9 percent) and the best value in 15 years. The significant upward trend that was already apparent at the end of 2019 has continued over the course of 2020. DB Group has also further increased the punctuality of its trains in regional transport compared to 2019. At 95.6 percent, 2020 saw DB Regional achieve its best punctuality figures since DB AG was founded.

The reasons for the improved punctuality included, of course, fewer passengers, which reduced standing times at stations. At some points, fewer trains were in use, including in freight transport. This reduced the burden on the rail network, particularly the railway hubs. However, the further improved and more customer-friendly construction planning also had a positive impact on punctuality. Despite Covid-19, the construction activities were higher than ever before – at times at more than 900 construction sites in a single day. Our construction management center has certainly proved its worth in this respect: 14 percent fewer trains were delayed due to better management of the construction sites – despite a 20 percent increase in construction activity.

Together with the Federal Government and the Federal states, we have invested a record 12.2 billion euros in the rail infrastructure, significantly increasing quality and capacity. This includes our modernization campaign for stations, which we successfully furthered in 2020: together with the Federal Government and the Federal states, we have invested about 1.6 billion euros in modernizing existing stations and improving their accessibility and in constructing new ones. Together with the Federal Government, important steps have also been taken in the digitalization of the infrastructure.

At the same time, we are expanding the fleet to make more vehicles available. More than 50 new ICE 4s are already in use. In addition, DB Long-Distance commissioned nine double-deck Intercity trains last year and ordered 30 new ICE 3neo trains. The long-distance transport fleet will be modernized by 2026 for about 8.5 billion euros.

By increasing the capacity on the line and in our workshops, we are shortening the travel time and making train travel even more attractive. Our customers got their first taste of Germany in sync with the December timetable change between Hamburg and Berlin, where we have started offering half-hourly intervals for the first time.

DB Regional was able to assert its position as the market leader in local transport. The company maintained all existing services and was able to win additional services from the competition. Overall, the newly awarded order book was increased for the second year in a row through competitive and profitable offers. DB Regional's market share is therefore stable at about 61 percent of train kilometers traveled in the growing regional transport market. Our approach to local transport takes in all modes of transport and we are also successfully using on-demand services such as ioki to focus on new forms of local public transport.

The Covid-19 crisis has demonstrated just how important rail freight transport is. DB Cargo runs about 20,000 trains per week, making it the climate-friendly backbone of the economy in Germany and Europe. For example, a single freight train transports the freight of 52 trucks. And every ton that is shifted to rail saves 80 percent of CO_2 compared to trucks. This spurs us on. DB Cargo has therefore consciously set itself a growth strategy for 2020: for the climate and for a sustainable profitability.

In the Covid-19 year of 2020, DB Schenker proved itself to be a reliable supplier in a crisis. The steady reinforcement of supply chains by our logistics colleagues has helped to ensure important medical products are supplied to people in Germany, Europe and around the world – for example, the protective masks that have become an essential part of our lives. The incredible performance of DB Schenker under difficult conditions was rewarded with a record result. DB Schenker will once again be taking on an important task this year: our logistics subsidiary is helping to supply people worldwide with vaccines against Covid-19.

Digitalization is the driver of progress in all our business areas. We have transferred our IT to the cloud as much as possible and closed the Group's own data center. This means that we have completed one of our largest IT projects two years ahead of schedule, making us pioneers in Europe and one of the first major groups to make systematic use of the cloud. This decision proved to be perfect in this Covid-19 period. Our IT systems also functioned smoothly when tens of thousands of employees switched to working from home at the same time.

2020 was not the year of passenger records or profits. It was a year full of challenges, restrictions and adjustments. The economic consequences are enormous. But we have shown that we are there for the people. We are investing massively in the future and are continuing to build on our Strong Rail strategy every day. We have the right task, we have the right strategy. And we have the right team. I would like to thank our employees, who more than ever over the last year have all proved to each other that we can be relied on. The DB team is ready for the future.

Sincerely,

Dr. Richard Lutz
CEO and Chairman of the Management Board
of Deutsche Bahn AG

The Management Board of Deutsche Bahn AG

CVs can be found ***online***.

Martin Seiler
Human Resources and Legal Affairs

Prof. Dr. Sabina Jeschke
Digitalization and Technology

Dr. Sigrid Nikutta
Freight Transport

Dr. Richard Lutz
CEO and Chairman of the Management Board

Dr. Levin Holle
Finance and Logistics

Ronald Pofalla
Infrastructure

Berthold Huber
Passenger Transport

Report of the Supervisory Board

Michael Odenwald

Chairman of the Supervisory Board of Deutsche Bahn AG

GRI 102-18 In the year under review, the Supervisory Board of Deutsche Bahn AG (DB AG) observed the entirety of the responsibilities incumbent upon them by virtue of the law, the company's statutes and its bylaws. The Supervisory Board extensively advised and supervised the Management Board in the management of the company and business operations. The Management Board reported regularly, without delay and in detail to the Supervisory Board regarding corporate planning and the business, strategic and financial development of DB AG and its subsidiaries. All significant business events were discussed in full sessions of the Supervisory Board and the responsible committees based on reports of the Management Board. Significant deviations in actual business development were explained by the Management Board and reviewed by the Supervisory Board. The Chairman of the Supervisory Board maintained close contact at all times with the Chairman of the Management Board, who regularly reported on the latest business developments at DB AG, upcoming business decisions and risk management.

MEETINGS OF THE SUPERVISORY BOARD

The Supervisory Board was involved in all decisions of fundamental significance for DB AG. In the year under review, the Supervisory Board held four ordinary meetings and two extraordinary meetings, as well as one strategy meeting. In addition, after the scheduled end of the previous term of office, the Supervisory Board commenced a new term of office with a constituent meeting. Details of the annual financial statements were also explained to the Supervisory Board in two information events and, at the beginning of the new term of office, particularly for the new Board members, key data and issues relevant to Deutsche Bahn Group (DB Group) were presented. In the reporting period, all members of the Supervisory Board participated in at least half of the meetings in full. In the reporting period, four resolutions were passed by written procedure. Meetings of the Executive Committee, the Personnel Committee and the Audit and Compliance Committee were held in preparation for the scheduled meetings of the Supervisory Board of DB AG. In the reporting period, the main focus of the deliberations in the full meetings, particularly from the second quarter of 2020 onwards, was the significant impact of the Covid-19 pandemic on the development of DB Group. In this context, issues relating to developments in revenues, profit and employment in the individual business units and developments in significant capital expenditure and investment projects were also discussed. The Supervisory Board regularly discussed the progress and the cost development of the major Stuttgart 21/Wendlingen—Ulm project in its scheduled meetings during the reporting period, on each occasion joined by the Chairman of the Advisory Board of DB Projekt Stuttgart—Ulm GmbH. In the annual strategy discussion, the Supervisory Board discussed in detail the information on the implementation status of the Strong Rail strategy presented by the Management Board, focusing on the strategy and restructuring measures for DB Cargo. The Supervisory Board also discussed key individual matters, such as the progress of the audit of the advisory agreements, future courses of action with regard to the disposal of DB Arriva and the further capital expenditure activities of the business unit, along with the development of broadband expansion, and passed the necessary resolutions. In the reporting period, the Supervisory Board also passed the reappointment of a member of the Management Board of DB AG.

Its main topic in the reporting period was in particular the severe consequences of the Covid-19 pandemic for DB Group, which had a significant impact on the economic situation of DB Group from March 2020 onwards. The Management Board discussed the economic situation of DB Group, the impact on revenue and profit development in the business units, corporate planning, and the planned measures to compensate for the economic impact with the Supervisory Board. In December, the Supervisory Board discussed the medium-term planning for DB Group from 2021 to 2025 and approved DB Group's budget for the 2021 financial year and DB Group's project and capital expenditure plan for the medium-term period. DB Group's medium and long-term planning was noted.

MEETINGS OF THE SUPERVISORY BOARD COMMITTEES

In order to carry out its tasks efficiently, the Supervisory Board of DB AG has set up four standing committees. The Supervisory Board's Executive Committee met six times in the year under review and was in regular contact with the Management Board regarding all major business policy issues. In its meetings, it focused in particular on preparing the focal topics for each of the Supervisory Board meetings. In the year under review, the Audit and Compliance Committee held six meetings and, in preparation for the discussions in the full sessions of the Supervisory Board, focused particularly intensively on the effects of the Covid-19 pandemic on the economic situation of DB Group and its individual business units using the current monthly and half-year figures. In line with its agenda, the committee discussed the progress and cost development of the major Stuttgart 21 project on the basis of the quarterly reporting of the Management Board, each of which was reviewed by an audit firm and an engineering firm. In its December meeting, the committee also discussed in detail the risk report, the budget and capital expenditure plan presented and DB Group's medium and long-term planning. The committee also continued to address updates in corporate governance and the internal control system necessitated by the German Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz; BilMoG). The Audit and Compliance Committee also received regular information on compliance issues and the findings of audits by the internal audit department. In addition, the committee discussed the hiring of the audit firm for the financial statements and the progress of the auditing process for the reporting period. The committee was also informed of individual issues of economic significance, including the capital expenditure activity relating to DB Arriva calls for tender. In addition, the committee dealt with the further development of the capital expenditure reporting format and prepared decisions for the Supervisory Board regarding a revised version of the catalog of transactions requiring approval, in particular capital expenditure projects requiring approval. The Chairman of the Audit and Compliance Committee was in regular contact with the Management Board and the external auditor, and reported regularly and in detail on the committee's work to the full Supervisory Board.

In the year under review, the Personnel Committee held a total of seven – three regular and four extraordinary – meetings or telephone conferences to prepare Management Board-related matters for discussion by the Supervisory Board, discussed questions regarding compensation for the members of the Management Board, and prepared the corresponding resolutions for the Supervisory Board as a result.

The Mediation Committee established in accordance with section 27 (3) of the Co-Determination Act (Mitbestimmungsgesetz; MitbestG) did not have occasion to meet in the year under review.

CORPORATE GOVERNANCE

During the year under review, the Management Board and Supervisory Board of DB AG again considered the further development of corporate governance. In a Cabinet decision on July 1, 2009, the Federal Government adopted the Public Corporate Governance Code (PCGK) and revised it in its resolution of September 16, 2020. The PCGK sets out the essential provisions of applicable law governing the management and monitoring of non-listed companies in which the Federal Republic of Germany holds a majority stake, while outlining the internationally and nationally acknowledged principles of good and responsible corporate management. The Supervisory Board of DB AG dealt with the application of the PCGK within DB Group and adopted the necessary resolutions. The process of implementing the requirements derived from the revised PCGK that came into force during the business year was still being reviewed and preparations being made at the time this report was printed. The Supervisory Board will continue to address this matter in the financial year 2021 and discuss the progress of its implementation with the Management Board.

ANNUAL FINANCIAL STATEMENTS

GRI 102-56

The annual financial statements and management report of DB AG, as prepared by the Management Board, and the consolidated financial statements and Group management report for the period ending on December 31, 2020 were audited and awarded an unqualified audit opinion by Pricewaterhouse-Coopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), the auditor appointed by resolution of the Annual General Meeting. The auditors' report was reviewed by the Audit and Compliance Committee in its meeting held on March 22, 2021, and was discussed in full at the Supervisory Board's financial statements meeting held on March 24, 2021 in the presence of the auditors who signed the audit reports. The auditors reported on the salient audit findings and were available to answer questions. The Supervisory Board concurred with the audit findings. The Supervisory Board reviewed the annual financial statements and management report of DB AG, the consolidated financial statements and Group management report for the year under review, and the proposal for the disposition of income, noting no objections. The DB AG annual financial statements for the 2020 financial year were approved and thereby adopted. The audit firm additionally reviewed the report on relationships with affiliated companies prepared by the Management Board. The auditors issued an unqualified audit opinion and reported on their audit findings. The Supervisory Board also reviewed this report, raising no objections concerning the Management Board's concluding declaration contained in the report or the result of the audit conducted by PwC.

CHANGES IN THE COMPOSITION OF THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

The period of office of the members of the Supervisory Board elected by the General Meeting, Dr. Ingrid Hengster, Prof. Dr. Susanne Knorre, Dr. Jürgen Krumnow, Ms. Kirsten Lühmann, Mr. Michael Odenwald, Mr. Eckhardt Rehberg and Mr. Christian Schmidt, as well as the period of office of the members of the Supervisory Board delegated by the Federal Government, State Secretary Werner Gatzer (BMF), Mr. Oliver Wittke (formerly of the Federal Ministry of Economics and Energy; BMWi) and State Secretary Dr. Tamara Zieschang (Federal Ministry of Transport and Digital Infrastructure; BMVI), along with that of the employee representatives on the Supervisory Board (Mr. Jürgen Beuttler, Mr. Jörg Hensel, Mr. Klaus-Dieter Hommel, Mr. Alexander Kirchner, Mr. Jürgen Knörzer, Ms. Heike Moll, Mr. Mario Reiß, Ms. Regina Rusch-Ziemba, Mr. Jens Schwarz and Mr. Veit Sobek), duly expired at the end of the Annual General Meeting on March 25, 2020. At this Annual General Meeting, Dr. Ingrid Hengster, Prof. Dr. Susanne Knorre, Ms. Kirsten Lühmann, Mr. Michael Odenwald, Dr. Immo Querner, Mr. Eckhardt Rehberg and Mr. Christian Schmidt were elected to the Supervisory Board as shareholder representatives for the period from March 25, 2020, up to the end of the Annual General Meeting, which resolves on their discharge for the fourth financial year following the start of their period of office. State Secretary Werner Gatzer (BMF), State Secretary Dr. Tamara Zieschang (BMVI) and Parliamentary State Secretary Elisabeth Winkelmeier-Becker (BMWi) were delegated directly to the Supervisory Board by the BMVI as additional shareholder representatives, with effect from March 25, 2020. Against the backdrop of the Covid-19 pandemic, the delegate meetings scheduled for February 10/11, 2020 to elect employee representatives to the co-determined Supervisory Boards of DB Group, including the Supervisory Board of DB AG, could not take place, so the Supervisory Board of DB AG requested a judicial replacement appointment of the employee representatives instead. On March 12, 2020, the Berlin-Charlottenburg District Court appointed the following persons as members of the Supervisory Board, with effect from March 25, 2020: Mr. Jürgen Beuttler, Mr. Jörg Hensel, Mr. Klaus-Dieter Hommel, Ms. Cosima Ingenschay, Mr. Jürgen Knörzer, Ms. Heike Moll, Mr. Mario Reiß, Mr. Jens Schwarz, Mr. Veit Sobek and Mr. Torsten Westphal.

At the constituent Supervisory Board meeting, which also took place on March 25, 2020, Mr. Michael Odenwald was again elected Chairman of the Supervisory Board, while Mr. Torsten Westphal was elected Deputy Chairman of the Supervisory Board. On April 25, 2020, Mr. Torsten Westphal resigned his mandate as Deputy Chairman of the Supervisory Board with immediate effect and his mandate on the Supervisory Board of DB AG with effect from May 31, 2020. As his successor, Mr. Klaus-Dieter Hommel was elected Deputy Chairman of the Supervisory Board at the Supervisory Board meeting on May 15, 2020. On June 18, 2020, the District Court of Berlin-Charlottenburg appointed Mr. Martin Burkert to the Supervisory Board as an employee representative in order to fill the mandate left vacant by the departure of Mr. Westphal.

In the reporting period, the following changes were made in the Management Board of DB AG: in its meeting on November 7, 2019, the Supervisory Board of DB AG appointed Dr. Sigrid Nikutta as a Board member of DB AG for the period from January 1, 2020 to December 31, 2022, responsible for the newly created Freight Transport division. In its meeting on December 11, 2019, the Supervisory Board of DB AG appointed Dr. Levin Holle as a Board member of DB AG, responsible for the Finance and Logistics division, for the period from February 1, 2020 to January 31, 2023. Furthermore, in its meeting on February 19, 2020, the Supervisory Board of DB AG reappointed Mr. Martin Seiler, Labor Relations Director and Board member of DB AG, responsible for the Human Resources and Legal Affairs division, from January 1, 2021 to December 31, 2025.

The Supervisory Board thanks the departing members of the Supervisory Board for their committed and constructive support for the company. The Supervisory Board would also like to thank the Management Board, the employees and the employee representatives of DB AG and affiliated companies for their achievements in the year under review.

Berlin, March 2021

For the Supervisory Board

Michael Odenwald
Chairman of the Supervisory Board
of Deutsche Bahn AG

Corporate Governance report

GRI 102-16 102-18

Corporate governance rules are intended to ensure good, responsible, value-focused corporate management. On July 1, 2009, the Federal Government adopted the PCGK regulating the principles of good corporate and investment management and revised it in its resolution of September 16, 2020. The PCGK sets out the essential provisions of applicable law governing the management and monitoring of non-listed companies in which the Federal Republic of Germany holds a majority stake, while outlining the internationally and nationally acknowledged principles of good and responsible corporate management. The objective of the PCGK is to make the corporate management and oversight of companies more transparent and easier to understand as well as to establish more precisely the role of the Federal Government as a shareholder in such companies. Concurrently, the intention is to increase awareness of good corporate governance.

We are convinced that good corporate governance is fundamental to the success of DB Group. Our aim is to sustainably increase the enterprise value so as to promote the interests of customers, business partners, investors, employees and the public, while maintaining and expanding trust in DB Group.

STATEMENT OF COMPLIANCE

In accordance with the notice on the PCGK 2020 published on the Web site of the Federal Ministry of Finance (Bundesministerium der Finanzen; BMF), which is the competent body for the code, the Statement of Compliance for 2020 – in the context of the revised version issued in September 2020 – can still be submitted per the previously valid version of the PCGK (PCGK 2009). Accordingly, the Management Board and the Supervisory Board of DB AG declare:

“I. The Supervisory Board and Management Board of Deutsche Bahn AG declare that since the last Statement was issued on March 25, 2020, the recommendations on the PCGK (PCGK 2009) adopted by the Federal Government on July 1, 2009 have been complied with, with the exception of the insurance deductible when taking out D&O liability insurance for the Supervisory Board (point 3.3.2), which is to be discussed as part of implementing the revised PCGK 2020.

II. The Supervisory Board and the Management Board of DB AG further declare that the recommendations of the PCGK (PCGK 2020) adopted by the Federal Government on September 16, 2020 are fundamentally complied with, with the exception mentioned above.

III. It is also intended that the Group companies will comply with the PCGK 2020 insofar as it applies to them, under the standardized management of DB AG. The process of implementing the new recommendations of the PCGK 2020 was still under review at the time this report was printed. In accordance with the Federal Government’s notices issued in the context of the revision, the relevant Group Statement of Compliance per PCGK 2020 will be issued in full for the first time in the Integrated Report for the 2021 financial year. The preparatory work required for this will be carried out in the course of the 2021 financial year.”

COOPERATION BETWEEN THE MANAGEMENT BOARD AND SUPERVISORY BOARD

As a German Aktiengesellschaft (joint stock corporation), DB AG is subject to a two-tier management and monitoring structure in the form of the Management Board and Supervisory Board. These two bodies are strictly segregated in terms of both their membership and their competencies. The Management Board manages the company on its own joint responsibility. The Supervisory Board monitors the activities of the Management Board and is responsible for appointing members to, and dismissing members from, the Management Board.

In the interests of optimum company management, we see it as very important for the Management Board and the Supervisory Board to maintain continuous dialog with each other and to work together efficiently and in an atmosphere of mutual trust for the benefit of the company. The Management Board provides the Supervisory Board with regular, prompt, comprehensive information on all matters relevant to the company, particularly those concerning planning, business development, risk position and risk management, as well as the internal control system.

An overview of the *members of the Management Board and of the Supervisory Board of DB AG* *→ 246 ff.*, including the mandates they hold, is provided in the Notes to the consolidated financial statements.

Management Board

The Management Board manages the company on its own joint responsibility. It is required to safeguard the interests of the company and is committed to achieving the sustainable growth of enterprise value. It specifies the business goals and defines the strategies to be implemented in order to attain these targets. The Management Board is responsible for making decisions on all matters of fundamental and key importance for the company.

In its meeting on November 7, 2019, the Supervisory Board of DB AG appointed Dr. Sigrid Nikutta as a Member of the Management Board of DB AG for the newly created Freight Transport Board division for the period from January 1, 2020 to December 31, 2022. In its meeting on December 11, 2019, the Supervisory Board of DB AG appointed Dr. Levin Holle as a member of the Management Board of DB AG for the Finance and Logistics Board division for the period from February 1, 2020 to January 31, 2023. Furthermore, in its meeting on February 19, 2020, the Supervisory Board of DB AG reappointed Mr. Martin Seiler, Labor Relations Director and Board member for the Human Resources and Legal Affairs division from January 1, 2021 to December 31, 2025. The Management Board of DB AG therefore consists of seven divisions. In addition to the Chairman's division, the Management Board also comprises the Finance and Logistics, Human Resources and Legal Affairs, Digitalization and Technology, Passenger Transport, Freight Transport and Infrastructure divisions.

Management Board members must discuss any conflicts of interest with the Supervisory Board immediately and must also provide other members of the Management Board with information about any such conflicts.

In accordance with this provision, Dr. Nikutta informed the bodies at the beginning of her Management Board mandate that she has a familial relationship with a member of the general management of a rail vehicle manufacturer. In order to avoid any conflicts of interest, she will not participate in any procurement processes with this rail vehicle manufacturer.

Supervisory Board

The Supervisory Board advises and monitors the Management Board in its management of the company.

In line with the requirements of the Co-Determination Act (MitbestG), the Supervisory Board of DB AG consists of 20 members, of whom ten members are shareholders' representatives and ten members are employee representatives. Some of the shareholders' representatives are seconded to the Supervisory Board and some are elected at the Annual General Meeting. The employees' representatives on the Supervisory Board are elected in line with the requirements of the Co-Determination Act.

The period of office of the members of the Supervisory Board elected by the General Meeting, Dr. Ingrid Hengster, Prof. Dr. Susanne Knorre, Dr. Jürgen Krumnow, Ms. Kirsten Lühmann, Mr. Michael Odenwald, Mr. Eckhardt Rehberg and Mr. Christian Schmidt, as well as the period of office of the members of the Supervisory Board delegated by the Federal Government, State Secretary Werner Gatzer (BMF), Mr. Oliver Wittke (formerly BMWi) and State Secretary Dr. Tamara Zieschang (BMVI), along with that of the employee representatives on the Supervisory Board (Mr. Jürgen Beuttler, Mr. Jörg Hensel, Mr. Klaus-Dieter Hommel, Mr. Alexander Kirchner, Mr. Jürgen Knörzer, Ms. Heike Moll, Mr. Mario Reiß, Ms. Regina Rusch-Ziemba, Mr. Jens Schwarz and Mr. Veit Sobek), duly expired at the end of the Annual General Meeting on March 25, 2020. At this Annual General Meeting, Dr. Ingrid Hengster, Prof. Dr. Susanne Knorre, Ms. Kirsten Lühmann, Mr. Michael Odenwald, Dr. Immo Querner, Mr. Eckhardt Rehberg and Mr. Christian Schmidt were elected to the Supervisory Board as shareholder representatives for the period from March 25, 2020, up to the end of the Annual General Meeting, which resolves on their discharge for the fourth financial year following the start of their period of office. State Secretary Werner Gatzer (BMF), State Secretary Dr. Tamara Zieschang (BMVI) and Parliamentary State Secretary Elisabeth Winkelmeier-Becker (BMWi) were delegated directly to the Supervisory Board by the BMVI as additional shareholder representatives, with effect from March 25, 2020. Against the backdrop of the Covid-19 pandemic, the delegate meetings scheduled for February 10/11, 2020 to elect employee representatives to the co-determined Supervisory Boards of DB Group, including the

Supervisory Board of DB AG, could not take place, so a judicial replacement appointment of the employee representatives to the Supervisory Board of DB AG was requested instead. On March 12, 2020, the Berlin-Charlottenburg District Court appointed the following persons as members of the Supervisory Board, with effect from March 25, 2020: Mr. Jürgen Beuttler, Mr. Jörg Hensel, Mr. Klaus-Dieter Hommel, Ms. Cosima Ingenschay, Mr. Jürgen Knörzer, Ms. Heike Moll, Mr. Mario Reiß, Mr. Jens Schwarz, Mr. Veit Sobek and Mr. Torsten Westphal.

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Any personal or business relationships of individual members of the Supervisory Board with the company are stated in the Notes to the consolidated financial statements.

Supervisory Board members must immediately disclose any conflicts of interest with the Supervisory Board and must also provide the Supervisory Board with information about any such conflicts. In the reporting period, no such incidents arose.

Transactions of fundamental importance and other Management Board decisions with a major impact on the business operations and on the assets, financial or income situation of the company require the authorization of the Supervisory Board. The Management Board reports to the DB Supervisory Board on the business development and the position of DB Group at least once every quarter. The Management Board also reports to the Supervisory Board regularly on all measures implemented within the company that are intended to ensure compliance with laws and corporate regulations. In addition, the tasks of the Supervisory Board include the auditing and approval of the company's annual financial statements and the auditing of the company's management report, the consolidated financial statements, and the DB Group management report. The Supervisory Board also monitors the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system, as well as the process of auditing the annual financial statements.

In addition, the Chairman of the Supervisory Board is in regular contact with the members of the Management Board and particularly the Chief Executive Officer to discuss company strategy, business development and risk management. The Chairman of the Supervisory Board receives regular reports from the Chief Executive Officer on all events that are of key importance for assessing the company's situation and development, as well as for its management.

There were no consultancy agreements or other comparable service agreements or contracts for services between the members of the Supervisory Board and DB AG in the year under review.

SUPERVISORY BOARD COMMITTEES

In order to enable it to carry out its monitoring activities to the best of its abilities, the Supervisory Board of DB AG has made use of the option of setting up further committees in addition to the Mediation Committee, which has to be set up in accordance with the Co-Determination Act, and has set up an Executive Committee, an Audit and Compliance Committee and a Personnel Committee. An overview of the *members of the committees* *249* can be found in the Notes to the consolidated financial statements. Details of the *work performed by the individual committees* *35* in the year under review are included in the report of the Supervisory Board. *Details of the functions of the individual committees* can be found on our Web site.

Share of women on the Management Board and Supervisory Board

Seven women currently serve on the Supervisory Board of DB AG. A target of a 30 % share of women on the Supervisory Board of DB AG was set, with a deadline of June 30, 2022.

Two women currently serve on the Management Board of DB AG. A target of a 30 % share of women on the Management Board of DB AG was set, with a deadline of June 30, 2022.

At the other management levels of DB AG, the following targets have been set (deadline December 31, 2020): at the first management level below the Management Board, a 25.5 % share of women, and at the second management level below the Management Board, a 28.6 % share of women.

As of December 31, 2020, a 24.5% share of women was realized at the first management level below the Management Board. At the second level, 28.9% was achieved. This essentially achieved the targets at the first and second management levels below the Management Board.

DB Group is committed to the equal participation of women and men in management positions and, on the basis of the law, has decided to set a total target of 30% women in management for all applicable subsidiaries at all levels (Supervisory Boards, Management Boards/general management, first and second management levels), with a deadline of December 31, 2024.

TRANSPARENCY

All important information regarding the consolidated and annual financial statements, the interim report, the financial calendar and information on security transactions subject to a reporting obligation can be found on our *Web site*. In addition, we provide regular information on current developments within the framework of our investor relations activities and corporate communication.

RISK MANAGEMENT

Good corporate management also encompasses a responsible approach to the risks and opportunities arising in connection with business operations. The early identification and limitation of business risks is therefore of paramount importance to the Management Board and the Supervisory Board.

The Management Board is responsible for ensuring adequate risk management and monitoring it within the company, and for continuously improving both. The Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz; BilMoG) precisely defines the responsibilities of the Supervisory Board with regard to monitoring the accounting process and ensuring the effectiveness of the internal control system, the risk management system and the internal audit system. For the Supervisory Board to be able to discharge this responsibility, it must be provided with suitable information based on which it can form an opinion on the adequacy and effectiveness of the systems. Regular reports are made to the Audit and Compliance Committee concerning the adequacy and effectiveness of the internal control system. In addition, the Management Board reports to the Audit and Compliance Committee regarding risks of major importance to the Group companies and the handling of these risks by the Management Board. It also controls whether the early warning system for risks meets the requirements of section 91 (2) of the Stock Corporation Act (Aktiengesetz; AktG).

COMPLIANCE

Compliance is an integral component of the corporate and leadership culture at DB Group. To us, compliance means ensuring our business activities comply with the relevant laws and regulations that apply to them.

Our compliance activities focus on preventing and consistently combating corruption and other corporate crime. Mandatory compliance policies serve to protect DB Group, our employees and our executives. Increasing awareness among our employees and executives remains of great importance, because only risk-aware employees can recognize risks and successfully avoid or, at least, minimize them.

The compliance work of DB Group includes the early detection of compliance risks as well as the introduction of relevant countermeasures. This work includes conducting compliance programs, constant communication and process improvements.

Further information on *compliance* can be found in the *Notes to sustainability* 253 and on our Web site.

ACCOUNTING AND AUDITING

On March 25, 2020, the Annual General Meeting of DB AG appointed PwC, Berlin, as the auditor for the 2020 financial year. The Audit and Compliance Committee prepared the proposals of the Supervisory Board regarding the selection of the audit firm and, following its election by the Annual General Meeting, set the key audit priorities in conjunction with the audit firm. Once again this year it was agreed with the audit firm that the Chairman of the Audit and Compliance Committee will be notified immediately of any possible reasons for exclusion or prejudice that emerge in the course of the audit. It was also agreed that the Chairman of the committee will be notified immediately by the audit firm of any separate findings and any irregularities in the statement of compliance.

EFFICIENCY AUDIT OF THE SUPERVISORY BOARD

The Supervisory Board regularly monitors the efficiency of its activities. An efficiency audit is carried out every two years. The efficiency audit was last carried out in 2019.

COMPENSATION REPORT

The compensation report outlines the compensation system and lists the individual compensation of the members of the Management Board and the Supervisory Board.

The compensation system of the Management Board

The compensation system for the Management Board of DB AG aims to provide appropriate compensation to the Management Board members in accordance with their duties and areas of responsibility, while at the same time directly taking into account the performance of each Management Board member and the success of the company.

The appropriate level of compensation is reviewed regularly using a comparison process. This review examines the level of Management Board compensation both in comparison to the external market (horizontal appropriateness) and in comparison to other levels of compensation within the company (vertical appropriateness). If the review shows a need to adjust the compensation system or the level of compensation, the Personnel Committee of the Supervisory Board submits its proposals in this regard to the Supervisory Board for resolution. The appropriateness of Management Board compensation was last reviewed in 2019.

COMPENSATION COMPONENTS

The total compensation for Management Board members consists of a fixed salary, a performance-linked annual director's fee and a long-term incentive plan based on multi-year figures. Total compensation also includes benefit commitments, other commitments and ancillary benefits.

The fixed salary is cash compensation linked to the financial year. It is based on the scope of responsibility and the experience of each Management Board member. The individually defined fixed income is paid out in 12 equal installments.

The performance-linked annual director's fee is calculated using a factor linked to the achievement of business targets (director's fee factor) and the achievement of individual targets (performance factor). There is a multiplicative link between the director's fee factor and the performance factor. The director's fee factor depends on the level of success in attaining the business targets set out by corporate planning. The parameters for this relationship are in equal parts operational success (operating income after interest) and return on capital employed (ROCE).

The performance factor reflects success in meeting personal targets. The target fee corresponds to the annual director's fee paid to the Management Board member in a "normal financial year" for meeting performance targets in full (meeting targets). If the Group results do not meet planned objectives, the director's fee factor can, in extreme cases, be reduced to zero, regardless of personal performance. This means that the director's fee can be zero. If planned objectives are sufficiently exceeded and the maximum performance factor is also achieved, the annual director's fee can amount to 2.6 times the target director's fee.

The business and personal targets of the Management Board members are decided by the Supervisory Board each year based on recommendations from the Personnel Committee, and are then agreed in writing with the Management Board members.

Together with the corporate planning adopted by the Supervisory Board, the personal targets form the basis for assessing the annual director's fee. This means that all of the key parameters for total compensation are established at the beginning of the financial year.

At the end of each financial year, the director's fee and the personal performance factor are calculated for each Management Board member based on Group results. Target income is attained if both the business goals and the individual targets have been met in full. The final decision on this matter is made by the Supervisory Board and is prepared by the Personnel Committee.

In March 2020, the Supervisory Board modified how the long-term incentive (LTI) plan of the Management Board works for tranches to be disbursed in future. The adjusted LTI methodology now also focuses on long-term transport and climate policy objectives and the sustainable creditworthiness and profitability of DB Group. After the end of the respective plan term of four years, the extent to which LTI targets have been achieved at the end of the tranche is measured using the average target achievement for the individual years. The payment amount for the long-term incentive plan has an upper limit and can vary between 0% and 200%. Claims from the long-term incentive plan are inheritable.

The Management Board members are entitled to an appropriate severance package if their contract is terminated before the contractually stipulated termination date, provided that the Management Board member was not personally responsible for the termination through his or her actions. The severance package is based on the remaining term of the contract, the agreed target salary and, where applicable, the pension benefits already owed by DB AG for the remainder of the contract.

In accordance with the recommendations of the PCGK, a severance package cap is included in all contracts of DB AG Management Board members. This cap means that payments made to a Management Board member due to premature termination of Management Board duties without good cause as defined by section 626 of the Civil Code (Bürgerliches Gesetzbuch; BGB), cannot exceed the value of two years' salary, including variable compensation components, and must not provide compensation for more than the remaining term of the employment agreement.

Management Board members do not receive any additional compensation for mandates exercised in control bodies of Group companies or affiliated companies.

Group-wide compensation system for executives

The compensation system for executives aims primarily to closely link compensation to the sustainable success of the company in the sense of the business success of the integrated rail system and of DB Group as well as the alignment of all divisions toward this objective.

The annual director's fee for executives and employees not subject to wage agreements in the integrated rail system is structured as a profit share. Personal goals are then agreed with executives as part of a regular process. The achievement of the goals is regularly included in the assessment when making decisions on increases to the fixed salary.

If the executives are members of bodies of DB AG subsidiaries, the respective subsidiary's Supervisory Board is responsible for discussing the personal goals if possible by the end of the previous financial year. Where applicable, the respective decision-making will take place after the DB AG Supervisory Board meeting in which the mid-term planning and the targets for the Group's Management Board are adopted. This chronological sequence of the handling of personal goals in the Supervisory Boards of the subsidiaries is due to the Group structure of DB AG.

In some cases, given the regulatory requirements, DB Netz AG is subject to separate regulatory requirements which take even greater account of the specific business goals of DB Netz AG.

Pension entitlements

The Supervisory Board of DB AG had set a general retirement age of 65 for Management Board members. In the year under review, in accordance with the provisions of the PCGK 2020, this regulation was modified to stipulate that the Management Board should not include any members who have reached the statutory retirement age. After leaving the company, Management Board members are entitled to pension payments. At the latest upon reaching the age of 65, Management Board members who were in office prior to 2017 are entitled to a lifelong pension if the term of employment ends due to permanent invalidity, or if the contract is terminated before the agreed termination date or is not extended, without good cause, or if the Management Board member refuses to continue the contract under the same or more beneficial conditions.

The system governing benefit commitments to Management Board members was amended in 2017. Members appointed to the Management Board for the first time in 2017 and thereafter receive a defined benefit commitment under which a capital stock is saved up for the Board member for the duration of their employment and paid out when they reach retirement age. An annual amount derived as a specific percentage of fixed salary is paid into the defined contribution plan.

Company pension commitments for Management Board members already in office at the start of 2017 are based on a percentage of the basic salary depending on the length of time that the Management Board member has been with the company. Pension commitments include lifelong retirement and surviving dependent benefits. There is no lump-sum payment option.

In addition to Management Board member contracts entered into before January 1, 2009, a reinsurance policy was concluded to cover company pension benefits.

Contractual ancillary benefits

The contractual ancillary benefits for Management Board members include a company car with driver for business and personal use, a personal BahnCard 100 First free travel card and standard insurance coverage. A housing allowance is provided for second homes where these are required for business purposes. Where these monetary benefits cannot be granted on a tax-free basis, they are taxed as non-monetary benefits for which the Management Board members are fully responsible. Management Board members, like any other member of the Group's executive personnel, can choose to take part in the company's deferred compensation program.

The members of the Management Board are covered by liability insurance against financial losses incurred due to DB AG's business operations (D&O insurance). In the year under review, this insurance was designed as a group insurance policy with the deductible provided for under law; it provides coverage for financial losses that may occur during the performance of activities as Management Board members. The insurance coverage of the existing D&O insurance policy is valid for a period of five years after the termination of activities as a member of the Management Board.

COMPENSATION FOR THE 2020 FINANCIAL YEAR

DB AG Management Board

The director's fee for the previous financial year is due at the end of the month in which the company's Annual General Meeting takes place.

The DB AG Management Board members will receive the following compensation for their work during the year under review:

Total compensation of the Management Board (€ thousand)	Fixed compensation	Variable compensation: Short-term [1]	Variable compensation: Long-term payment	Variable compensation: Provision [2]	Other [3]	Total [4]
INCUMBENT MANAGEMENT BOARD MEMBERS OF DB AG AS OF DEC 31, 2020						
Dr. Levin Holle	367	–	–	69	10	**377**
Berthold Huber	650	–	–	- 295	10	**660**
Prof. Dr. Sabina Jeschke	435	–	–	- 27	6	**441**
Dr. Richard Lutz	900	–	–	- 455	17	**917**
Dr. Sigrid Nikutta	400	–	–	75	7	**407**
Ronald Pofalla	650	–	–	- 295	19	**669**
Martin Seiler	400	–	–	- 150	10	**410**
Total	**3,802**	**–**	**–**	**- 1,079**	**79**	**3,881**

Individual figures are rounded and therefore may not add up.

[1] Subject to the resolution of the Supervisory Board.

[2] Long-term variable compensation refers to additions to and releases of provisions for long-term incentives (LTI). Due in particular to the forecasted effects of the Covid-19 pandemic on DB Group, provisions made in previous years for LTI plans for 2017 to 2020 and 2018 to 2021 were released in the year under review (€ 2,277 thousand).

[3] Monetary benefits accruing from travel discounts, usage of company cars, and insurance allowances.

[4] Total without long-term variable compensation.

In the year under review, no Management Board members of DB AG received benefits or promises of benefits from a third party with regard to their activities as a member of the Management Board.

Pension benefits for the Management Board for the 2020 financial year

During the year under review an amount totaling € 1,633 thousand was added to the pension provisions.

Additions to pension provisions (€ thousand)	2020
INCUMBENT MANAGEMENT BOARD MEMBERS OF DB AG AS OF DEC 31, 2020	
Dr. Levin Holle	176
Berthold Huber	603
Prof. Dr. Sabina Jeschke	183
Dr. Richard Lutz	334
Dr. Sigrid Nikutta	162
Ronald Pofalla	0
Martin Seiler	175
Total	**1,633**

Pension provisions for former Management Board members → 237 are shown in total in the Notes to the consolidated financial statements.

Compensation of the Supervisory Board for the 2020 financial year

Compensation of the Supervisory Board of DB AG was most recently regulated by the Annual General Meeting resolution of September 21, 2010. In addition to being reimbursed for their cash outlays and the value-added tax due on their compensation and cash outlays, the DB AG Supervisory Board members each receive fixed annual compensation of € 20,000, plus performance-linked annual compensation. The performance-based compensation is calculated based on the relationship between operating profit (EBIT) as disclosed in the consolidated financial statements for the financial year compared to the previous year's figures, and the attaining of specific operational performance figures. Performance-based compensation is limited to a maximum of € 13,000. The Chairman of the Supervisory Board receives twice this amount and his or her deputy one and a half times the compensation. This compensation is increased by a quarter for every position held on a committee by the individual Supervisory Board member. This compensation increases by 100 % for the Chairman of the Executive Committee and the Chairman of the Audit and Compliance Committee, and by 50 % for the Chairman of the Personnel Committee. This does not include membership or chairmanship of the committee that is formed under the terms of section 27 (3) MitbestG.

In addition, the members of the Supervisory Board of DB AG receive an attendance fee of € 250 for each meeting of the Supervisory Board and its committees at which they are present. The members of the Supervisory Board also have the choice between a personal BahnCard 100 First and five free train tickets.

The members of the Supervisory Board are covered by liability insurance against financial losses incurred due to DB AG's business operations (D&O insurance). This insurance is designed as a group insurance policy with no deductible and provides coverage for financial losses that may occur during the performance of Supervisory Board activities. There is also a Group accident insurance policy in place for members of the Supervisory Board. The company pays the premiums for these policies.

Supervisory Board members who have only been members for part of the respective financial year receive a twelfth of the total compensation for each month or part of a month of their membership. This rule also applies to the increase in compensation for the Chairman of the Supervisory Board and his or her deputy and to the increase in compensation for membership and chairmanship of a Supervisory Board committee.

Compensation is paid after the conclusion of the Annual General Meeting that votes to ratify the Supervisory Board's activities in the previous financial year.

Taxes due on compensation received, including the personal BahnCard 100 First and the five free train tickets, are the individual responsibility of each Supervisory Board member.

Supervisory Board members currently hold no shares in the company, nor do they hold options entitling them to purchase shares in the company.

Subject to the approval of the activities of the Supervisory Board by the Annual General Meeting on March 24, 2021, the members of the Supervisory Board of DB AG will receive the following compensation for their work during the year under review:

	Annual compensation 2020				
Total compensation of the Supervisory Board (€ thousand)	**Fixed compen-sation**	**Variable compen-sation**	**Atten-dance fee**	**Ancillary benefits**	**Total**
INCUMBENT MEMBERS OF THE SUPERVISORY BOARD OF DB AG AS OF DEC 31, 2020 [1]					
Michael Odenwald	70.0	–	3.8	0.9	**74.7**
Klaus-Dieter Hommel	33.3	–	3.3	6.2	**42.8**
Jürgen Beuttler	20.0	–	1.8	–	**21.8**
Martin Burkert	11.7	–	1.5	–	**13.2**
Werner Gatzer	18.3	–	2.3	–	**20.6**
Dr. Ingrid Hengster	20.0	–	1.8	6.2	**28.0**
Jörg Hensel	25.0	–	3.3	0.9	**29.2**
Cosima Ingenschay	20.8	–	2.8	–	**23.6**
Prof. Dr. Susanne Knorre	20.0	–	1.8	6.2	**28.0**
Jürgen Knörzer	20.0	–	1.8	6.2	**28.0**
Kirsten Lühmann	20.0	–	1.8	0.9	**22.7**
Heike Moll	20.0	–	1.8	6.2	**28.0**
Dr. Immo Querner	33.3	–	2.8	6.2	**42.3**
Mario Reiß	20.0	–	1.8	–	**21.8**
Eckhardt Rehberg	20.0	–	1.3	–	**21.3**
Christian Schmidt	20.0	–	1.8	0.9	**22.7**
Jens Schwarz	30.0	–	3.5	6.2	**39.7**
Veit Sobek	20.0	–	1.8	6.2	**28.0**
Elisabeth Winkelmeier-Becker [2]	–	–	–	–	**–**
Dr. Tamara Zieschang	35.0	–	4.5	–	**39.5**
MEMBERS WHO LEFT THE SUPERVISORY BOARD OF DB AG DURING THE YEAR UNDER REVIEW [1]					
Alexander Kirchner	10.0	–	1.3	6.2	**17.5**
Dr. Jürgen Krumnow	10.0	–	0.8	0.9	**11.7**
Regina Rusch-Ziemba	6.3	–	0.8	–	**7.0**
Oliver Wittke	5.0	–	0.8	–	**5.8**
Torsten Westphal	8.3	–	0.3	–	**8.6**
Compensation for further Supervisory Board mandates in DB subsidiaries					**120.3**
Total					**746.4**

Individual figures are rounded and therefore may not add up.

[1] Some Supervisory Board members state that their compensation is to be donated to the Hans Böckler Foundation in line with the directive of the German Trade Union Confederation (Gewerkschaftsbund).

[2] Ms. Winkelmeier-Becker waived the compensation for her work as a Supervisory Board member.

There are no pension obligations for members of the Supervisory Board.

The members of the Supervisory Board did not receive any compensation in the year under review for any personally provided services.

Sustainability management

GRI 102-16 102-46 102-49

SUSTAINABILITY REPORTING FRAMEWORK

Through our *Strong Rail strategy* *68 ff.*, we have set the schedule for DB Group for the coming years. It forms the superordinate framework for our reporting.

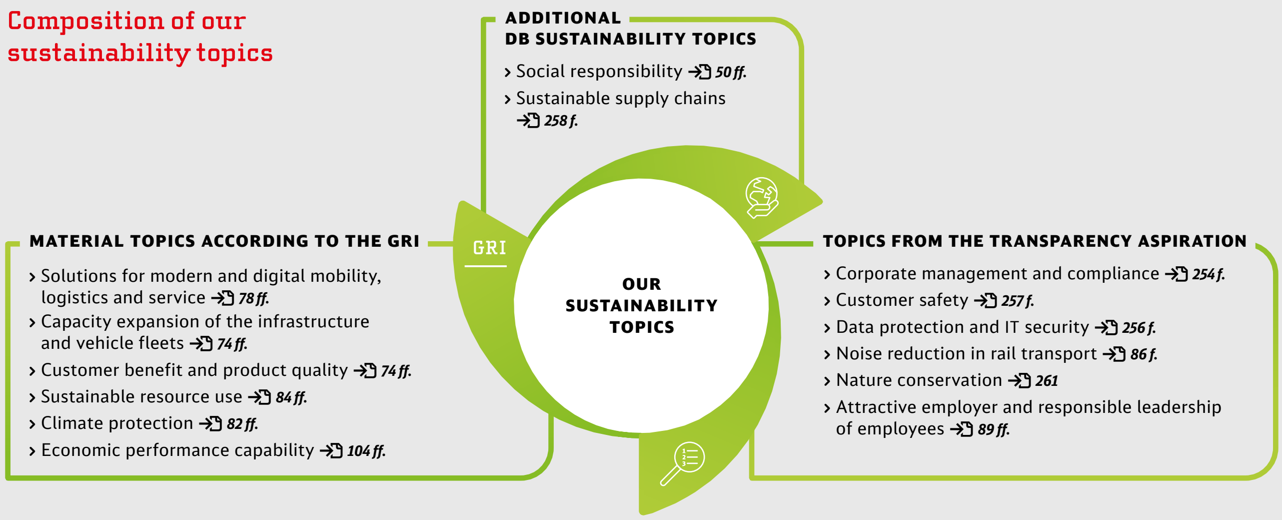
GRI 102-43

We are also reliant on the support and acceptance of our stakeholders in order to successfully implement a strong rail system. As part of the *2019 materiality analysis* *51 (2019 Integrated Report)*, we asked them in the previous year for an assessment of 16 important areas of action for sustainability. These reflect the focus points of our strategy and supplement them with other relevant topics from the perspective of our stakeholders. In the materiality analysis, the relevance of the areas of action for DB Group and the impact that the company has on these areas of action were examined. In addition, top executives of DB Group were questioned about the business relevance of the areas of action.

Our sustainability topics are made up of the material topics according to the Global Reporting Initiative (GRI), an internal materiality assessment (additional DB sustainability topics) and our overarching aspiration of transparency towards our stakeholders.

GRI 102-47

Composition of our sustainability topics



GRI 102-16

GROUP NON-FINANCIAL REPORT

DB Group has opted for the voluntary submission of a Group non-financial report (NFR). As part of our integrated report approach, we provide comprehensive reports on all material sustainability issues.

Three areas of action were identified in the materiality analysis as material within the meaning of the CSR Directive Implementation Act (CSR-Richtlinie-Umsetzungsgesetz; CSR-RUG); these remained material in the year under review:

- *Capacity expansion of the infrastructure and vehicle fleets* *74 ff.*
- *Climate protection* *82 ff.*
- *Economic performance capability* *104 ff.*

The contents of the NFR can be found in the relevant chapters of the Group management report and in the Notes on sustainability, and were prepared in accordance with the international standards of the GRI in the core option and taking into account the reporting requirements of the United Nations Global Compact (UNGC). In addition, we provide additional voluntary disclosures on further matters.

Elements of the non-financial report	**DB topics**
Business model	Business model → *60 ff.*
Environmental matters	Climate protection → *82 ff.*
Social matters	Capacity expansion of the infrastructure and vehicle fleets → *74 ff.*, → *133 ff.*, → *144*
Other matters (economic performance capability)	Business development → *96 ff.*
VOLUNTARY ADDITIONAL INFORMATION	
Environmental matters	Nature conservation → *261* Air quality control → *260 f.* Water consumption → *261*
Employee matters	Work of the future → *92 ff.* Employment conditions → *93 f.*, → *263 ff.* Group security → *257 f.* Transformation → *263*
Respect for human rights	Human rights → *255*
Combating corruption and bribery	Compliance → *254 f.*

Risk management

In connection with the requirements of the CSR-RUG, we were not able to identify any material risks associated with our business activities and business relationships, products and services that are likely to have serious negative effects on the most important non-financial aspects (environmental, social, employee matters, respect for human rights and the fight against corruption and bribery). We are working intensively on the effects listed in this Integrated Report.

DB Group's *risk management system* → *168 ff.* also takes into account the effects on the non-financial aspects and issues.

OUR COMMITMENT TO THE SDGs

GRI 102-12 102-16

Through the 17 Sustainable Development Goals (SDGs), the United Nations has agreed on a World Future Treaty, which defines a common Agenda 2030. The SDGs cover environmental, social and economic objectives of sustainable development. They also form the basis for the German Federal Government's national sustainability strategy. DB Group is expressly committed to the *ten principles of the UNGC* → *269.* For this reason, we also feel committed to the objectives of the Agenda 2030 and the SDGs.

As a Group with a global reach, we contribute to achieving the SDGs in a variety of ways and view them as an important anchor point for critically reviewing and developing the focus of our sustainability work. As a result, five focus SDGs were identified that are most consistent with our strategic focuses and the topics identified as material for our stakeholders by the *materiality analysis* → *51 (2019 Integrated Report).* These relate to the following SDGs:

- Decent work and economic growth
- Industry, innovation and infrastructure
- Sustainable cities and communities
- Responsible consumption and production
- Climate action

These SDGs continued to be prioritized in 2020. We are aiming for further development for 2021.

SUSTAINABILITY ORGANIZATION

GRI 102-16 102-43

The Chief Sustainability Officer (CSO) is responsible for the issue of sustainability. This function is exercised by the Chairman of the Management Board. Overall coordination in the area of sustainability is carried out by the sustainability management. Since 2020, the topics of sustainability and the environment have been combined into one organizational unit and come under the direct management of the CEO. Both topics have top priority in the context of the Strong Rail strategy and have been more closely interlinked than ever before.

The new Sustainability and Environment division ensures the *Green Transformation* → *82 ff.* of DB Group, and is responsible in particular for defining the topics, the integrated sustainability and environmental strategy, the planning, management and implementation of Group-wide implementation projects and providing communications support for the Green Transformation. The respective specialist departments are responsible for the content of sustainability issues. The business units are responsible for the implementation in turn.

Sustainability ratings

We strive to achieve good performance both in financial and non-financial matters, and to gain and maintain the trust and support of our *stakeholders* → *49.* The feedback of ESG rating agencies is very important to us as a benchmark and indicator of our stakeholders' main concerns.

- DB Group once again received the top rating of "A" from the international *rating organization CDP* in 2020 and was singled out as one of the world's leading companies for its commitment to climate change. For the fourth time in a row, we received the top rating and are once again in the top group of 273 companies worldwide along with another rail transport company. In its annual rating process, CDP uses a detailed and independent methodology, in which ratings from A to D are assigned. The process assesses the degree of transparency and disclosure of climate data, the awareness and management of environmental risks and best practices in connection with environmental management, such as the setting of ambitious targets.
- In the *ECOVADIS* 2020 rating, we are still among the top 4% in the rail transport sector and were able to improve our result by 2 points to 61 in total (as of: October 2020). The objective of the EcoVadis Corporate Social Responsibility (CSR) rating is to evaluate the quality of a company's CSR management system based on its guidelines, actions and results. The assessment focuses on 21 CSR criteria in four topics: environment, labor and human rights, ethics, and sustainable procurement. The EcoVadis overall rating (0–100) reflects the quality of the company's CSR management system at the time of the assessment.
- In the *ISS ESG corporate rating*, we also maintained our good assessment of "B–" and "Prime" status in 2020. In addition, DB Group has a decile rank of 1 (as of: December 22, 2020). The ISS ESG Corporate Rating assesses the sustainability performance of companies in the areas of the environment, social affairs and governance (ESG criteria). About one-third of the rating criteria are entirely sector-specific. The ESG Corporate Rating uses a 12-level rating system from A+/4.00 to D–/1.00. The rating uses an absolute best-in-class approach: companies that achieve or exceed the ISS ESG's defined sustainability requirements ("Prime" threshold) for a particular sector as part of the ISS ESG Corporate Ratings are awarded "Prime" status. The decile rank indicates performance compared to the industry in addition to the overall ranking. A decile rank of 1 indicates a relatively high performance, while a 10 indicates a relatively low performance.
- In the *MSCI ESG rating*, we continued to receive the rating of "A" in 2020. Compared to the rest of the sector, we received very good assessments. The MSCI ESG rating is intended to measure a company's resilience to long-term, industry-relevant ESG risks. MSCI uses a rules-based methodology to identify industry leaders and laggards on the basis of their exposure to ESG risks and how well they manage these risks in comparison with their competitors. MSCI ESG ratings range from leader ("AAA," "AA") to average ("A," "BBB," "BB") to laggard ("B," "CCC"). With an assessment of "A," we fall into the upper range of the second group. ESG risks and opportunities may vary depending on the sector and company.
- With a score of 19.5, we improved our *Sustainalytics' ESG risk rating* in 2020 and this assessment puts us in a good position in the Transport sector. Sustainalytics evaluates the sustainability of listed companies on the basis of their ESG performance. Sustainalytics' ESG Risk Rating combines an assessment of the estimated exposure to sector-specific material ESG issues and how well companies deal with these risks. Companies are divided into five different risk categories, ranging from negligible (0–10) to low (10–20), medium (20–30) and high (30–40), to severe (40+).

Memberships in sustainability networks

GRI 102-12 102-13 102-16

- We underline our commitment to the UNGC through the annual presentation of our progress towards the ten principles of the UNGC (Communication on Progress). In addition, we are committed to the German Global Compact Network (Deutsches Global Compact Netzwerk; DGCN), the forum for German multi-stakeholders to implement and promote the principles of the UNGC, as well as the SDGs.
- We are signatories of the *German Sustainability Code (Deutscher Nachhaltigkeitskodex)*, through which we provide our stakeholders with transparent information about our sustainability performance.
- We are an active member of *econsense*, the Sustainable Development Forum for the German economy.
- We are represented on *The Conference Board*, a global, independent economic association.
- As a member of the *2° Foundation (Stiftung 2°)*, we support its objective of reducing global greenhouse gas emissions and limiting global warming to a maximum of 2°C.
- We are a founding member of the *Railsponsible* industry initiative. This initiative aims to create transparency regarding social, environmental and socioeconomic effects along the entire supply chain and to support suppliers in improving their sustainability practices.
- As part of the fight against corruption, we are a member of *Transparency International*.

GRI 102-12 102-16 102-40 102-44

Stakeholders	2020 topics	The most important dialog and communication formats
Passengers	› Information on measures for safe travel during the Covid-19 pandemic › Further development and digitalization of ticket offerings (10-day tickets, e-tariffs) › Schedule and frequency improvements › Punctuality and connection reliability › Digitalization of customer interface (WiFi / route agent / train portal) › Personalized real-time travel information › Vehicle modernization / Idea Train › Digital services › Environmental and climate protection	› Passenger Advisory Board › Online dialog platforms / social networks › Customer dialog (telephone) / customer enquiries › Virtual and / or hybrid dialog formats and product conferences › Digitally expanded road shows / product presentations › Labs (d.lab, DB mindbox)
Business customers	› Maintaining operation during the Covid-19 pandemic › New strategic orientation (Strong Cargo) › Initiative for further development of production › Digital automatic coupling › Punctuality and reliability › Digitalization › Innovative freight cars › Green logistics	› Direct exchange with customers (including trade fairs and conferences along with alternative digital formats) › Own dialog and customer events › Customer workshops › Annual customer satisfaction survey › Monthly satisfaction check › Social networks › Link2rail digital customer platform (e-services for customers)
Policymakers / regulators	› Pandemic management › Master Plan for Rail Transport › Environmental and climate protection › Infrastructure development and financing › Digitalization › Germany in sync (Deutschland-Takt) › Intermodal competition › Financing public transport › Regulatory frameworks	› Parliamentary evenings › Association activities › Participation in discussion rounds and expert presentations › Participation in BMVI dialog formats, such as the Rail Future Alliance › Our own events, such as competition symposiums or fireside evenings
Employees	› Expansion camps (Ausbaucamps) for further employee strategic building blocks within the framework of Strong Rail › Covid-19 crisis management › “Mobile working of tomorrow” project › Network of Women at Deutsche Bahn › Collective bargaining › Digitalization of recruiting, onboarding qualification and training	› DB Planet (digital information and exchange platform) › DB Learning World (virtual learning platform) › Events and networks around the topics of new work and diversity, such as “Week of New Work” and “Diversity Week” › Target group-specific employer branding campaigns, for example #wirsindin (#wearein) › Global employee survey
Investors	› Competitive situation / regulatory environment › Dividend policy / capital increase › Indebtedness › Development of factor costs › Profitability	› Virtual road shows › Virtual one-on-ones › Direct contacts › Investor relations Web site
Suppliers	› Quality / qualification › Innovation / digitalization › Antitrust law › Ombudsmen › Supplier management › Cooperation in mutual trust › Meeting deadlines › Reviews of business partners › Sustainability in the supply chain › Shortage of skilled labor	› Railway Forum Digital Edition › Direct supplier development meetings › Innovation workshops › Discussions and expert presentations › Compliance dialog with business partners › Railsponsible industry network › Dialogs on competition › Innovation partnerships › Dialogs regarding supplier sustainability assessments › Supplier days in the product areas › Railway Construction Initiative for the Future (Zukunftsinitiative Bahnbau; ZIB)
Associations / specialist public	› Environmental and climate protection / Green Transformation › Infrastructure development and financing › Acceleration of planning and construction processes › Energy policy framework › Noise remediation › Compliance / anti-corruption	› Annual meeting of the Association of German Transport Companies › Top-level discussions and expert exchanges with passenger, environmental and industry associations as well as public transport authorities, for example top-level discussions with the most important environmental associations, passenger association workshops and the Quiet Rail Forum of the Pro-Rail Alliance › Membership in the relevant bodies such as the 2 Degrees Foundation and ecosense › Member of the Administrative Board of the German Compliance Institute (Deutsches Institut für Compliance; DICO) › Corporative member of Transparency International Germany
Media	› Increasing employer attractiveness › Upgrade of digital services › Expansion and digitalization of the infrastructure › Expansion of fleet or procurement of trains › Environmental and climate protection, nature and resource conversation, noise remediation and social responsibility	› Press Web site › Press and photo events, including digital and hybrid formats › Background discussions, in some cases also digitally › Interviews, in some cases also digitally › Social networks

The topics and dialog formats are not presented in any order of priority.

GRI
OPEN STAKEHOLDER DIALOG

102-16
102-42
102-43
Clear guidelines for stakeholder dialog

We believe in partnership-based dialog and trusting engagement with all our stakeholder groups. Our stakeholder charter provides the foundation and guidelines for all dialog activities. On the basis of this, we discuss with our stakeholders openly about their requirements and at the same time contribute our positions to the dialog.

GRI
DIALOG WITH POLICYMAKERS AND THE PUBLIC

102-13
DB Group has an important role in advancing the railway system in Germany and Europe. We are therefore sought after as a dialog partner in public discussions, and actively engage in dialog with the entire sector. We discuss our own transport policy positions at the national and international level and seek to use fact-based arguments to contribute to the opinion-forming process. Working in and with associations plays an important role in this. The following memberships are particularly relevant for political discourse:

- Pro-Rail Alliance (Allianz pro Schiene; ApS)
- Mobility and Transport Services Association (Arbeitgeber- und Wirtschaftsverband der Mobilitäts- und Verkehrsdienstleister; AGV MOVE)
- Comité international des transports ferroviaires (CIT)
- Community of European Railway and Infrastructure Companies (CER)
- German Transport Forum (Deutsches Verkehrsforum; DVF)
- Union Internationale des Chemins de Fer (UIC)
- Association of German Transport Companies (Verband Deutscher Verkehrsunternehmen; VDV)

The principles of the stakeholder charter also apply to dialog with policymakers. In addition, we have set strict internal standards for participation in political processes, which are summarized as “Group Principles Ethics – Code of Conduct” and which are binding Group-wide.

THE PASSENGER ADVISORY BOARD MAKES A VALUABLE CONTRIBUTION

The DB Passenger Advisory Board provides impetus for improvements to products and services in workshops, surveys and discussions. Twice a year, the committee, which consists of 30 private customers, comes together for ordinary meetings. In addition, it advises on and supports numerous projects relevant to customers. In 2020, the involvement of the DB Passenger Advisory Board was entirely digital for the first time – this enabled the DB Passenger Advisory Board to be involved in various DB Long-Distance and DB Regional projects; its members also took part in events focusing on internal affairs and brought customers’ direct perspective into the discussions.

Main activities

SUMMIT MEETING WITH ENVIRONMENTAL ASSOCIATIONS GRI

On February 25, 2020, Dr. Richard Lutz met with a number of environmental associations: Federation for the Environment and Nature Conservation Germany (Bund für Umwelt und Naturschutz Deutschland; BUND), the German Nature Conservation Association (Deutscher Naturschutzring; DNR), Environmental Action Germany (Deutsche Umwelthilfe; DUH), Greenpeace, the German Nature and Biodiversity Conservation Union (Naturschutzbund Deutschland; NABU) and the German Transport and Environmental Association (Verkehrsclub Deutschland; VCD). The discussions focused on the expansion of the network and the ongoing electrification work, the increase in the use of renewable energies and the acceleration of planning and construction processes. 102-43

ADVISORY BOARD FOR A QUIETER MIDDLE RHINE VALLEY

In 2020 a further meeting of the Advisory Board for a quieter Middle Rhine Valley (Mittelrheintal; MRT) took place. The members of the Advisory Board received information on the status of the implementation of the noise remediation measures. A total of about € 135 million will be invested in additional noise-reducing projects in the coming years on both sides of the Rhine. By the end of 2020, a total of about 100 km of rail dampers had been installed. Noise barriers, low noise barriers and railing cladding from the MRT feasibility study are currently being planned.

SOCIAL RESPONSIBILITY GRI

102-16

Deutsche Bahn Foundation (Deutsche Bahn Stiftung gGmbH) was founded in 2013 to combine our charitable commitment and the DB Museum under one roof. The Foundation seeks to cocreate an equitable society, and improve social cohesion.

Deutsche Bahn Foundation supports charitable projects.

Charitable projects in Germany	**2020**	2019	2018
Deutsche Bahn Foundation	26 [1]	25	16

[1] Preliminary figure.

Expenses for charitable projects in Germany (€ thousand)	**2020**	2019	2018
Deutsche Bahn Foundation	2,569 [1]	2,687	2,194

[1] Preliminary figure.

In response to donation requests, Deutsche Bahn Foundation has also provided funds from its general response budget.

Donations in Germany (€ thousand)	**2020**	2019	2018
Deutsche Bahn Foundation	123 [1]	136	133

[1] Preliminary figure.

The expenses for DB Museum amounted to € 5.9 million in 2020 (previous year: € 6.4 million).

The Covid-19 crisis also posed major challenges for the non-profit sector. At the DB Museum, there were temporary closures at all sites, and some projects had to be changed and events postponed.

Education and integration

Deutsche Bahn Foundation, together with the *Reading Foundation (Stiftung Lesen)*, is heavily involved in reading and language support. This joint commitment is expressed in the reading aloud study, the 2020 topic of which was "How to make reading aloud possible in everyday life," and the nationwide reading aloud day.

Throughout Germany, children's wards in hospitals and hospices were supplied with 750 new reading aloud kits. During the first wave of Covid-19, Deutsche Bahn Foundation expanded its weekly reading aloud stories on the Web site *einfachvorlesen.de*. In April 2020, the number of people visiting the site increased fivefold.

In April 2020, Deutsche Bahn Foundation reacted to the consequences of the Covid-19 safety measures and initiated the emergency support program "Securing connections in the time of Covid-19!" ("Anschluss sichern in Corona-Zeiten!"). This promoted ad hoc education opportunities for disadvantaged children and adolescents in order to counteract the effects of school and kindergarten closures. Donations were made to 19 institutions that supported children with their learning and were able to respond to critical family situations. Measures such as homework help, learning support and the purchase of laptops were financed.

Together with the *Open Knowledge Foundation*, Deutsche Bahn Foundation is strengthening digital skills for children and adolescents in structurally weak regions. Local labs were opened at five locations in order to help improve equality in education. Further labs are planned.

Professional integration

Training posts remain unfilled because many high school students are not aware of what jobs are available and which would suit them. The project "Appointed heroes – learning through engagement for career opportunities" ("Berufene Helden – Lernen durch Engagement für Chancen im Beruf") codeveloped by Deutsche Bahn Foundation and the *Learning Foundation (Stiftung Lernen)* works to bridge the gap between school and the workplace. The students organize a project themselves, which enables them to acquire specific abilities and skills. The nationwide consolidation and deployment of the project has begun.

Together with the *Association of Social and Cultural Migrant Associations in Dortmund (Verbund der sozial-kulturellen Migrantenvereine in Dortmund; VMDO e.V.)*, Deutsche Bahn Foundation is also supporting women of refugee and migration backgrounds with their professional integration.

Strengthening volunteering

For the fifth time, DB employees who are involved in non-profit organizations had the opportunity to apply to Deutsche Bahn Foundation. Despite the Covid-19 pandemic, 101 projects were supported, including in the categories of child and adolescent labor, citizen engagement and health. Deutsche Bahn Foundation, as one of the three main sponsors of the German Engagement Prize, continued to support the Top Prize for Civic Engagement in Germany in 2020.

Support for people in need

Deutsche Bahn Foundation works closely with the *Railway Station Missions (Bahnhofsmissionen)*, which provide support at over 100 stations in Germany. In spring and winter 2020, Deutsche Bahn Foundation conducted Covid-19 emergency support programs for railway station missions. These provided supplies such as food, hygiene and protective equipment as well as clothing, sleeping bags and sleeping mats for the cold season.

Deutsche Bahn Foundation and the German Association of Railway Station Missions (Verein Bahnhofsmission Deutschland) helped foreign-language-speaking passengers get answers to queries via video interpretation at more than 20 locations: video translators could be consulted via tablet in more than 60 languages to answer inquiries in order to reduce language barriers.

Deutsche Bahn Foundation is supporting a walk-in clinic near the Berlin Central Station, where people without health insurance can receive medical assistance free of charge. The offer was taken up more often in 2020.

Beyond that, Deutsche Bahn Foundation offered structured discussions to those with mental and psychological issues through "Motivators at the Station" at the Berlin Central Station, and where necessary referred them to the social and psychiatric health system in Berlin. Here, too, there was an increase in demand. This offer is starting to be expanded to include additional railway station mission locations.

Help for homeless children

Together with the *Off Road Kids Foundation*, Deutsche Bahn Foundation helps to prevent runaways and sofa-hoppers from having to live on the streets. Using the online platform and the first virtual Streetwork Station in Germany *sofahopper.de*, young people at risk of homelessness can access contact and advice points all over Germany. Young people can talk to street support advisers anonymously here and get help. The Covid-19 pandemic, bans on meeting with others, and social distancing led to an increase in conflicts, domestic violence and psychological overload in 2020. In comparison to the previous year, calls for help from young people at risk of homelessness quadrupled on the sofahopper.de platform in the first four months of 2020.

The Covid-19 pandemic has also worsened the situation for homeless children worldwide. For this reason, in 2020, Deutsche Bahn Foundation supported two homeless children's projects in Zimbabwe together with Terre des hommes and in India together with Misereor.

Promoting mental health

Together with the *German Depression Aid Foundation (Stiftung Deutsche Depressionshilfe)*, Deutsche Bahn Foundation supports the *German Federation against Depression (Deutsches Bündnis gegen Depression)* in over 80 cities and regions. In 2020, the joint annual Germany Depression Barometer examined the main theme "Covid-19 and its consequences for mental health" ("Covid-19 und seine Folgen für die psychische Gesundheit"). The fears and restrictions associated with the Covid-19 pandemic posed a major challenge for people with depression in particular. The *iFightDepression* digital self-management program was released to support those without specialist medical support during the shutdown. In addition, three smaller pilot projects to strengthen the mental health of young people were supported.

Humanitarian aid

In collaboration with the *Development Helps Association (Bündnis Entwicklung Hilft)*, Deutsche Bahn Foundation supports people in acute humanitarian emergencies. The Indian aid project Nai Disha (New Direction) carries out prevention and information work on the spread of tuberculosis and other infectious diseases along the routes most frequented by truck drivers, and organizes access to medical diagnosis and treatment. The project partner *German Leprosy and Tuberculosis Support (Deutsche Lepra- und Tuberkulosehilfe e.V.; DAHW)* is being supported on-site by DB Schenker employees. This allowed 1,012 suspected cases of tuberculosis to be identified and 85 cases to be confirmed and treated.

DB Museum – living history

Deutsche Bahn Foundation operates the *DB Museum* in Nuremberg at its sites in Koblenz and Halle (Saale), which are supported by volunteer employees in cooperation with the BSW & EWH Foundation Family (Stiftungsfamilie BSW & EWH).

A permanent exhibition tracking the history of the railway in Germany forms the core of the museum and is on show in the building in Nuremberg. In 2020, the section on the history of stations was expanded under the title "Station Times" ("Bahnhofszeiten"). The pandemic-related restrictions had a significant negative impact on the DB Museum. After closures in spring 2020, operations were only able to resume in May 2020 (Nuremberg) and July 2020 (Koblenz and Halle) under strict hygiene conditions. Through its adapted offers, new digital formats, outdoor activities and the special exhibition "Focused" ("Fokussiert") on the 100th anniversary of the Reichsbahn, the museum succeeded in regaining many guests in the second half of 2020. However, due to the cancellation of many events and train runs and the renewed closure from November 2020, a total decline of 66% compared to the previous year was recorded in 2020.

Group management report

Overview

54 › Dealing with the Covid-19 pandemic

DEALING WITH THE COVID-19 PANDEMIC

2020 was dominated by the effects of the Covid-19 pandemic. Passenger numbers and the volume of freight carried fell significantly as a result of state-sanctioned measures, recommendations to minimize social contact, a temporary shutdown of industrial production, trade and services, and a general reluctance to travel. However, we remain committed to our long-term strategic growth targets. The further increase in capacity, most notably in infrastructure, went according to plan.

Agreement with the owner

Deutsche Bahn AG (DB AG) and the Federal Republic of Germany (Federal Government) have agreed to jointly bear the effects of the Covid-19 crisis on Deutsche Bahn Group (DB Group). We plan to compensate for half of the impact on the integrated rail system by implementing countermeasures. The Federal Government *plans to strengthen the equity position of DB AG* *62 f.* in order to partially offset losses related to Covid-19. DB Regional is receiving funds from the *industry solution* *62* as part of the Federal Government's economic stimulus package.

Crisis management

We began to manage the Covid-19 crisis in January 2020 in a task force under the control of the health management. In February 2020, work continued in a Group-wide *pandemic crisis team* *94.* Thanks to these efforts, we were able to implement the requirements of the authorities quickly and in a structured manner for both customers and employees, and develop and communicate effective hygiene and safety plans, all while ensuring railway operations continued to run smoothly across Germany.

"Together against Covid-19" agreement

In March 2020, we concluded a temporary agreement, "Together against Covid-19," with the Railway and Transport Workers Union (Eisenbahn- und Verkehrsgewerkschaft; EVG) and the German Train Drivers' Union (Gewerkschaft Deutscher Lokomotivführer; GDL). In it, the collective bargaining partners agreed, among other things, in favor of providing support for parents contending with the closure of kindergartens and schools, as well as a commitment to secure jobs.

Alliance for Our Railway

In May 2020, together with the Federal Transport Minister, the EVG, the Group Works Council and the Employers' Association of Mobility and Transport Service Providers (Arbeitgeber- und Wirtschaftsverband der Mobilitäts- und Verkehrsdienstleister; Agv MoVe), we signed the *Alliance for Our Railway* *93* aimed at dealing with the economic and social consequences of the Covid-19 crisis.

Operating business measures

- DB Long-Distance has maintained a stable basic level of service. During the first wave of the Covid-19 pandemic, at least 75% of seating capacity was available (during the second wave: at least 85%). Additionally, measures were put in place to protect employees and passengers.
- From mid-March 2020, DB Regional rail provided a stable basic level of service (70%) and was in constant contact with contracting organizations of the Federal states. From April 2020, services were gradually ramped up once more. Since June 2020, DB Regional Rail has returned to providing its full range of services. The rare exceptions to this are the occasional restrictions relating to cross-border transport services.
- DB Regional bus also provides varying additional regional services for the staggering of school-transport timings. We adhere to the principle of offering a high-level operating program in cooperation with the public transport authorities and Federal states.
- Even during the Covid-19 pandemic, DB Cargo has ensured the supply of the European economy – reliably and cross-border. In April and May 2020, volume sold in individual sectors fell drastically by up to 80%.
- DB Netze Stations has implemented various measures to help control the Covid-19 pandemic. To this end, more than 600 disinfection points were installed at about 350 stations, among other things. Passengers can access information on how to travel safely and the hygiene measures in place at the stations on the DB portal at *gemeinsamgehtdas.de*.
- DB Arriva's main priority is the health, safety and well-being of its employees, customers and the communities that DB Arriva serves, as well as supporting its contracting organizations. DB Arriva stringently follows the advice and guidelines of the applicable governments and health authorities.
- Through its proactive safety and health protection measures, effective contingency plans, and a high level of commitment, DB Schenker was able to reduce global business interruption to a minimum while guaranteeing highly reliable deliveries and demonstrating necessary flexibility.

Fundamentals

DB GROUP

GRI Organizational structure

102-1 DB Group is a leading provider in the mobility and logistics
102-2 sector, and primarily consists of the integrated rail system
102-3 and the two major international investments DB Schenker
102-4 102-5 102-6 and DB Arriva. The integrated rail system includes our pas-
102-7 102-18 senger transport activities in Germany, our rail freight transport activities, the operating service units, and the rail infrastructure companies (RIC). DB Group, with its head office in Berlin, employs about 340,000 people. Our business operations are focused on rail transport in Germany.

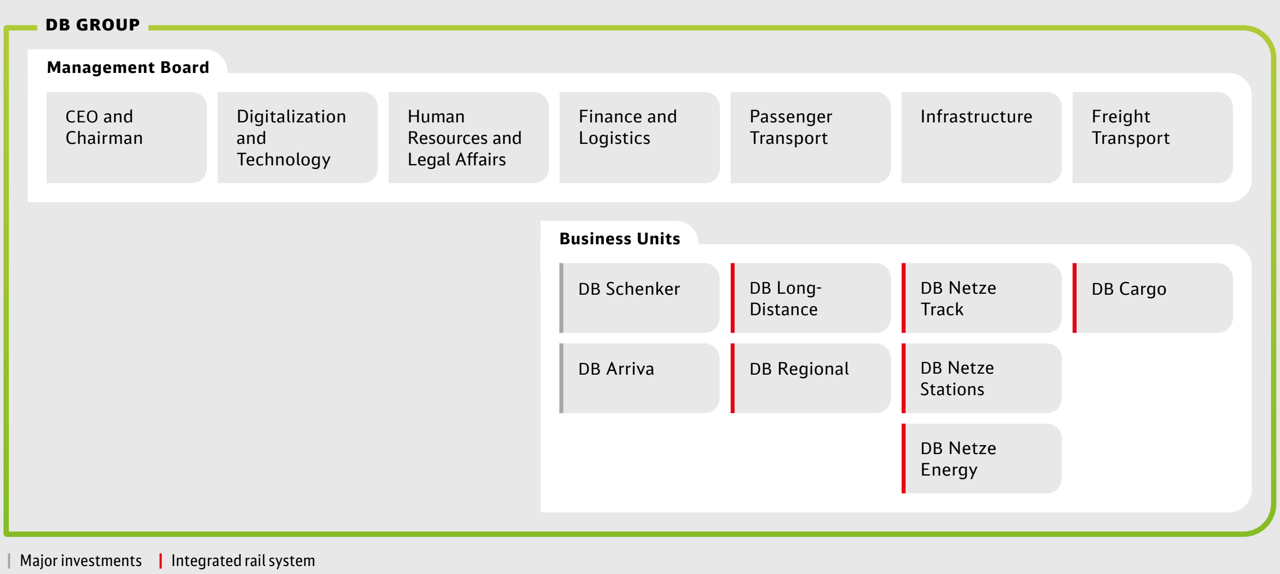
Our primary concern is the shift from road traffic to climate-friendly rail. To this end, we rely on integrated operation of transport and rail infrastructure, the economically and environmentally intelligent linkage of all modes of transport, as well as cooperation in German and European networks. We operate Europe's longest rail network and are also one of the largest energy suppliers in Germany.

Our national and international services give us leading market positions in our relevant markets.

DB AG is the parent company of DB Group. It has been a stock corporation under German law since it was founded in 1994 and accordingly has a dual management and control structure comprising a Management Board and a Supervisory Board. The *changes in the composition of the Supervisory Board and the Management Board* → 37 are presented in the *report of the Supervisory Board* → 34 ff. The Federal Republic of Germany is the sole owner of DB AG.

In DB Group, DB AG runs all business units as an operating management holding company and supports the business units through various *central governance functions* → 58 and *DB Business Services* → 58. In addition, *DB Operational Services* → 58 primarily provide services to intra-Group customers as legally independent subsidiaries of DB AG. DB Group RIC are legally independent companies with separate balance sheets and statements of income, and thus fulfill all unbundling requirements under European and national law. There is also a functional unbundling, which guarantees the independence of decisions by DB Netz AG in relation to infrastructure access and charges. Reliability and stability form the basis of high-quality infrastructure. The essential cornerstones for

DB Group organization chart



Market positions

PASSENGER TRANSPORT

No. 2 in European long-distance rail passenger transport (based on revenues)

1. Société Nationale des Chemins de fer Français (SNCF)
2. **DB Group**
3. Ferrovie dello Stato (FS)
4. Swiss Federal Railways (SBB)
5. Red Nacional de los Ferrocarriles Españoles (RENFE)

No. 1 in European regional rail passenger transport (based on revenues)

1. **DB Group**
2. SNCF
3. Nederlandse Spoorwegen (NS)
4. First Group
5. FS

No. 3 in European public road passenger transport (based on revenues)

1. SNCF
2. Régie autonome des transports Parisiens (RATP)
3. **DB Group**
4. Transdev
5. Transport for London

Data for competitors based on annual reports, analysts' research and our own calculations.
Market positions relate to the calendar year 2019.

FREIGHT TRANSPORT AND LOGISTICS

No. 1 in European rail freight transport (based on tkm)

1. **DB Cargo**
2. Fret SNCF
3. Rail Cargo Group
4. PKP Cargo
5. Mercitalia Rail

No. 1 in European land transport (based on revenues)

1. **DB Schenker**
2. Dachser
3. DHL
4. DSV [1]
5. Kuehne + Nagel

No. 4 in worldwide air freight (based on t)

1. DHL
2. DSV [1]
3. Kuehne + Nagel
4. **DB Schenker**
5. Expeditors

No. 5 in worldwide ocean freight (based on TEUs)

1. Kuehne + Nagel
2. Sinotrans
3. DHL
4. DSV [1]
5. **DB Schenker**

No. 5 in worldwide contract logistics (based on revenues)

1. DHL
2. XPO Logistics
3. Kuehne + Nagel
4. CEVA Logistics
5. **DB Schenker**

[1] Ranking-relevant volumes for DSV (merger with Panalpina in August 2019) also include the volumes of Panalpina up to the time of the merger. Some figures are estimates.
Data for competitors based on annual reports, analysts' research and our own calculations.
Market positions relate to the calendar year 2019.

profitable business are sustainable financing of the existing infrastructure and its expansion as required. The *Performance and Financing Agreement (Leistungs- und Finanzierungsvereinbarung; LuFV)* → *235 f.* makes a significant contribution to ensuring the maintenance of the existing network.

DB Group focuses on the business operations of the *integrated rail system* → *55.*

Given the importance of *Strong Rail* → *68 ff.* for Europe, Europe will continue to be the main field of action for DB Group in future. International major investments are measured by the contribution to the Strong Rail:

- Strategically relevant subsidiaries such as DB Schenker will therefore continue to be held as financial investments. Joint operational initiatives focus on achieving synergies within the integrated network.
- DB Arriva only accounts for a small amount of operational and strategic added value in Strong Rail. There are currently no significant synergies with the integrated rail system on the customer, production or product side. The Group therefore still intends to sell the business.

Corporate governance

The *Corporate Governance report* → *38 ff.* is part of this Group management report.

Service and financial relationships in DB Group

GRI 102-2 102-16 102-18

Within DB Group, because of strong operational interconnections and dependencies, there are service and financial relationships between the management holding company DB AG and the individual business units, as well as between business units.

These can be organized into four groups:

- Operational service relationships between two companies, which may arise through the use of infrastructure, such as when DB Regio AG uses train paths, for which it pays train-path usage fees.
- Service relationships with Group management: DB AG provides services to the operating companies, such as central purchasing.
- Group financing: DB AG performs and consolidates the financing function in DB Group. In this context, DB AG obtains funds on the capital market through its financing subsidiary Deutsche Bahn Finance GmbH (DB Finance) and transfers these funds to the Group companies as loans.
- Domination and profit and loss transfer agreements: in Germany, domination and profit and loss transfer agreements are used for the formation of a consolidated tax group that allows companies to offset tax losses against profits. In DB Group, the company ultimately subject to tax in Germany is DB AG.

The arm's length principle is fundamental in the development of service relationships. This means that compensation is always based on market prices. In DB Group this applies to charges for operational service relationships, service units and Group financing. Intra-Group customers pay the same fees for utilizing train-paths as non-Group customers. The prices of intra-Group services are reviewed regularly on the basis of market analyses to ensure that they are in line with the market. The terms of financing transactions are based on prevailing market conditions in the financial and capital markets. Governance functions perform controlling and monitoring roles. These services are generally not charged. By contrast, the services of the service units are generally charged to the intra-Group recipients of the service, in relation to the service provided.

The reasons and motivation for aligning the costs of service relationships in DB Group with market conditions are as follows:

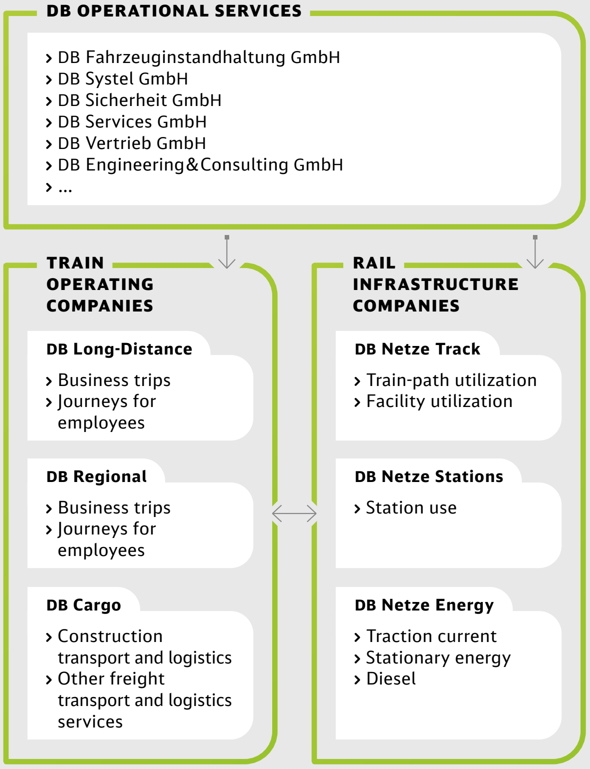
- A value-based corporate management approach can only be successful if it is embedded at all levels in DB Group. This, in turn, can only be achieved on the basis of service relationships that operate on the basis of fair market conditions. Success and failure must be transparent in order to facilitate economic management.
- The RIC are legally required to provide their services without discrimination. The Federal Network Agency (Bundesnetzagentur; BNetzA) assesses whether prices are in line with the market. Prices are transparent for everyone.
- Alignment of service relationships with market conditions is also both necessary and stipulated for tax reasons and from the perspective of minority shareholders.

The effects of domination and profit and loss transfer agreements within DB Group on profits and payments are not qualified as service relationships, but are a consequence of DB Group's status as a domestic contract group and the associated rights and obligations of all the incorporated domestic companies.

OPERATIONAL SERVICE RELATIONSHIPS

The most extensive operational service relationships result from the use of the track infrastructure and the procurement of energy. As for non-Group customers, fees for the use of infrastructure are based on the published pricing systems (train-path pricing system, facility pricing system and station pricing system). The procurement of energy includes the purchase of traction energy (diesel fuel and traction current) as well as electricity for stationary facilities (such as switch heaters and train preheating systems).

Significant operational business relationships (integrated rail system)



← Significant intra-Group relationships.

The main intra-Group service relationships in the area of infrastructure utilization are shown in the following table:

Intra-Group service relationships from infrastructure utilization in 2020 (€ million)	**DB Long-Distance**	**DB Regional**	**DB Cargo**	**Other**
Train-path utilization	- 1,019	- 2,210	- 343	- 2
Use of local infrastructure	- 34	- 53	- 143	- 2
Station use	- 103	- 577	-	-
Energy charges	- 339	- 555	- 248	- 281

SERVICE RELATIONSHIPS WITH GROUP MANAGEMENT

Group management incorporates various governance and service functions that, with a few regulatory exceptions, perform functions for the entire DB Group. The costs of governance functions are generally not passed on to the business units (no Group charges).

Charges for DB Business Services are only transferred if these result from direct service relationships with the business units or expenses that is directly attributable to a tangible service. This applies in particular to expenses on the use of real estate, central procurement and technology services, and for centrally consolidated insurance expenses.

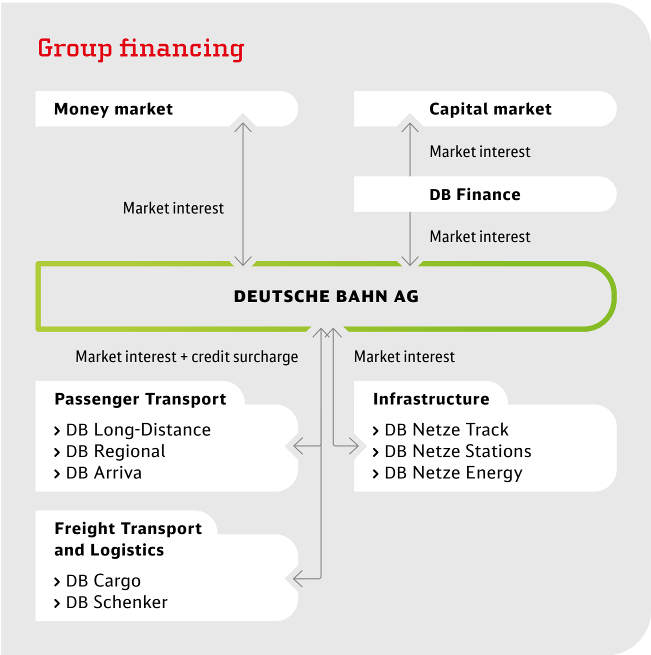
The Group job market performs an important central function. DB JobService GmbH employs personnel whose jobs in German companies of DB Group have been lost, with the aim of finding another intra-Group job for them. It therefore plays a key role in the functioning of the DB-internal labor market.

GROUP FINANCING

Group Treasury at DB AG is responsible for DB Group financing. This ensures that all Group companies are able to borrow and invest funds with optimal terms and conditions. Before obtaining funds from external sources, we first conduct intra-Group financing transactions. When borrowing non-Group funds, DB AG takes out short-term loans in its own name, whereas long-term capital is generally obtained through the Group's financing company, DB Finance. The funds are passed on to the Group companies as short-term credit lines, which can be utilized as part of cash pooling on internal current accounts and/or through fixed short-term credit, or in the form of long-term loans.

The Group Treasury operates as an in-house bank, although it provides a service function rather than acting as a profit center. The Group companies have business relationships with the Group Treasury (foreign exchange transactions, cash pooling, cash investments and taking up of loans). The conditions are set in line with market rates according to the arm's length principle. This means that the agreed interest rates are in line with those quoted by the banks if they were not intended to yield a profit. Market rates also mean that credit margins are adjusted in line with creditworthiness: the credit margin for the infrastructure companies is largely in line with the credit margins of DB AG in the financial and capital market. The credit margins for non-infrastructure companies are higher and are based on an internal metric-based credit rating and the credit margins quoted on the capital market.

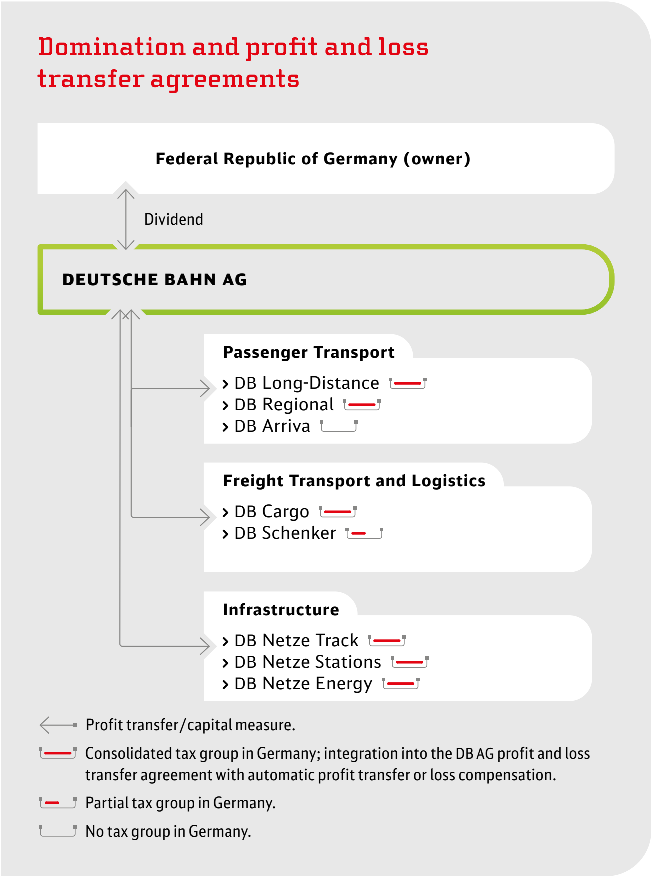
Consolidation of the Group finance function in DB AG gives us a uniform market presence in the financial and capital markets, and allows us to achieve economies of scale and cost benefits. In addition, central Group financing enables us to adequately monitor financial transactions and achieve comprehensive risk management.



Investors are only willing to provide capital if amortization and returns are ensured. A purely debt-based financing model is not commercially viable, as it is associated with high risks. Profits are essential for maintaining DB Group's capital expenditure capacity. Profits generated are either retained or distributed to the Federal Government as the sole shareholder. The share of profit retained in DB Group increases the capital expenditure and borrowing capacity.

DOMINATION AND PROFIT AND LOSS TRANSFER AGREEMENTS

Profit transfer and loss compensation between companies in Germany do not constitute service relationships. On the contrary, the profit and loss transfer agreement stipulates that the amount of profit distributed or the sum required to offset losses is not reset every year but is calculated automatically. The cash flow is based on the shareholder's right to profits or obligation to compensate any losses. Notwithstanding this, DB Group ensures that Group companies have sufficient equity despite the obligation to offset potential losses generated by other companies within the Group.



Cash flows between DB AG and DB infrastructure companies (€ million)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**	**Total**
FROM PROFIT AND LOSS TRANSFER AGREEMENTS																						
DB Netz AG	+790	+181	+548	+324	+183	+260	+212	-146	-338	-768	+44	-307	-197	-66	-217	-81	-280	-390	-509	-402	+23	**-1,136**
DB Station & Service AG	+70	-0	+251	-37	-55	-69	-52	-90	-190	-150	-141	-155	-160	-169	-188	-203	-176	-186	-190	-146	+32	**-2,004**
DB Energie GmbH	-34	-2	-29	-43	-47	-44	-111	-106	-18	-91	-38	+38	-62	+37	-39	-51	-35	-59	-12	+3	+66	**-677**
FROM CAPITAL INCREASES BY DB AG																						
DB Netz AG	-	-	-	-	-	+600	-	-	-	-	+620	-	-	+5	-	-	-	+1,000	-	-	-	**+2,225**
DB Station & Service AG	-	-	-	-	-	-	-	+286	-	+28	+111	+14	-	-	-	-	-	-	-	-	-	**+439**

(+) Inflow to subsidiary. (−) Outflow to DB AG.

GRI
Business model

102-2 102-4 102-6 102-16 102-18

DB Group offers attractive, customer-focused and environmentally friendly mobility, transport and logistics solutions and networks from a single source. We utilize the possibilities of digital technologies to improve our operational and administrative processes, to consistently further develop offers for the customer, to integrate new services, and to simplify the customer interface. The *integrated rail system* 55 is at the heart of our business activities. In addition, we are gradually expanding our business portfolio in the area of mobility and logistics in order to meet our customers' needs more effectively and respond to new market demands.

- Our passenger transport activities have a broad base. In addition to bus and rail transport, this also includes intelligent links with other modes of transport such as cars and bicycles, but also with new forms of mobility that complement the core business and enable door-to-door mobility. We offer long-distance rail passenger transport within Germany and into neighboring countries. DB Arriva has a Europe-wide presence in regional and local transport, enabling participation in the increasing market potential in opening bus and rail transport markets.
- Our business activities in the freight transport and logistics market were moved to an international platform very early on. DB Cargo and DB Schenker operate predominantly in the business-to-business segment. We offer our customers industry-specific solutions in European rail freight transport and global land transport, in global air and ocean freight, and in global contract logistics. Covering all relevant modes of transport allows us to offer complex combined logistics services and to make use of synergies in our networks for the benefit of our customers.

As an operator of networks and provider of services in passenger transport, freight transport and logistics, as well as track infrastructure, our economic success is influenced by the general economic environment and the specific development of the various relevant markets:

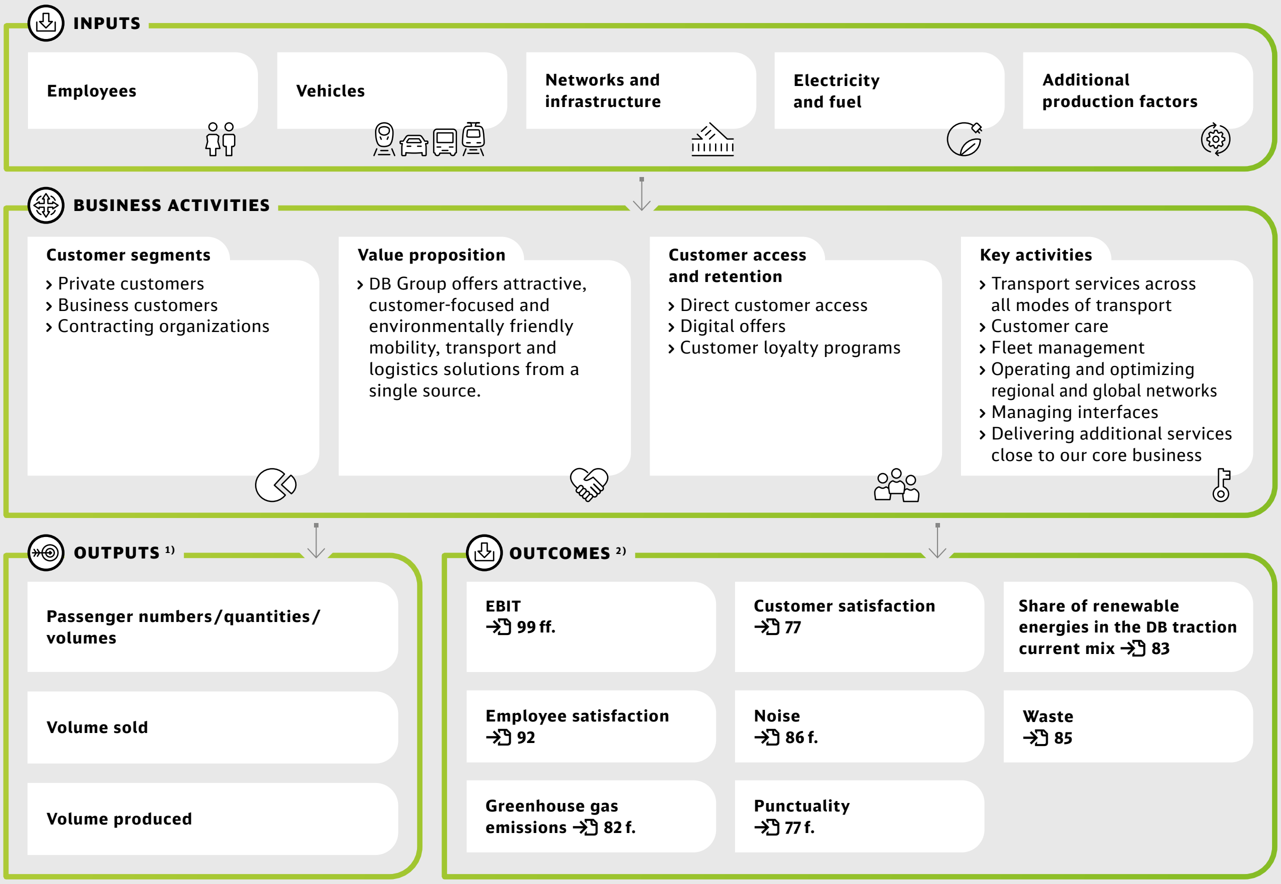
- Demand for passenger transport is driven first and foremost by the growth of major cities, the size of the population, the number of people in employment, and real disposable incomes. The competitive situation relative to the car is markedly influenced by the trend in fuel prices.
- Our freight transport and logistics operations depend largely on economic developments. Due to our global networks we monitor the development not only of global gross domestic product (GDP) and world trade, but also of economic growth in the regions, countries, and trade relations in which we have a high market share or in which high growth rates in the exchange of goods can be expected. The customary early-warning indicators of the business climate and of the expectations of purchasing managers are an integral part of our monitoring system.
- The market environment of DB Cargo is particularly influenced by the manufacturing industry's production output and the development of the iron, coal and steel, and chemical industries. Furthermore, the cross-border movement of goods within Europe is growing in importance.
- The services of the Infrastructure business units cover important elements of their customers' value-added chains. In this respect, the development of demand is a factor that is largely determined by upstream passenger and freight transport markets. The area of marketing in DB Netze Stations is also important. Consumer trends in the general public are an important factor here, much as they are in general retail in Germany.

The development of the economic and early-warning indicators, as presented above, influences how we manage our market activities and resources. Opportunities and risks can therefore be recognized early on, and, as a result, the Group's short-term controlling activities and long-term positioning can be focused accordingly. At the same time we work systematically on optimizing our operating value drivers.

Operating transport networks often necessitates a high level of capital commitment, long investment cycles and distinct fixed cost structures. In this respect, achieving optimal capacity utilization of the networks and systematically developing, integrating and cost-effectively operating these networks with the efficient use of resources are important to DB Group's economic development. Ensuring and improving service quality for our customers is at the center of our activities. By expanding what we offer our customers, particularly digital services and customer loyalty programs, and integrating new forms of mobility and intelligently linking with other modes of transport, we intend to gain additional customers in order to realize increasing volumes and economies of scale.

We generally use operating performance data to measure capacity utilization in our networks and our market shares. In order to determine a relative return, we calculate ratios comparing performance data with the generated revenues (specific revenues).

DB Group business model



1) Key products and services.
2) Internal and external consequences and results from business activities and outputs along the entire value-added chain.

With our national and international subsidiaries, we operate as DB Group in all segments of the transport market. Our comprehensive service portfolio enables us to offer our customers services combined from a single source.

In most of our business units, incoming orders are not a relevant control variable. The situation is different for DB Regional and DB Arriva. In these business units, the order book in the form of long-term transport contracts entered into with the public transport authorities of Germany's Federal states and franchisers in other European countries constitutes a key performance metric for business development. There are also long-term contractual relationships with customers in DB Schenker's contract logistics line of business.

There are five key success factors in the development of DB Group, which are a central component of our business model.

- Corporate social responsibility: As a Government-owned provider of mobility and logistics solutions, DB Group has a major responsibility for the future of Germany. As the backbone of the green and networked mobility of the future, rail plays a key role for Germany: it helps to achieve climate targets, it promotes integration and quality of life, and it strengthens the business location, as well as empowering Europe's people and economy. Society as a whole benefits from strong rail transport. We consistently focus our business operations on achieving *Strong Rail* *68 ff.* and prioritize our activities along the value-added chain to that effect.
- Entrepreneurial approach to business: In the course of the German rail reform, DB Group has established itself as a commercial enterprise. This includes, in particular, the establishment of a modern and efficient organization and the establishment of *value-oriented corporate management* *104 ff.*

- Integrated Group: As a system integrator in Germany, we are optimizing the integrated rail system as a whole. In doing so, we are fulfilling our important role as a technological pioneer. The integrated Group structure enables us to achieve positive synergies and align our infrastructure to support efficiency, market orientation and profitability. The digitalization of rail can only be successfully developed and implemented in the integrated rail system. Our customers also benefit from the integrated Group. Thanks to the economically, environmentally and technologically intelligent links between different modes of transport, we offer our customers door-to-door mobility and logistics solutions from a single source.
- Europe as the field of action: Strong Rail reaches beyond Germany. As the geographical and economic heart of Europe, Germany has a special responsibility for the future of the continent. Given the importance of Strong Rail for Europe, Europe will continue as our main field of action in future. In order to take into account the customers' need for cross-border solutions, we continue to position ourselves at European level with our passenger transport activities. Thanks to the European and worldwide orientation of our freight transport and logistics activities, we offer our customers the access they need to global networks.
- Digitalization: We use the technologies and methods of digitalization to offer customers an attractive range of products. This means, on the one hand, that we are incorporating new transport offers into our product portfolio, such as on-demand mobility, and establishing new platforms for our customer interfaces. On the other hand, we support our internal processes with technologies such as artificial intelligence (AI), so that we can continue to offer customers a reasonable price level with efficient processes.

DEVELOPMENT OF BUSINESS ENVIRONMENT

National environment

DB GROUP

Economic stimulus package of the Federal Government

On June 3, 2020, the Coalition Committee agreed on comprehensive measures in relation to the topic of "Tackling the Covid-19 Impact, Securing Prosperity, Strengthening Readiness for the Future." These include a number of general relief measures for the German economy, while simultaneously providing industry-specific stimuli. The measures are divided into a stimulus/crisis-management package, a more wide-reaching package for the future, and measures based upon European and international responsibilities. The following measures are particularly relevant for rail transport:

- DB AG's equity capital is to be strengthened to partly compensate for losses as a result of the Covid-19 pandemic. In the 2020 supplementary Federal budget, € 5 billion were taken into account for this purpose, which were transferred to 2021 in the new Federal budget because the coordination regarding state aid law with the European Commission was not completed in 2020.
- The Act on Accompanying Measures for the Implementation of the Economic Stimulus and Crisis Management Package implements the additional, one-time increase of € 2.5 billion in regionalization funds in 2020 and the possibility of reducing the Renewable Energy Sources Act (EEG) levy to 6.5 ct/kWh in 2021 and 6 ct/kWh in 2022 through compensation payments.
- In order to improve mobile communication coverage along the rail tracks, additional funding of € 150 million will be made available for non-disruptive GSM-R end devices in 2020 and 2021.
- The funding initiative to increase attractiveness and accessibility of stations will be increased by a total of € 160 million in 2020 and 2021 for immediate measures.
- Digitalization of infrastructure will also receive additional Federal funding of € 500 million by the end of 2021.

On August 7, 2020, the Federal Framework Regulation on Public Transport was approved by the European Commission. This means that the Federal Government can contribute € 2.5 billion to the public transport rescue fund. The Federal states want to make an equally high contribution to financing. It has been agreed that the amount received by DB Regional will be deducted from the calculation for the assessment of the equity strengthening.

Implementation of the Climate Action Program 2030

On the basis of the Federal Government's Climate Action Program 2030, additional Federal funds totaling € 11 billion will be made available by 2030 to strengthen the rail system. At the end of January 2020, the Federal Ministry of Finance (Bundesministerium der Finanzen; BMF) and the Federal Ministry of Transport and Digital Infrastructure (Bundesministerium für Verkehr und digitale Infrastruktur; BMVI), as well as DB AG, DB Netz AG, DB Station&Service AG and DB Energie GmbH, agreed on the inflow and use of the funds in a joint letter of intent. The funds will be used exclusively for infrastructure; half will be paid as equity (to increase the equity of DB Netz AG and DB Station&Service AG) and half as grants. In terms of content, the funds will be used in the categories of robust network, digital rail, attractive railway stations and economically self-reliant infrastructure measures. The funds that are to be used to increase equity are subject to the European Commission's approval, required on the basis of state aid law, which was not concluded in 2020. The funds planned for 2020 have been transferred to the 2021 Federal budget. Other key measures of the Climate Action Program 2030 relating to rail and public transport were also set out in concrete terms or implemented in 2020:

- On January 1, 2020, the reduction in value-added tax (VAT) from 19% to 7% for long-distance tickets (for long-distance transport over 50 km) came into effect. The associated price reduction was passed on to customers in full.
- At the beginning of 2020, the German Parliament and the Upper House of Parliament (Bundesrat) resolved to amend the Regionalization Act (Regionalisierungsgesetz; RegG) in order to increase regionalization funds of the Federal states for regional rail passenger transport. The € 8.8 billion planned for 2020, which will be increased by 1.8% annually until 2031, will therefore be further increased: In 2020, 2021 and 2023, will be an additional increase of € 150 million on top available. Since these raises will also be increased at 1.8% per year, this will result in a total increase of € 5.2 billion between 2020 and 2031.
- At the same time, the German Parliament and the Upper House of Parliament (Bundesrat) have also significantly increased the means of promoting the construction and expansion of rail-based public transport (especially rail). The annual Federal funds from the Municipal Transport Financing Act (Gemeindeverkehrsfinanzierungsgesetz; GVFG) will increase from € 332 million to € 665 million in 2020, and to € 1 billion from 2021. A further increase to € 2 billion is planned for 2025. As of 2026, this amount will be increased by 1.8% annualy similarly to the RegG. In addition, more project types are eligible for funding and the Federal Government will provide a greater share of the financing in the supported GVFG projects.

GRI 102-13

National Platform Future of Mobility

In the Federal Government's National Platform Future of Mobility (NPM), DB Group is represented in the steering committee, as well as in the working groups for climate protection in transport and digitalization for the mobility sector. Reports commissioned by the Federal Ministry of the Environment, Nature Conservation and Nuclear Safety (Bundesministerium für Umwelt, Naturschutz und nukleare Sicherheit; BMU) and by the German Environment Agency (Umweltbundesamt), as well as by the Federal Ministry of Economics and Energy (Bundesministerium für Wirtschaft und Energie; BMWi) published in March 2020, show that the measures taken to date to achieve the climate protection targets for 2030 are making important contributions, particularly in the transport sector, but are not yet sufficient. The NPM will therefore continue to be closely involved in monitoring the implementation of, and further developing, these measures.

Against this backdrop, the working group for climate protection in transport is looking into how the measures already taken under the Climate Action Program 2030 can be further accelerated and expanded.

GRI 102-13

Master Plan for Rail Transport and Rail Pact for the Rail Future Alliance

On June 30, 2020, the second Rail Summit took place at the BMVI. Federal Minister Andreas Scheuer, the Federal Government representative for rail transport, Enak Ferlemann, and representatives of the rail industry signed a pact designed to strengthen the rail sector, and presented the Master Plan for Rail Transport and the target schedule for Germany in sycn.

The master plan is the result of the Rail Future Alliance, as part of which Federal ministry and industry representatives have, over the course of the past two years and in six working groups, examined key challenges in the rail sector and developed concrete fields of action for the future of rail transport in Germany. The objective of the master plan is to attract twice as many passengers to rail passenger transport by 2030 and to shift more freight to environmentally friendly rail while increasing its modal share to at least 25% by 2030. The key conditions for growth and for a shift to rail will be an increase in capacity with respect to infrastructure, vehicles and personnel, the use of innovative technologies and products, and an increase in the attractiveness and competitiveness of rail from the perspective of its users. In order to create these conditions, 32 areas for action and 96 measures were agreed as part of the Master Plan for Rail Transport, including the step-by-step implementation of a Germany in sync schedule for all modes of transport. The implementation of measures is to be continuously monitored by a working group of sector representatives, together with the BMVI, and reported to the steering committee. DB Group is involved in the steering committee and will participate in implementing the measures. Another rail summit has been announced for the summer of 2021.

Railway regulation law

In accordance with the agreements in the coalition agreement, the Federal Government conducted a comprehensive evaluation of the railway regulation regime starting in 2019. To this end, the BMVI initially obtained an experience report from the BNetzA in the application of the Railway Regulation Act (Eisenbahnregulierungsgesetz; ERegG) and sent this to the Federal states and associations for comments in 2019. DB Group participated in this, as well as in a statement procedure carried out in December 2020 on the draft bill for the further development of rail regulation law. The parliamentary proceedings were initiated with the cabinet resolution dated January 20, 2021.

INFRASTRUCTURE

Acceleration of traffic projects

Important traffic projects in Germany will be able to be planned and implemented more quickly in future. This is the aim of another acceleration law which the German Parliament and the Upper House of Parliament (Bundesrat) adopted at the beginning of 2020. Among other things, it is intended that municipalities will be relieved of the cost of building bridges and underpasses to eliminate railway crossings. For replacement structures – in particular, bridges and platforms – the law makes it possible to dispense with approval procedures to a greater extent than previously. In addition, a Measures Law Preparation Act (Maßnahmengesetzvorbereitungsgesetz) stipulates that for eight selected rail projects, the German Parliament instead of Federal agencies will be able to directly grant construction permits in future.

The Investment Acceleration Act (Investitionsbeschleunigungsgesetz) entered into force on December 9, 2020, with publication in the Federal Gazette. For rail, it regulates, among other things, the waiver of plan approval procedures as part of the *DSD rollout* → *132*, the realization of accessible platforms and the construction of walls for *noise remediation* → *86 f.* Even in the case of individual electrification projects, it should be possible to dispense with planning approval. In addition, the scope for rail projects to avoid regional planning procedures and environmental protection regulations will be increased.

The Planning Assurance Act (Planungssicherstellungsgesetz) was also adopted in May 2020 for a fixed term until the end of March 2021. Its aim is to ensure that approval procedures with public participation can be carried out without significant delays, even under the challenging conditions presented by the Covid-19 pandemic. Its measures include the possibility of online consultation.

Structural Reinforcement Act for Mining Regions

On July 3, 2020, the German Parliament and the Upper House of Parliament (Bundesrat) passed the Structural Reinforcement Act for Mining Regions (Strukturstärkungsgesetz Kohleregionen). It entered into force on August 14, 2020. The legal framework has been created for granting financial aid for capital expenditures and further measures of up to € 40 billion by 2038 in the former mining regions. The Structural Reinforcement Act includes, among other things, capital expenditures in 40 rail infrastructure expansion projects. Twelve of the measures were included in the Measure Law Preparation Act. It also includes the possibility of supporting the expansion of a vehicle maintenance depot in Cottbus.

Legal basis for compensation payments for level crossings

In June 2020, the German Parliament and the Upper House of Parliament (Bundesrat) approved an amendment to the General Railways Act (Allgemeines Eisenbahngesetz; AEG), which extends the regulations relating to compensatory payments to Federal railways. This will provide a legal basis for compensation payments relating to the operation and maintenance of level crossings for all public railways, with retroactive effect from January 1, 2018.

FREIGHT TRANSPORT

Master Plan for Rail Freight Transport

The implementation of the Master Plan for Rail Freight Transport will continue as per the procedure thus far in order to supplement the work of the Rail Future Alliance. Important issues from the Master Plan for Rail Freight Transport are also included in the Master Plan for Rail Transport. The first-time funding of the Federal program Future Rail Freight Transport in the 2020 Federal budget, amounting to € 30 million, provides the basis for helping to fund projects in the areas of digitalization, automation and vehicle technology. The funding guideline was published on May 20, 2020. As a further measure to strengthen rail freight transport, facility price support of € 40 million was assigned in the Federal budget 2020, which will be increased to € 80 million in 2021. The funding guidelines were concluded in Brussels and published in November 2020.

As the steering committee of the Master Plan for Rail Freight Transport, the rail freight transport round table meets semi-annually with the participation of DB Group. In 2020, in addition to the further implementation of the master plan, the focus was on the economic situation of rail freight transport against the backdrop of the Covid-19 pandemic and the ability to transport semi-trailers by crane in combined transport.

Implementation of the national Rail Noise Protection Act

Since the timetable change in 2020/2021, the Rail Noise Protection Act has generally prohibited the use of noisy freight cars on the German rail network. For the implementation of the law, DB Netz AG has updated the rail network terms and conditions of use. In a formal notice to the Federal Government, the European Commission expressed its opinion that the Rail Noise Protection Act contradicts EU law and that it considers the act to be in breach of interoperability requirements. The process has not yet been completed. In its letter dated November 23, 2020, the BMVI confirmed the regulation's effectiveness and asked train operating companies (TOCs) to comply with the requirements. At the same time, the BMVI stated that, for a limited time, violations will not be penalized for the 2020/2021 timetable period.

PASSENGER TRANSPORT

Telecommunications signal supply throughout rail routes

The focus is currently on implementing the supply requirements from the 5G auction in 2019. By late 2024, all rail routes should be provided with a cell phone signal. As per the auction conditions, the railways are asked to cooperate with respect to the provision of coverage along the rail routes. To fulfill this obligation to cooperate, DB Group has initiated the rail connectivity master plan project with the aim of identifying the call phone companies' needs for cooperation and offering targeted actions for each. DB broadband GmbH is also contributing to the collaboration, with its extensive offer of fiber-optic capacity along the rail routes. By December 20, 2020, the European Electronic Communications Code was obliged to have been implemented under the National Telecommunications Act. A draft bill from the Federal Government is now available and is in the process of parliamentary approval. The TKG amendment could have an impact on the scope and conditions of participation by DB Group.

European environment

DB GROUP

Multiannual financial framework and European expansion plan

On December 17, 2020, the institutions of the European Union (EU) definitively adopted the multiannual financial framework for 2021 to 2027 in the amount of about € 1.1 trillion at 2018 prices. The funding for transport from the Connecting Europe Facility is € 11.4 billion (plus an additional € 10 billion for the cohesion countries), € 81.4 billion (including € 5 billion from the structural plan) for the Horizon Europe research initiative and € 1.5 billion for military mobility. The core elements of the European Next Generation EU plan, which is intended to remedy the economic impact of the Covid-19 pandemic, amounting to € 750 billion, were also decided. Within the framework of Next Generation EU, an expansion and resilience facility is being set up to provide financial support totaling € 312.5 billion to member states for reforms and investment between 2021 and 2026. To do this, member states must submit national development plans with projects to the European Commission for assessment. In order to implement the facility, national parliaments still have to ratify the new EU equity capital decision.

The European Green Deal

The European Green Deal is the European Commission's road map for a sustainable, climate-oriented economy. As part of the European Green Deal, the Commission is setting the target of climate neutrality for Europe by 2050 (zero emissions). A key component is the draft for a European climate law presented on March 4, 2020. This also defines and increases the interim target for emissions reductions by 2030 – to at least 55%.

With the Green Deal, the Commission announced legislative measures that address almost all policy areas, in particular energy policy and transport policy. Among other things, the strategy on sustainable and intelligent mobility, the expansion of emissions trading, the revision of energy taxation and the energy efficiency directive are particularly relevant for the transport sector. The Commission intends to submit the specific legislative proposals by mid-2021. Extensive impact assessments and consultations have already been launched.

European Year of Rail 2021

2021 has been declared the European Year of Rail by the European institutions. This is the first time that a European year has been dedicated to a specific sector and shows that the EU sees rail transport as a decisive component in achieving the objectives of the European Green Deal. Rail is the only mode of transport that has been able to reduce its CO_2 emissions almost continuously since 1990, while simultaneously increasing the volume of transport.

The themed year is intended to help to position rail as an environmentally friendly mode of transport and thus to achieve the objectives of the European Green Deal in the transport sector. The aim is to promote rail as a sustainable, innovative and safe mode of transport through events, campaigns and initiatives. The European Year of Rail will primarily build off the sector's and its stakeholders' communication measures.

Trade and cooperation agreement between the United Kingdom and the EU

The United Kingdom and the EU agreed on a free trade agreement on December 24, 2020, which provisionally entered into force on January 1, 2021. Formal ratification by the EU Parliament is still required. The agreement does not provide for customs duties or quotas for trade in goods between the EU and the United Kingdom and instead contains far-reaching regulations to guarantee fair competition. With regard to transport, the agreement provides for permanent networking in the areas of air, road and maritime transport, although market access is not on the same level as the domestic market. Rail traffic through the Channel Tunnel is secured for the next nine months in accordance with the EU's contingency measures, which have already been approved. During this time, France and the United Kingdom are to conclude a cross-border agreement in order to secure tunnel traffic in the long term.

FREIGHT TRANSPORT

EU restricts use of loud freight cars across Europe from 2024

The technical specification for interoperability (TSI) relating to the subsystem "rolling stock – noise" (TSI Noise) provides for a prohibition on operating loud freight cars on heavily frequented lines throughout the European Union from the end of 2024. Quieter routes include all routes of more than 20 km on which more than 12 freight trains operate overnight.

The European Union Agency for Railways (ERA) has set up a task force to assess the extent of the reported lack of brake power in cars fitted with low-noise brake blocks under tough Nordic winter conditions. The ERA recommends that further tests be carried out before a final assessment is made. In its report dated October 22, 2020, the Commission also gave its support to this opinion. Initially, further tests will be carried out in winter 2020/2021 and the work will be continued by a task force focusing on safety-related aspects, led by the ERA. A new report is to be presented in 2021, on the basis of which the Committee will decide on the further course of action.

Compromise on social legislation in European road freight transport

In April and July 2020 respectively, the European Council and the European Parliament accepted a compromise in relation to Mobility Package I. With this the legislative procedure relating to new European standards for driving and rest periods, posting and cabotage are concluded after about three years of intensive negotiations. In future, truck drivers will have the right to return to their home town in future at least every three or four weeks. Regular weekly rest periods (45 hours) must be spent outside the driver's cab. In the case of cabotage, three transports within seven days should remain possible. In addition, a cooling-off period of four days must be upheld. This rule also applies to the inflow and onward carriage of combined transport.

To improve monitoring, in future new trucks will need to be equipped with an intelligent tachograph.

PASSENGER TRANSPORT

Agreement on the revision of the European Passenger Rights Regulation

On October 1, 2020, the Council and Parliament reached an agreement on the revision of the European Passenger Rights Regulation. The agreement stipulates that the current amount of delay compensation will remain unchanged (25% of the fare after one hour of delay, 50% after two hours). In future, in the event of exceptional circumstances, a TOC will be able to release itself from the obligation to pay compensation for delays. The strict obligation to provide assistance to passengers with disabilities and passengers with limited mobility is generally limited to staffed stations. Four years after the effective date of the Regulation, TOCs must also provide a mandatory number of bicycle storage spaces when procuring new trains and performing the major modernization of trains. The number of spaces may be defined by the companies in plans for the carriage of bicycles, which must provide for a reasonable number and must be made available for public consultation. If the TOC does not set a number, a minimum of four bicycle spaces must be mandatory.

The agreement was finalized by the Council on January 13, 2021, and now has to be formally adopted by Parliament. The regulations must be applied two years after publication in the Official Gazette.

LEGAL TOPICS

Procedure regarding additional financing contributions for Stuttgart 21

At the end of 2016, in order to avoid risks under the statute of limitations, we initiated proceedings in the Stuttgart Administrative Court against the project partners seeking additional financing contributions on the basis of what is known as the negotiation clause *(2019 Integrated Report → 70)*. In late August/early September 2020, we received the rejoinders of the project partners. The Administrative Court gave us the opportunity to comment on the rejoinders by December 31, 2020. That deadline was extended to the end of February 2021. We assume that a date for the hearing before the Stuttgart Administrative Court will not take place before the second quarter of 2021.

Civil proceedings on infrastructure utilization fees

A large number of disputes relating to train-path and station fees are still pending with the civil courts. This concerns the question of whether at all, and according to which standards, the civil courts may subject the regulated fees to a further civil court assessment. According to a judgment of the German Federal Supreme Court (Bundesgerichtshof; BGH) in 2011, rail infrastructure usage fees on the basis of the legal situation before the entry into force of the ERegG could be reviewed by civil courts for their cheapness on the basis of Section 315 of the German Civil Code (BGB), even if they were effective under regulatory law. The European Court of Justice (ECJ) ruled in 2017 that a review of the cheapness of infrastructure charges by civil courts in accordance with Section 315 BGB is incompatible with European railway law. However, the BGH continued to stipulate an antitrust law review by the civil courts. At the end of 2020, the Superior Court of Justice of Berlin submitted questions to the ECJ on the verifiability of regulated rail infrastructure charges by the civil courts based on the antitrust law. A decision by the ECJ is not expected before 2022.

Antitrust topics

LAWSUIT BY THE FEDERAL STATE OF SAXONY-ANHALT

The Federal state of Saxony-Anhalt filed a lawsuit against DB Netz AG, DB Regio AG and DB AG claiming compensation for damages under antitrust law due to allegedly illegal train-path pricing by DB Netz AG through the levying of regional factors between 2005 and 2011. For its part, DB Regio AG is suing the Federal state of Saxony-Anhalt for the years 2008 to 2014. The District Court of Frankfurt am Main has dismissed the lawsuit of the state of Saxony-Anhalt. The Federal state has appealed against the decision. A decision on the procedure sought by DB Regio AG is pending.

Additional information is available in the *2019 Integrated Report → 61 f.*

PROCEDURE OF THE FEDERAL CARTEL OFFICE FOR ONLINE DISTRIBUTION

In November 2019, the Federal Cartel Office (Bundeskartellamt; BKartA) initiated administrative proceedings against DB Sales, on suspicion of abuse of a dominant position and violation of antitrust laws due to the design of the Web service contracts. The online distributors GoEuro and Trainline are involved in the proceedings as joint partners. As part of these proceedings, the BKartA is examining advertising restrictions (in particular the AdWords regulation) as well as discount restrictions on discounts and coupons in contracts between DB Sales and online sales partners. The BKartA is also focusing on the handling of real-time data by DB Sales and the structuring of sales commissions by DB Sales. In early 2020, the BKartA sent a comprehensive request for information to DB Sales, which was answered promptly in March. In early December 2020, the BKartA also sent an extensive questionnaire with questions about online distribution to several online platforms operating in Germany. It is not yet clear how the proceedings will develop.

CLAIMS FOR COMPENSATION FOR DAMAGES AGAINST AIRLINES

DB Group is pursuing compensation for damages against the airlines that were part of the air freight cartel, which, according to the findings of various competition authorities around the world, agreed on kerosene and security surcharges, among other things, from 1999 to at least 2006 at the expense of freight forwarders such as DB Schenker *(2019 Integrated Report → 70)*. The US proceedings have now ended in out-of-court settlements. In addition, out-of-court settlements relating to the proceedings pending in Germany have thus far been concluded with seven airlines. Settlement negotiations are being conducted with one additional airline to settle these proceedings.

LAWSUIT AGAINST PROHIBITED AGREEMENTS ON GROSS LIST PRICES

In December 2017, DB Group filed an action against DAF, Daimler, Iveco, MAN and Volvo/Renault Groups in the Munich Regional Court for the “truck cartel” *(2019 Integrated Report → 70)*. In addition to its own claims, DB Group is also asserting the claims of the German Armed Forces (Bundeswehr) and of over 40 companies from all areas of the German economy. The claim is seeking compensation for damages totaling about € 500 million (including interest).

Strong Rail

OUR INNER AMBITION

A strong rail system in Germany is our inner ambition. It helps our country to overcome existential challenges:

- *For the climate.* No other motorized transport today is as climate-friendly as rail. In addition, no other means of transport is as electric as rail, which holds the largest market share of e-mobility in Germany. No other mass transport can achieve a 100 % share of renewable energies as quickly. A strong rail system is therefore an essential prerequisite for fulfilling the Federal Government's and the EU's climate targets, because a reduction in emissions in the transport sector cannot be achieved without a massive shift in the mode of transport towards climate-friendly rail transport. Strong Rail is a crucial beacon of hope for our climate. In concrete terms, a strong rail system means a reduction of the CO_2 total emissions by up to 10.5 million tons per year, which is equivalent to the annual CO_2 footprint of one million people.
- *For people.* By 2050, almost 85 % of the population of Germany will probably live in metropolitan areas. This has an important consequence. Increasing passenger and freight transport is already presenting our cities and metropolitan areas with logistical, social and environmental challenges. The situation is different in many rural areas. Here, one of the central challenges is preserving individual mobility. In the future, a strong rail system can continue to enable vibrant, urban coexistence and the accessibility of rural regions, because it will enable real freedom of movement and allow travel time to be used in a variety of ways, without wasting valuable hours in our days. Specifically, this means double the number of passengers in rail passenger transport, five million fewer car journeys and 14,000 fewer plane journeys in Germany per day.
- *For the economy.* The demand for freight transport is expected to continue to grow consistently. At the same time, commutes from the metropolitan areas and the increasing flexibility in terms of workplaces and working hours will lead to higher demands for work-related mobility. With a strong rail system, this rising volume of traffic can be overcome and environmentally friendly, economic growth is possible. It is therefore a crucial competitive factor for Germany's future economic success and will secure Germany's position as a leading export nation. With a strong rail system, we sharpen our competitive edge with the most modern transport logistics and develop decisive technological stimuli for the future. In concrete terms, this means a growth in the modal share of rail freight transport from 18 % to 25 %. This corresponds to 13 million fewer truck journeys per year on German roads.
- *For Europe.* Germany has a special responsibility for the future of Europe. As well as being the most populous country, it is also the geographic and economic heart of the continent. This role means Germany must be the pioneer and set the precedent for advancing European objectives. Climate protection, jobs, economic growth, social prosperity: much depends on the transport routes remaining future-proof. Strong Rail is the necessary link between East and West, and North and South. In this context, it is not only an important instrument for cultural cooperation between the individual countries, but also a crucial factor in jointly achieving the set objectives. Specifically, this means working together to realize a European network.

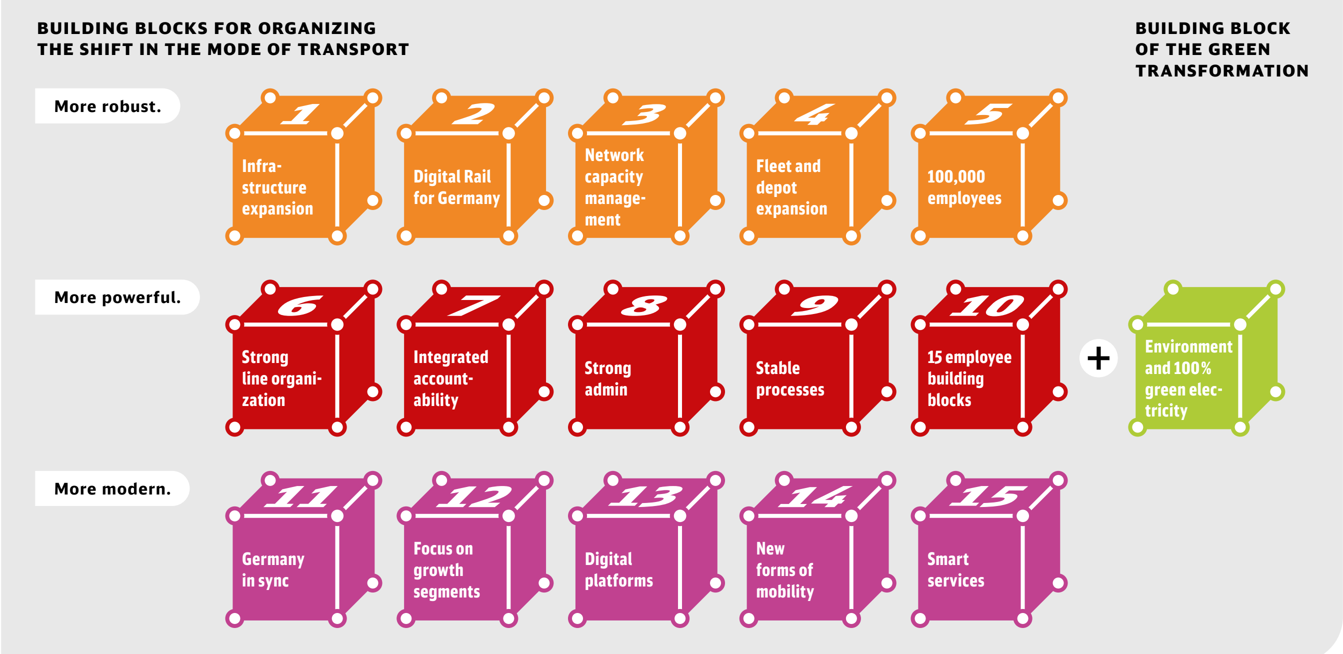
IMPLEMENTING STRONG RAIL

We have set ourselves the goal of harmonizing the ***economic***, *social* and *environmental* factors with our business goals. Sustainability is anchored in our guiding principles and an integral part of our DNA. In response to the rapidly changing environmental, social and political conditions as well as internal challenges, we have formulated a new structural aspiration – our inner ambition – which is the heart of our new Strong Rail strategy. With the Strong Rail strategy, we expressly acknowledge our social responsibility and define our concrete contribution to achieving the Federal Government's central transport and climate policy objectives. With our new strategic focus, we are also concentrating more on the core business of the railway in Germany to address the internal challenges and growing expectations of all stakeholders, from customers to policy to the public in Germany, with regard to the particular responsibility of DB Group. In order to live up to this responsibility, we at DB Group measure everything we do on the value of its contribution to a strong rail system. This also includes our subsidiaries. Subsidiaries with strategic significance for Strong Rail (such as DB Schenker) will continue to be held as financial investments. Joint operational initiatives focus on achieving synergies within the integrated network. Subsidiaries without strategic relevance for the Strong Rail strategy will be put to the test.

We have set the course for a shift in the mode of transport with the Strong Rail strategy and started to create additional capacities, increase product quality and improve customer satisfaction. Our strategy is a framework which we also use to create the internal prerequisites for shifting traffic to the rails and ensure sustainable alignment with the *Green Transformation* *82* of DB Group. In order to create the necessary conditions for the shift in the mode of transport, we have identified three strategic areas within the Strong Rail framework:

- ***More robust:*** We are committed to the comprehensive expansion of performance-critical capacities. With a long-term focus on growth and technological innovations, we are creating the necessary capacities in infrastructure, vehicles and personnel. Among other things, together with the political sphere, we are investing in the evolution and new construction of lines and hubs, additional terminals for freight transport and the purchase of new vehicles. The digitalization of rail operations, better capacity management and comprehensive measures in recruiting and qualification also create more capacity. More trains, more train-paths and more employees will enable us to transport more people and goods while offering a higher quality of service.
- ***More powerful:*** In order to be able to achieve a high performance level in the long term, we will also carry out structural changes. We will simplify the organization and consistently align it with the common goal of a strong rail system. In order to be closer to the customer and respond more quickly to employees, we rely on a strong regulatory and functional organization, the introduction of customer-oriented collaborative processes to improve cross-business cooperation and an engaging process philosophy with common standards and methods. With simple processes and clear responsibilities, we become faster and more disciplined in our implementation of strategies.
- ***More modern:*** We will increase the pace of innovation for our customers. By expanding our activities in the area of new mobility (for example ioki), we provide our customers with an integrated offer that almost extends the rail line right up to their doorstep and complements local public transport in a meaningful way. By using digital technologies, we will also facilitate the effortless switch between the different means of transport. The integration of new and innovative forms of mobility and the use of smart services and digital platforms create clear added value for our customers. In this way, we take into account the rising expectations and create an attractive offer for sustainable mobility and logistics in cities and rural areas.

The building blocks of the Strong Rail strategy



We have identified five central topics for each of the three strategic areas, which we call building blocks. The key criterion for selecting the building blocks is their importance across business units for our goal of a strong rail system in Germany and therefore also for the Federal Government's transport and climate policy goals. This has resulted in a total of 15 building blocks to help us to organize the shift in the mode of transport. They are supplemented by building blocks specific to each business unit.

However, the shift in the mode of transport to rail can only achieve its full potential if the railway also continues to strengthen and expand its climate-friendly operations. Making DB Group greener is therefore a central requirement for the effectiveness of the shift in the mode of transport. To live up to the importance of this topic, we have defined another overarching building block through which we aim to ensure the effectiveness of the shift in the mode of transport. Together, these 15+1 building blocks form the strategic framework of our business alignment.

Mobilization of employees

The 15 employee building blocks are of particular significance. This is a moderated, participative development process. All DB employees in Germany are encouraged and invited to get involved. The goal of the process is to develop 15 additional building blocks that reflect employees' concerns and will enable DB Group to successfully implement all the strategy's building blocks in the future. The goal of the additional building blocks is to create a general framework that will enable employees to act in a sustainable way, in the sense of the strategy. In interdisciplinary teams, employees develop their own solutions for the biggest challenges they face in the form of prototypes.

The Management Board of DB AG has jointly undertaken to ensure that the 15 employee building blocks are implemented. It is also important for successful mobilization to entrench the inner ambition, the strategic objectives and key messages within all employees and to strengthen optimism about the success and future of the Group. To this end, we are relying on strong and powerful internal and external communication regarding change.

These building blocks are created in what are referred to as Expansion Workshops. The first of these workshops was held in autumn 2019. The results was the building block *Safe travel* *258.* We started implementing the building block in January 2020.

In February and March 2020, three Expansion Workshops were held with this focus, resulting in the creation of three building blocks:

- ***My knowledge – Your knowledge – Our knowledge*** addresses the need of employees to be able to access documented knowledge more easily and to gain better access to internal knowledge carriers.
- ***Colleagues leave – their knowledge stays*** aims to provide a structure for safeguarding and transferring empirical knowledge. Among other things, the use of digital tools and ensuring an overlap in employment will help to better structure the handover and, in addition, the standardization of processes will ensure that the empirical knowledge of outgoing colleagues is documented and transferred to new colleagues.
- ***Knowing how railways run*** aims to establish a broader understanding of system and network knowledge. This building block contains mandatory seminars for selected target groups and the more consistent use of e-learning courses, as well as the development of new solutions for comprehensive training and further education in the integrated rail system.

Strong Rail targets

The building blocks serve as a regulatory framework for implementing and monitoring the strategy. Specific measures are the basis for each building block. A construction manager was named for the operational management of each building block, and they are accountable to the Management Board for designing the measures and their operational implementation. The building blocks were incorporated in the mid-term plan. We monitor the target contribution with corresponding key performance indicators. This measurement is ongoing, and is managed and monitored within the Strong Rail Board, a specially created body, supervised by the Management Board and the Chairs of the business units of the integrated rail system.

On the basis of the transport policy objectives of the Federal Government:

- Doubling passenger numbers in rail passenger transport
- Freight transport market share held by rail from 18 % to 25 %
- 100 % of traction current from renewable energies (by 2038)

we aim to achieve the objectives of the strategy through a total of ten DB-specific targets. Our primary objective is to make our contribution to the shift in the mode of transport. To this end, we are focusing equally on growth in rail passenger and rail freight transport.

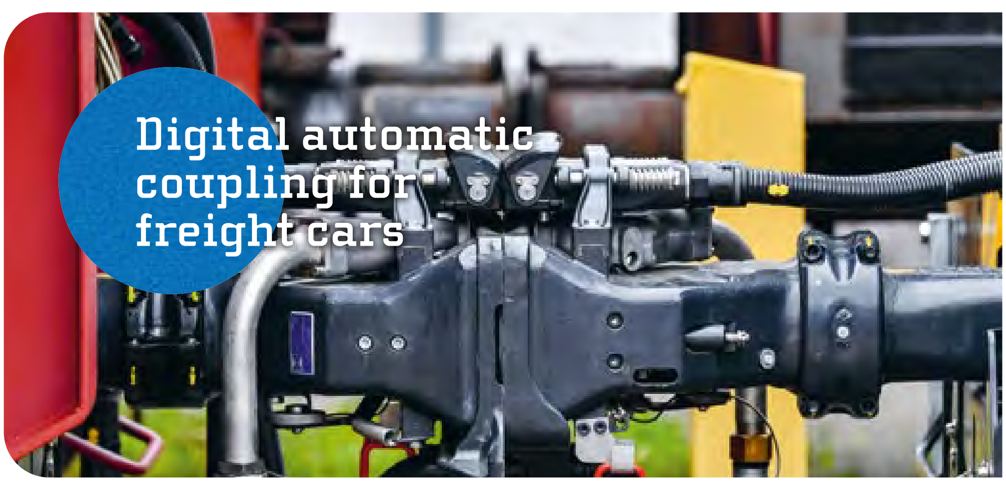
The top targets of the Strong Rail strategy

WHAT DO WE WANT TO ACHIEVE?	HOW DO WE MEASURE THIS?	WHAT ARE WE DOING TO ACHIEVE THIS?
SHIFT IN THE MODE OF TRANSPORT		
Doubling passenger numbers in long-distance transport	260 million passengers at DB Long-Distance	› More reliable, faster and more frequent connections. › Increasing frequency – introduction of Germany in sync (Deutschland-Takt). › Shorter travel time between many major cities thanks to additional ICE Sprinter connections. › More seats thanks to the conversion of existing trains and the procurement of new trains. › Better door-to-door connections in close collaboration with our partners, by integrating new forms of mobility.
Increase in passenger numbers in local transport	+1 billion passengers in local transport (compared to 2015), thereof 0.7 billion at DB Regional (rail) and 0.3 billion in New Mobility	› More reliable, faster and more frequent connections. › More seats thanks to the conversion of existing trains and the procurement of new trains. › Better door-to-door connections in close collaboration with our partners, by integrating new forms of mobility. › Intuitive, easy travel support every day, thanks to intermodal Mobimeo technology.
Increase in volume sold in rail freight transport	+70% volume sold at DB Cargo (Germany) (compared to 2015)	› Expansion of rail logistics provider and operator activities, rail logistics solutions offered. › Further development of single wagon transport. › Expansion of production capacities through capital expenditures in multi-system locomotives, freight cars, automation and digitalization. › Growth in transport services on top European corridors through cross-border management of traffic with coordinated schedules.
Increasing the capacity of the rail network	+>30% train kilometers on track infrastructure (compared to 2015)	› Expansion of network capacity. This also includes measures of the 2030 network plan and Germany in sync. › Advancing the digitalization of the network, for example through the comprehensive rollout of ETCS, digital interlockings and digital rail operations. › Make better use of existing capacities, with fewer faults, capacity-saving driving and construction, traffic optimization and better utilization of under-used infrastructure.
CUSTOMER		
Increase of customer satisfaction	>80 SI at DB Long-Distance >75 SI at DB Regional >70 SI at DB Cargo	› Consistent realignment of all core processes to focus on the customer. › Increasing the basic quality of stations by increasing the cleaning frequency at highly frequented stations, as well as more personnel and technology for greater cleanliness and safety. › Increasing the quality of stay at stations, among other things, by expanding the range of services and incorporating new forms of mobility. › Implementation of an intelligent system for passenger information and equipping all stations with new passenger information displays.
Improvement of operational punctuality	>85% at DB Long-Distance >95% at DB Regional >77% at DB Cargo	› Short-term alleviation of bottlenecks, including upgrading heavily used infrastructure with targeted maintenance measures. › Increasing vehicle availability and quality, including expanding maintenance capacity. › Introduction of supporting systems, including implementation of intelligent forecasting systems (Big Data) for an early response to disruptions.
EMPLOYEES		
Improving employee satisfaction	>3.8 SI	› Continuing employee surveys and the establishment of "cooperation workshops" to develop change and improvement measures. › Implementation and rollout of the compass for strong collaboration as a central orientation instrument and a benchmark for better collaboration and performance. › To establish attractive working and employment conditions, including through participation and voting opportunities. › Proactively shaping the work of the future, through Future Labs, among other things.
CLIMATE		
Increase of share of renewable energies in the DB traction current mix	100% green electricity by 2038	› We are consistently replacing discontinued power plant contracts with renewable energy sources, for example from framework contracts concluded in the year under review. › DB Netze Energy has signed agreements with Innogy SE and RWE Supply&Trading on the supply of green electricity from the Nordsee-Ost offshore wind farm. The electricity contract has a duration of five years and starts in 2024.
PROFITABILITY		
Return above the cost of capital	ROCE ≥6.5%	› We are making all necessary capital expenditures and expenses to realize the Strong Rail strategy. › Countermeasures to compensate for a significant portion of damage from Covid-19. › Simplification and streamlining of structures and processes.
Ensuring financial stability	Debt coverage ≥20%	› Improvement in the operating profit situation. › Adjustments to the Group portfolio.

Customer and quality

The Federal states have agreed on the introduction of an obligation to wear face masks on trains across Germany. We provide information about this mask requirement on trains and at stations, and call on passengers to comply. Our prevention team increases awareness of mask wearing and provides information on how to protect yourself from catching Covid-19 while out and about.

From 2022, 30 new high-speed trains will strengthen our long-distance transport fleet. The new ICE 3neo is manufactured at Siemens sites in North Rhine-Westphalia, Bavaria and Austria, and is the first be used on lines between North Rhine-Westphalia and Munich that run via the high-speed line Cologne/Rhine-Main. The new trains are increasing the capacity available on DB Long-Distance by 13,000 seats.



In one of our consortiums, we have been testing the use of the Digital Automatic Coupling (DAC) in freight cars since July 2020. With the DAC, freight cars, as well as their power, data and compressed air lines, are automatically coupled together, without any strenuous physical work. This significantly improves the efficiency of grouping freight trains. Six companies from Germany, Austria, Switzerland and France have been awarded the contract for a project of the BMVI project. The pilot project runs from July 2020 to December 2022.

OVERVIEW OF KEY FIGURES (RAIL IN GERMANY)

Shift in the mode of transport

Passengers long-distance transport (million) — Target: 260

2024	> 180
2020	**81.3**
2019	150.7
2018	147.9
2017	142.2
2016	139.0

Passengers local transport (million) — Target: 2,500

2020	**1,215**
2019	1,972
2018	1,940
2017	1,933
2016	1,883

Volume sold rail freight transport (million tkm) — Target: 120,000 [1]

2024	> 68,000
2020	**56,224**
2019	60,702
2018	64,169
2017	67,566
2016	68,630

[1] +70 % compared to 2015.

Train kilometers on track infrastructure (million train-path km) — Target: 1,400 [1]

2024	> 1,140
2020	**1,066**
2019	1,090
2018	1,085
2017	1,073
2016	1,067

[1] +> 30 % compared to 2015.

Short/mid-term target — Long-term target

Customers

Customer satisfaction DB Long-Distance (SI) — Target: > 80

2024	> 81
2020	**80.2**
2019	76.5
2018	77.1
2017	77.2
2016	76.7

Customer satisfaction DB Regional (SI) — Target: > 75

2024	> 74
2020	**69.0**
2019	66.1
2018	66.3
2017	68.1
2016	68.6

Customer satisfaction DB Cargo (Germany) [1] (SI) — Target: > 70

2024	> 69
2020	**68**
2019	61
2018	60
2017	67
2016	–

[1] Survey annually from 2017 onwards.

Short-/mid-term target — Long-term target

Punctuality

Punctuality DB Long-Distance (%) — Target: > 85

2024	> 81
2020	**81.8**
2019	75.9
2018	74.9
2017	78.5
2016	78.9

Punctuality DB Regional (%) — Target: > 95

2024	> 95
2020	**95.6**
2019	94.3
2018	94.0
2017	94.4
2016	94.8

Punctuality DB Cargo (Germany) (%) — Target: > 77

2024	77
2020	**77.6**
2019	73.8
2018	72.9
2017	73.4
2016	76.2

Short-/mid-term target — Long-term target

THE CUSTOMER IS AT THE CENTER OF OUR ACTIONS

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Targets and management approach

For us, increasing punctuality is the most important lever for improving product quality. Internal punctuality controls are based on lost units (number of delays). To measure punctuality, we compare the target arrival time to the actual arrival time for every train/bus run. A stop is considered on time if the scheduled arrival time is exceeded by less than six minutes in passenger transport or less than 16 minutes in freight transport. We summarize the arrival of trains/buses on schedule or up to a defined maximum delay using a degree of punctuality. In addition, since 2020, DB Regional Bus has also evaluated buses that have been operated more than one minute too early as not punctual, with retroactive effect. The figures are recorded daily and are made available to executives and employees online, together with the lost units and other management key figures, allowing measures to be taken to manage the situation. In addition, punctuality data, together with the associated indicators, are prepared regularly and used by the Management Board to determine what currently needs to be acted upon and where decisions are required. Punctuality is the key indicator of product quality at a Group level in terms of the *Strong Rail strategy* → 68 ff., and is a determining factor in calculating the variable compensation amount for executives at DB Group.

Other important levers for increasing product quality include the use of more modern vehicles, reliable and comprehensive customer and transport information, the quality and reliability of services offered, as well as reasonable travel and transport times. That is why we continually invest in our fleet and infrastructure, and optimize cooperation with our suppliers and sector partners. We also place a strong emphasis on tapping into the opportunities of digitalization. Our initiatives for increasing product quality and improving customer satisfaction are an important part of the plan to implement our strategy.

The continuous optimization of the value-performance ratio and product innovations, particularly in *digitalization* → 78 ff., are key levers for increasing customer satisfaction. We work extremely hard on our basic service and focus on optimizing product and service quality. We offer our customers comprehensive services for their information needs. Our goal is to provide our products at a reasonable price in order to meet the expectations of our customers. The focus is on measures that increase the quality of our services and the efficiency of our processes. In order to assess the success of our measures from our customers' perspective, we use direct indicators such as revenues and the number of customers. In addition to this, we use the results of regular customer surveys to measure our success and find potential areas for improvement.

CAPACITY EXPANSION FOR A STRONG RAIL SYSTEM

Expanding fleet and infrastructure capacity also significantly impacts quality and therefore our punctuality.

Infrastructure expansion

With the implementation of volume targets as part of the Strong Rail strategy, we expect volume produced on the network to increase by more than 30%, equating to about 350 million train-path km per year. The growth will be disproportionately realized on that part of the rail network, which is already overburdened today. Additional traffic must therefore be catered for by expanding infrastructure capacity. At the same time, we also need to ensure a high level of network reliability and capacity, even during the expansion phase. We can only achieve a high level of performance and growth in the network in cooperation with the Federal Government. The Performance and Financing Agreement *(LuFV III* → 235 f.) guarantees the performance capability of the existing network.

There are three main levers to help increase the capacity of the network and the volume produced:

- New construction and expansion: Implementing *new construction and expansion measures* → 133 ff. plays a significant role in successfully expanding network capacity. In this case, we have the potential to create an additional 180 million train-path km, laying the groundwork for more traffic on corridors and for new service concepts. The projects needed to achieve this are included in the Federal Government's urgent requirement plan and are being implemented successively. Additional measures supplement these projects, such as further expansion measures to enable Germany in sync (Deutschland-Takt) or track extensions as part of the *Structural Reinforcement* → 64.
- Digital Rail for Germany (Digitale Schiene Deutschland; DSD): The *DSD* → 132 is our long-term plan for more capacity, reliability, productivity and interoperability. With the nationwide roll-out of the European Train Control System (ETCS) in conjunction with digital interlockings (digitale Stellwerke; DSTW) and digital rail operations, we are increasing capacity by 100 million train-path km, and all without building new tracks. The program includes

the completion of ongoing ETCS projects, the implementation of the starter package, and the industrialized comprehensive rollout.

3 › Capacity management: With additional measures, we will be able to increase the volume produced by another 70 million train-path km. Improved capacity management is an important component of this. This includes coordinating capacity increases, optimizing capacity during construction, traffic optimization and fault minimization. A budget for optimizing capacity during construction is earmarked beginning in 2020 for the first time as part of the *LuFV III* *235 f.*, to ensure fewer restrictions for TOCs in the future.

4 Fleet and depot expansion

We are expanding our maintenance depots and investing in new trains to ensure we build a strong rail system. We are also investing in the modernization of our existing vehicle fleet. With these levers, we will continue to expand our vehicle availability.

We are investing about € 775 million in maintenance depots for DB Long-Distance by the end of 2024, improving the punctuality and quality of the Intercity Express (ICE) and Intercity trains as a result. Larger halls, expanded workshops and warehouses, as well as new sidings for working on and storing trains, will ensure faster and better train maintenance in the future. We will also create about 800 additional jobs in our depots from 2019 to 2024.

In order to further increase vehicle availability and to create additional capacity in our depots, digitalization and automation are also being developed further. Innovative technologies are being piloted in individual depots and gradually expanded to other sites. Our focus is on optimizing maintenance for our prospectively largest fleet (ICE 4), to increase vehicle availability through shorter downtime.

In addition to our depots, we also invest extensively in our vehicles. By the end of 2024, the ICE fleet will expand to over 420 trains. This includes 137 ICE 4 trains. Fifty 12-car ICE 4 trains have already been delivered. In addition, the supply of the seven-car ICE 4 started in 2020.

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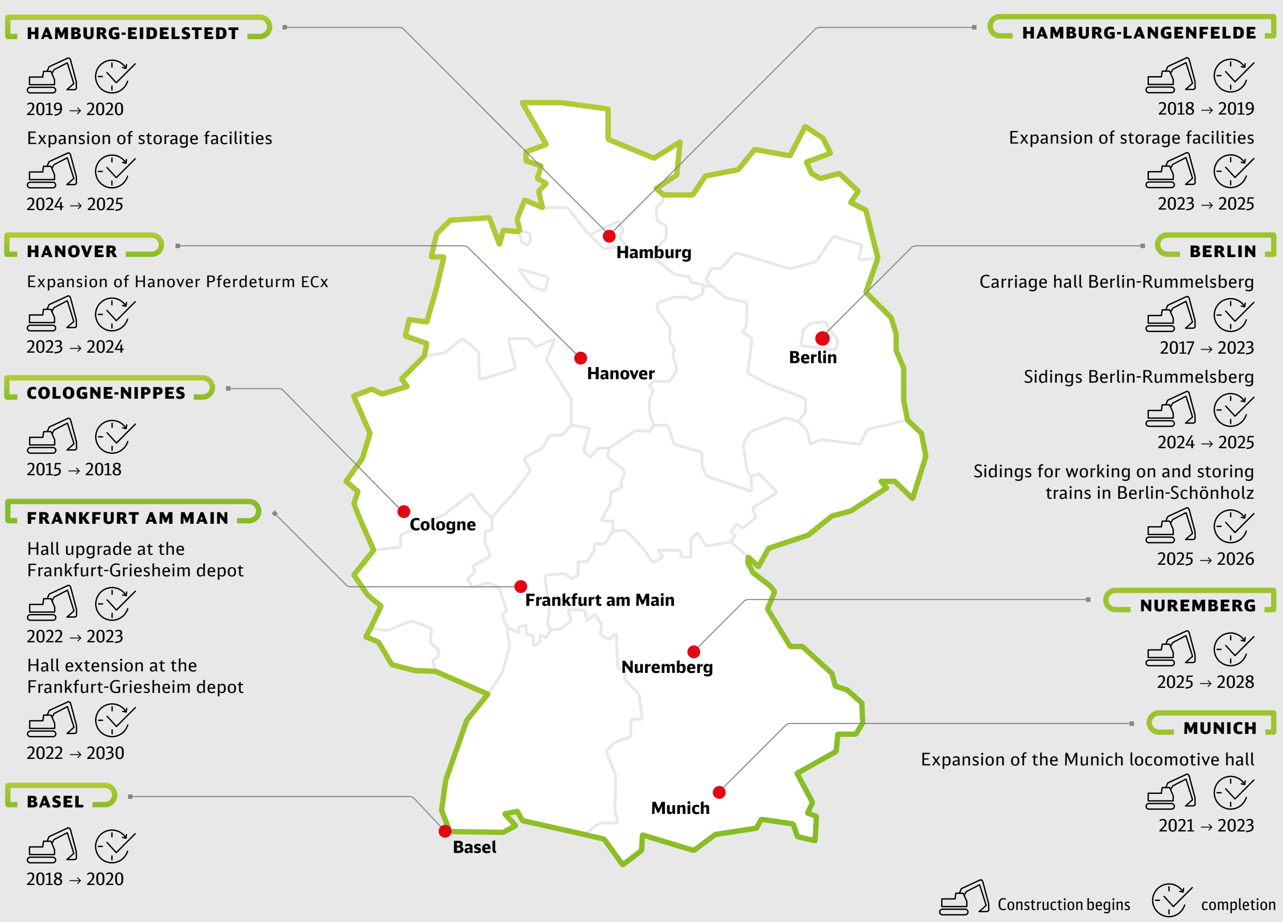
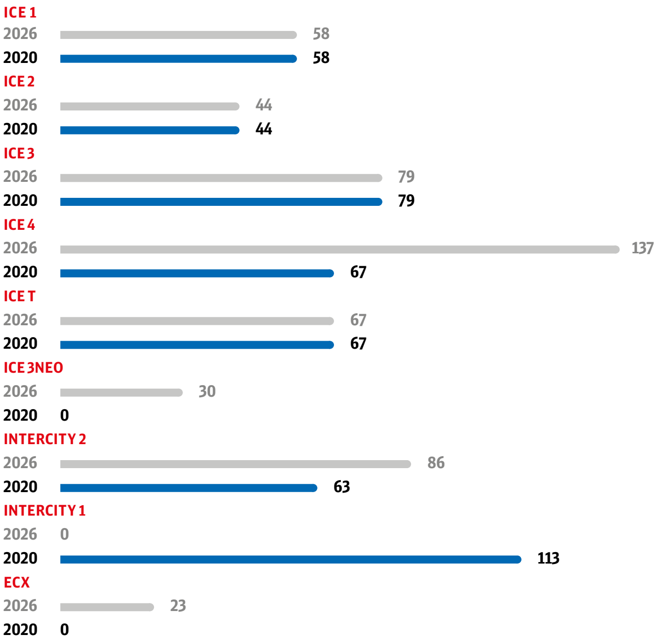
DB Long-Distance maintenance depots and expansion planning



Development of the long-distance transport fleet



We have also put out a tender for the procurement of 90 high-speed trains *(ICE 3neo* *117)*. Of these, 30 trains are to be gradually delivered from as early as 2022. In addition, the procurement of 23 ECx and other Intercity 2s is planned. The vehicle fleet for long-distance transport will be increased in the long term by about 25% to up to 600 trains. The increasing number of new vehicles creates operational scheduling leeway in order to be able to react to unforeseen disruptions in operation.

More than 100 trains in the *ICE 1 and ICE 3 fleets* *117* are also being modernized to improve technical reliability and comfort. Equipping almost the entire fleet with ETCS guarantees continuous and reliable availability of digital equipment. We are also optimizing comfort on board the ICE 4 fleet. In addition to new seats, there will be ICE 4 trains with 13 cars and over 900 seats each in the future.

The aim is to increase passenger numbers using DB Regional by implementing the *Strong Rail targets* *70 f.* In this context, seat capacity must be increased by up to 30% by 2030. We will meet this additional demand both through increased capacity utilization of the trains in the medium term and by increasing the capacity of the vehicle fleet.

In regional transport, we continue to invest in our fleet and depots. Over the next few years, vehicles on the Berlin, Stuttgart and Munich S-Bahn (metro) lines will be modernized extensively. In addition to improving the technical reliability and comfort of the vehicles, we are also working to increase utilization.

For transport contracts with the Hamburg, Rhine-Main and Stuttgart S-Bahn (metro) lines, the vehicle fleet is scheduled to be expanded with the public transport authorities by the end of 2024. Additional single or multi-level multiple units are being procured as part of the transport contracts awarded to service the additional train kilometers. Vehicles are equipped with ETCS to increase capacity on the existing rail network. Starting in 2023, the Stuttgart S-Bahn (metro) vehicles will be equipped with this technology for the first time.

There will be capital expenditures in the workshop infrastructure over the next few years to maintain and expand maintenance capacities. These measures will focus on workshops for the S-Bahns (metros) in Berlin, Freiburg, Ludwigshafen and Munich by 2025.

Shift in the mode of transport to rail

Our Strong Rail strategy addresses how rail specifically contributes to achieving the Federal Government's key transport and climate policy targets. The policy target of shifting the mode of transport from road to rail therefore involves the entire rail sector.

We assume that, after overcoming the slump in demand caused by Covid-19, volume sold and volume produced will develop positively again over the medium and long term. This applies to the entire sector.

Performance figures for rail in Germany (sector)	**2020**	2019	2018
Passengers long-distance transport (million)	82	152	149
Intra-Group railways	81	151	148
Non-Group railways [1]	1	2	1
Passengers local transport (million)	1,605	2,528	2,472
Intra-Group railways (adjusted for re-entry)	1,215	1,972	1,940
Non-Group railways [1] (not adjusted for re-entry)	389	556	532
Volume sold rail freight transport (billion tkm) [1,2]	121.3	129.2	130.0
Intra-Group railways	51.9	55.8	58.6
Non-Group railways	69.4	73.3	71.4
Train kilometers on track infrastructure (million train-path km)	1,066	1,090	1,085
Intra-Group railways	680	722	736
Non-Group railways [1]	385	368	349

Individual figures are rounded and estimated, so they may not add up. Figures for 2018 and 2020 are based on information and estimates available as of February 2021.

[1] 2020 data is based on own estimates.

[2] Only services as principal freight carrier.

Performance development in rail passenger transport in Germany collapsed significantly in 2020 due to Covid-19. This was the same for DB Group TOCs in regional rail passenger transport and for non-Group railways. In rail freight transport in Germany, volume sold also fell significantly as a result of

Covid-19. The overall train kilometers on track infrastructure in Germany also decreased in the year under review. However, as at least a basic supply was maintained in rail passenger transport at all times despite the sharp drop in demand in 2020, the decline in network volume produced is lower than the decline in volume sold by the TOC.

Customer satisfaction

Customer satisfaction (SI)	**2020**	2019	2018
DB Long-Distance	80.2	76.5	77.1
DB Regional (rail)	69.0	66.1	66.3
DB Regional (bus)	71	73	74
DB Cargo	68	61	60
DB Netze Stations (passengers / visitors)	72	69	68
DB Arriva (bus and rail, United Kingdom)	80	78	79
DB Schenker	74	71	71

Regular evaluation of customer satisfaction is hugely important to us. The surveys are conducted anonymously and by independent market research institutes. Details on development in the individual business units can be found in the chapter *Business unit development* → 112 ff.

Punctuality

Punctuality (%)	**2020**	2019	2018
DB Group (rail) in Germany	95.1	93.7	93.4
DB rail passenger transport in Germany	95.2	93.9	93.5
DB Long-Distance	81.8	75.9	74.9
DB Regional	95.6	94.3	94.0
DB Cargo (Germany)	77.6	73.8	72.9
DB Arriva (rail: United Kingdom, Denmark, Sweden, the Netherlands, Poland and the Czech Republic)	93.1	89.3	89.8
DB Regional (bus) [1]	83.4	81.6	-
DB Cargo (Europe)	76.9	74.0	72.8

To measure punctuality, we compare the target arrival time to the actual arrival time for every train / bus run. We summarize the arrival of trains on schedule or up to a defined maximum delay using a degree of punctuality.

[1] Change in method from 2020 onwards, with retroactive adjustments for the previous year.

Despite major challenges, mainly due to extensive construction volume and high temperatures during the summer months, punctuality in rail transport in Germany improved significantly. The positive development was supported by a large number of measures and the effects of Covid-19, which resulted in the lower infrastructure utilization and lower passenger numbers. In addition, our well-functioning Covid-19 management, in conjunction with capacity relief, particularly on highly overloaded infrastructure, also had an impact in the second quarter of 2020. In order to derive specific recommendations for action for the future, extensive investigations were carried out and a scientific study on the driving factors for punctuality during the Covid-19 restrictions was added. In addition, thanks to good construction site management on the infrastructure side, almost all planned construction work was implemented on time, despite some significant restrictions, and the negative effects of slow-running points on the North—South axis were significantly reduced. At DB Long-Distance, significantly better vehicle quality and availability had a positive effect on punctuality.

MANAGEMENT CENTERS FOR MANAGING PUNCTUALITY AND CONSTRUCTION WORK

The Punctuality Management Center, which has been part of the Infrastructure Board division since 2018, acts as a cross-business unit management unit for ensuring punctuality targets. Its core tasks include the analysis of punctuality discrepancies during the year, the identification and management of measures and monitoring the implementation of measures. The Puncuality Management Center relies on an established early-warning system for punctuality-related (construction) plans and (construction) operating processes: PlanRadar and risk radar construction.

In 2020, the main focus of investigations during the first wave of the Covid-19 pandemic was on the development of operating quality. Concrete measures for a sustainable improvement in punctuality were derived and initiated. In addition, monitoring of infrastructure restrictions relevant to punctuality was set up on four central line bundles.

In 2020, additional efforts were required in light of the increasing volume of construction and construction implementation risks caused by the Covid-19 pandemic. Thanks to prudent and reliable construction site planning and close support from the construction management center, the construction-related restrictions on infrastructure and thus operational restrictions could be kept at a stable level. Forward-looking and proactive action, alongside good schedule planning of construction work contributed to this.

FORECASTING SKILLS

Since 2019, we have been expanding our expertise in the area of forecasting quality indicators, in particular punctuality, with the aim of detecting punctuality-related developments at an early stage and taking measures. The focus is on the medium-term planning horizon. It shows to what extent the planned quality measures are sufficient to achieve our *Strong Rail targets* → 71.

The models developed in 2020 for the punctuality forecast during the year are being continuously expanded so that they take into account key drivers such as weather developments, the availability of vehicles and personnel or the utilization of our products.

APPROACH FOR A HIGH-PERFORMANCE S-BAHN (METRO) SYSTEM

The S-Bahn (metro) systems in the major cities plays a key role in Germany's transition to more sustainable mobility. Despite the drop in passenger numbers in 2020 due to Covid-19, the S-Bahn (metro) systems have to master significant growth over the next few years – while also improving quality. Punctuality in particular is expected to increase significantly over the next five years. To this end, the Strong S-Bahn (metro) project was launched with the aim of developing and implementing the prerequisites for a high-performance S-Bahn (metro) system. Locally successful approaches, such as the prevention of rail crossings on the Munich S-Bahn (metro), are being implemented as standards for the major cities.

The experience we gained in 2020, and which contributed to an increase in punctuality, is also being incorporated into this. For example, findings from the reduced number of passengers are used to derive measures for the period after the Covid-19 pandemic, such as adjusting platform design, timetable adjustments and infrastructure improvements. All these activities help to achieve DB Regional's punctuality targets.

OVERARCHING PROCESSES

Within the framework of Strong Rail, overarching processes are being developed in compliance with regulatory requirements in order to enable cross-unit process management under the responsibility of a overarching process owner. In October 2020, we launched the overarching process "Provide trains." This will be used to manage the on-schedule arrival, functionality and completeness of all rail passenger transport and infrastructure facilities in the future, with defined measurement points and performance management, which takes decisions to Management Board level in a short time.

In order to better manage major disruptions, the "Manage major disruptions" overarching process has been established. This ensures information for customers and employees, as well as overcoming the traffic-operational situations, and develops lessons learned for continuous process improvement after each major disruption. This resulted, for example, in the introduction of the RIS major disruption platform, which supports text creation for customer and employee communication in a wide variety of channels and enables automated publication of texts. Using the example of Storm Sabine in the first quarter of 2020, it has already been shown that, despite a significant operational impact, customer and public opinion of incident management was predominantly positive. This was mainly due to the relatively short operational recovery time and the timely and comprehensive communication with our customers. Both are coordinated by the overarching process.

DIGITALIZATION

Targets and management approach

GRI 103

FOCUS ON THE TECHNOLOGY DEPARTMENT

Our digital and technical strategy is designed to develop an ultra-smart mobility network by 2030 – networked, automated and customer-oriented. Travel should be self-planned and adapted to changing circumstances in real time in the event of deviations. These digitalization processes need to be understood and designed as a smart overall system – a long-term development in which we can define the three core activities of the Strong Rail strategy: complete networking, self-organized development and simpler use of mobility services for travelers. Digitalization and technology are the key to success for Strong Rail:

- Digital rail operations make us more robust, for example by using automated schedule planning and scheduling.
- Digital maintenance is making us more powerful, for example by using real-time transparency and more proactive planning.
- And the digital customer experience is making us more modern, for example by using more efficient travel chains and more intuitive booking options.
- The high availability of rail technology is making us more robust – by increasing the availability of infrastructure and vehicles.
- Flexible rail technology makes us more powerful, for example through the nationwide modernization of the fleet and infrastructure.
- Green rail technology makes us more modern, for example through emissions-free and environmentally friendly rail operations.

All of these initiatives will help steadily increase capacity, efficiency and quality. Implementing the digital strategy also requires a culture that supports ideas and plans for a new working environment, and inspires enthusiasm for new technologies and new forms of working (together).

The IT infrastructure is the basis for developing digitalization over the next few years. The digital infrastructure concept for Strong Rail comprises five components: connectivity, cloud services, cybersecurity, development platforms and data management. Connectivity is the most basic requirement for data transfer and exchange, because a Strong Rail system needs high-speed communication. Cloud services help provide dynamic, scalable and on-demand IT services, because a Strong Rail system needs flexible IT resources. Cybersecurity will also continue to be professionalized in the future, because only a secure rail system is a Strong Rail system. The objective within data management is to provide tools and standards for the general use of all data within DB Group. The 2030 target is to have trained mobility systems to detect, calculate and network automatically and to keep everything permanently up to date. Artificial intelligence (AI) determines the cycle for doing so. The vehicles are highly automated, communicate with each other, update themselves independently and report potential defects even before they occur – with new sensors, drones and robots.

With the project Schlagkräftiger@T (More powerful@Technology), managed by the Digitalization&Technology Board division, we intend to improve cooperation and customer orientation in order to find the best solutions for the integrated rail system across divisional borders.

The division of the Chief Digital Officer (CDO) is responsible for digitalization at Group level. In 2020, this division created effective structures and data-based innovations and products, and was the driver for the digital transformation of DB Group.

The CDO Board serves to ensure the common objectives and work plan within the Strong Rail framework, as well as the digital and technology strategy, and regular exchange and progress review. This Board was established in 2020 and comprises all designated business unit CDOs and, in future, will also include those within the service units. The CDO Board also prepares decisions and focal areas for the Digitalization Board and reports regularly to the Customer Experience&Innovation (CXI) Board and to the Production and Digitalization Board on topics relevant to digitalization, innovations and data management as well as AI.

DB DATA INTELLIGENCE CENTER

The DB Data Intelligence Center drives the DataOps project and the AI activities initiated in DB Group from under one roof. It leads the Data Council as a Group-wide body for data and AI. It creates cross-business-unit frameworks and requirements to ensure data transparency and availability, as well as to ensure uniform data governance.

Ecosystems and partnerships

- New Mobility: *NeMo* *152 f.* stands for robust public transport: climate-friendly, anywhere and simple. The existing ecosystem unit offers integrated mobility in conjunction with passenger transport from a single provider for contracting organizations and municipalities.
- Deutsche Bahn Digital Ventures is our corporate venture capital arm, which invests in new and innovative business ideas. The research fields are based on our Strong Rail strategy and our digital and technology strategy. The main focus is on the power of start-ups and technology partnerships to change the market and their ability to establish trendsetting customer and industrial solutions.

Digital transformation

For us, the term digital transformation means creating the necessary conditions in DB Group. Our focus is primarily on the involvement of executives and employees and giving them the skills they need through training, new working methods and agile structures. In 2020, the focus was on expanding digital expertise.

- We created the DB Digital Base in Berlin, a central location for digitalization within DB Group. This provides executives and employees with free access to a wide range of events and workshops on digital topics. The program has been continued virtually since April 2020 due to the Covid-19 pandemic.
- With DB Intrapreneurs, we offer employees and business units of DB Group the opportunity to develop new business models and products in an appropriate environment. In 2020, 18 teams validated their problem and piloted a corresponding approach for a solution. A product market fit was validated for two projects.

DB mindbox

DB mindbox is our start-up hub. DB mindbox has been working together with business units and start-ups for the past five years to support innovative technologies and digital applications in the Group. To date, about 3,000 start-ups from more than 50 countries have applied. More than 150 start-ups have already participated in the support program. We are working with about 60% of the companies on concrete products and innovations for rail travel as part of follow-up partnerships.

- Since the beginning of 2018, we have been promoting our digital talent in the areas of digitalization and business model development through our digitalization trainee program, as well as building digital skills for the whole DB Group. In 2020, the number of digital trainees trained increased from 10 to 24.

15 New digitalization projects and concepts

CHATBOT

We are developing chatbots to create a modern customer experience and establish a smart service channel. We are working on a development platform for chatbots for this purpose. Conversational AI technology allows chatbots to process natural language and maintain context-based dialogues. In this way, they provide clear and comprehensible answers and you can communicate with them. On the Group-wide platform, the new chatbots are connected to an intelligent customer contact channel and provide standardized information to their users based on their shared knowledge.

EUROPE'S PIONEER IN CLOUD MIGRATION

We have, where possible, transferred our IT to the *cloud* → 25 and closed the Group's electronic data center. This means that we have completed one of the largest IT projects two years earlier than planned. The main advantage for us is greater flexibility: processing power or memory automatically adjust to requirements in real time. Passengers also benefit from this because the systems run reliably even under extreme loads, providing, for example, schedule information in the case of a storm.

BAHNID – GO-LIVE WITH "10-DAY TICKETS"

BahnID will provide central access to all of our digital services for our customers, such as DB Navigator, bahn.de, Call a Bike, Flinkster and much more. The goal is to offer our customers easier access to all products, provide transparency about data use, and provide an instrument for efficient data protection. BahnID started in October 2020 with the "10-day ticket" offered by DB Regional.

WIFI@DB – INTERNET THAT TRAVELS WITH YOU

We are launching a WiFi network as part of our free Internet service. The entire ICE fleet, more than 130 stations, all DB lounges, the first regional trains and buses are already connected. And *WIFI@DB* → 24 continues to grow: In 2021, we are adding further regional trains and buses as well as the Intercity trains.

ARTIFICIAL INTELLIGENCE FOR VEGETATION MAINTENANCE

The start-up LiveEO automatically evaluates satellite images and then creates digital vegetation maps along rail tracks. This helps better identify storm-susceptible trees so they can be managed in good time. LiveEO has developed a platform for recording large-scale areas, in which satellite recordings are evaluated using machine learning. In cooperation with DB Group, LiveEO was able to improve the application and successfully use it for the first time on a large scale. In spring 2020, the start-up provided geodata on vegetation stocks and potential dangers along tracks with high-capacity utilization (hA+ lines). Since autumn 2020, this data has been validated by field inspections.

Environmental

We received approval from the renowned Science Based Targets initiative (SBTi). This means that we now have scientific confirmation: with our targets to reduce greenhouse gas emissions, we are taking responsibility for achieving the Paris Agreement's two-degree target.

In 2020, we met our target to reduce noise on 2,000 km of rail track and to fit all active freight cars in Germany with whisper brakes. At the same time, we set ourselves a new noise remediation target which is part of our extensive Green Transformation. After all, we can only successfully increase rail traffic with acceptance from local residents.

OVERVIEW OF KEY FIGURES

Environmental

Specific greenhouse gas emissions in comparison to 2006 (%) — Target: ≥ - 50 (2030)

2024	~ - 40
2020	**- 34.4**
2019	- 34.8
2018	- 33.2
2017	- 29.5
2016	- 27.3

STRONG RAIL **Share of renewable energies in the DB traction current mix** (%) — Target: 100 (2038)

2024	> 65
2020	**61.4**
2019	60.1
2018	57.2
2017	44.0
2016	42.0

Track kilometers noise remediated in total as of Dec 31 (km) — Target: 3,250 (2030)

2020	2,000
2020	**2,039**
2019	1,844
2018	1,758
2017	1,701
2016	1,598

Share of quiet freight cars in the active fleet in Germany as of Dec 31 (%)

2020	100
2020	**100**
2019	93.2
2018	81.9
2017	63.9
2016	51.4

Recycling rate (%)

2020	> 95
2020	**95.6**
2019	97.7
2018	98.0
2017	98.0
2016	97.3

Short-/mid-term target — Long-term target

THE GREEN TRANSFORMATION

As one of Europe's largest transport infrastructure operators, we take responsibility for the environment because we want to leave future generations with a healthy planet to live on. According to the annual Global Climate Risk Index published by *Germanwatch*, Germany ranked 18th among the countries most affected by extreme weather worldwide in the period from 1999 to 2019. We are feeling the effects of climate change in our core business. For this reason – and in view of our responsibility for our planet and future generations – we aim to be one of the most environmentally-friendly mobility companies in Germany. We are working on areas that are important to us and our stakeholders: climate protection, nature and resource conservation, noise remediation and social responsibility. These topics are included in our strategic environmental objectives and are part of our corporate identity as a sustainable transport services provider. With the building block Environment and 100 % green electricity in our *Strong Rail strategy* *68 ff.*, we are creating the framework for sustainably reducing emissions that are harmful to the climate and for supporting biodiversity at rail facilities or at the ecological compensation areas we have created. We ensure resource conservation, in particular by reusing building materials when developing our infrastructure and by sorting construction and municipal waste for reuse. At the same time, fitting freight cars with whisper brakes and installing noise barriers and windows on new and existing routes reduce the impacts of rail transport noise on local residents. In addition, we are fully committed to our social responsibility and stand for ethical and responsible cooperation with everyone.

GRI 201-2

This is green.

The environmental brand "This is green." represents DB Group's environmental strategy, the Green Transformation and more than 150 supporting measures in climate protection, nature and resource conservation, noise remediation, and social responsibility. The individually numbered measures demonstrate how sustainability at DB is firmly embedded in its operational value chain.

CLIMATE PROTECTION

GRI 103

Targets and management approach

We aim to achieve our climate neutrality target by 2050 and thus run our transport services in a carbon-neutral manner. For this, we plan to take regular steps toward powering our electric rail transport in Germany with 100 % eco-power by 2038. Our climate target for 2030 is an important milestone in this process. This target covers all major greenhouse gas emissions in our transport and infrastructure business units.

In order to achieve this objective, we are raising the share of renewable energies in the DB traction current mix in Germany to 80 % by 2030. Since January 2018, for example, passengers in DB long-distance transport have been traveling on all-electrified lines in Germany using 100 % *eco-power* green. *no. 1* and are therefore climate-neutral. In our stationary facilities, we have also started to switch the power supply to renewable energy sources. For example, our *Future Stations* green. *no. 74* are powered by eco-power. We are continuously expanding the share of energy-efficient production equipment, for example in the course of *renewing our vehicle fleet* *75 f.* We are also driving progress toward climate neutrality with energy efficiency targets in our business units, and we regularly assess how they are developing. Our key indicators for climate protection are specific greenhouse gas emissions compared to 2006 and the share of renewable energies in the DB traction current mix in Germany. With new, attractive rail transport services, we are creating incentives to bring more transport to the rails. The shifting of transport to rail is also an important component in achieving Germany's national climate targets in the transport sector.

Our climate target

GRI 305-5

We are committed to a climate protection target of achieving climate neutrality by 2050. In order to achieve this target for the entire DB Group, we have set ourselves ambitious intermediate milestones. By 2030, we will have more than halved specific greenhouse gas emissions (that is emissions related to performance levels such as volume sold) worldwide compared to 2006. Across the entire transport sector in Germany, a shift in the mode of transport to rail by 2030 can save up to 10.5 million tons CO_2 per year.

Climate neutrality by 2050

To ensure we meet our long-term climate targets, we have been bringing together target-related activities from across DB Group and grouping them under the umbrella of "Climate-neutral DB" since 2020. The interdisciplinary project develops binding greenhouse gas reduction pathways (phase-out plans), improves transparency for planned measures, and optimizes the solution for overarching challenges in reducing greenhouse gas emissions. In addition to emissions from rail and road transport operations, the emissions from stationary buildings and facilities are also considered. New, climate-friendly technologies are being tested and piloted across all business units.

Simultaneously, DB Schenker wants to grow in a climate-neutral manner. This means that we will keep the greenhouse gas emissions of our global logistics activities outside of Germany constant, despite the expected further increase in transport volume in the coming decade. Compared to 2006, DB Schenker intends to reduce specific greenhouse gas emissions by at least 40%.

Specific greenhouse gas emissions in comparison to 2006 (%)	2020	2019	2018
DB Group	-34.4	-34.8	-33.2

We reduced specific greenhouse gas emissions (that is emissions related to performance level such as volume sold) by more than 34% in comparison to 2006, which is slightly more than our adjusted forecast from the 2020 Integrated Interim Report. Our *absolute greenhouse gas emissions* → 260 have continued to decline. In 2020, increases in the number of renewable energy sources in the traction current mix helped us to remain on the path to achieving our climate target to at least halve specific greenhouse gas emissions by 2030.

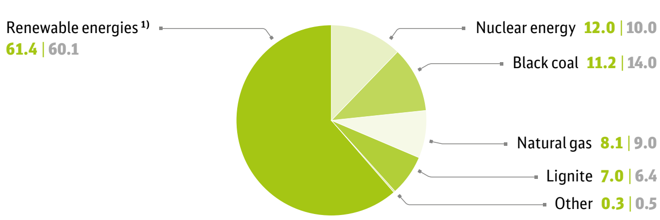
GRI 305-4

Specific CO_2e emissions from journeys and transports of DB Group by mode of transport	2020	2019	Change absolute	Change %	2018
Regional rail passenger transport (g/pkm)	72.6	48.9	+23.7	+48.5	53.1
thereof in Germany	67.9	47.6	+20.3	+42.6	51.3
Long-distance rail passenger transport (g/pkm)	1.5	0.9	+0.6	+66.7	1.1
Bus transport (g/pkm)	105.6	73.8	+31.8	+43.1	77.3
thereof in Germany	123.1	90.9	+32.2	+35.4	88.8
Rail freight transport (g/tkm)	17.0	19.2	-2.2	-11.5	20.1
Road freight transport (g/tkm)	87.3	87.9	-0.6	-0.7	85.8
Air freight (g/tkm)	669.5	723.7	-54.2	-7.5	721.8
Ocean freight (g/tkm)	5.6	6.2	-0.6	-9.7	6.7

Well-to-wheel (WTW); scope 1–3; without pre- and onward carriage; rail transport companies are included with their own energy mix and/or European country mixes.

SHARE OF RENEWABLE ENERGIES IN THE TRACTION CURRENT MIX

DB traction current mix in Germany (%) 2020 | 2019



Data for 2020 are based on information and estimates available as of February 2021.

[1] Including additionally procured electricity for all of DB Group's green services with 100% eco-power (Hamburg S-Bahn (metro) or DBeco plus, for example) and taking into account a forecast based on the German Renewable Energy Sources Act subsidy.

Since January 1, 2018, all passengers on our long-distance electric trains across Germany have been traveling on services powered by *100% eco-power* green. *no. 1.* The Berlin S-Bahn (metro) has been climate-neutral since 2018 and contributes to the high share of eco-power in the DB traction current mix. Since 2020, six lines in Baden-Württemberg regional transport have been using eco-power. In rail freight transport, DBeco plus offers our customers the opportunity of climate-neutral transports driven by 100% eco-power.

We continued to increase the share of renewable energies in the DB traction current mix in 2020.

In January 2020, we concluded a contract for the direct supply of *solar power* green. *no. 30* to the DB traction current grid. The Wasbek photovoltaic park in Schleswig-Holstein will supply 38 GWh directly to the traction current grid per year.

However, adding renewable energies to our traction current grid's energy supply not only poses challenges for procurement but also for the development of the energy supply infrastructure. Instead of a small number of large fossil-fuel power plants with a constant supply, we need to upgrade our infrastructure to accommodate an increasingly decentralized energy supply from smaller, renewable electricity producers with a more variable output. The LuFV, agreed with the Federal Government, gives us planning certainty to carry out the necessary infrastructure projects on the German traction current grid. By 2030 we will install, replace or expand the capacity of converters and inverters at eight locations. We also use sensors and artificial intelligence so that we can continue to manage the increased complexity of the traction current grid in future with high supply reliability.

ENERGY EFFICIENCY

GRI 302-1 302-3 302-4 302-5

Specific primary energy consumption by DB Group journeys and transports	2020	2019	Change absolute	Change %	2018
Regional rail passenger transport (MJ/pkm)	1.29	0.84	+0.45	+53.6	0.84
thereof in Germany	1.23	0.83	+0.40	+48.2	0.84
Long-distance rail passenger transport (MJ/pkm)	0.40	0.23	+0.17	+73.9	0.25
Bus transport (MJ/pkm)	1.56	1.07	+0.49	+45.8	1.14
thereof in Germany	1.74	1.29	+0.45	+34.9	1.26
Rail freight transport (MJ/tkm)	0.29	0.33	-0.04	-12.1	0.33
Road freight transport (MJ/tkm)	1.26	1.25	+0.01	+0.8	1.21
Air freight (MJ/tkm)	9.06	9.79	-0.73	-7.5	9.77
Ocean freight (MJ/tkm)	0.07	0.08	-0.01	-12.5	0.09

Well-to-wheel (WTW); scope 1–3; without pre- and onward carriage.

Our most important long-term action to increase energy efficiency is extensively electrifying our rail network. In the short and medium term, we are focusing on the use of hybrid drives in our locomotives and multiple units, as well as on developing climate-neutral alternative drives and fuels.

Energy efficiency fell in passenger transport in 2020 due to the sharp decline in train utilization in the wake of the Covid-19 pandemic, as the key social decision was made to maintain at least a basic level of service at all times despite the severe drop in demand. We expect that as capacity utilization increases, we will once more reach the level of previous years and that the positive trend will continue over the next few years due to the increase in fleet efficiency. As passengers in long-distance transport travel on vehicles using 100% eco-power, this remained the most climate-friendly means of transport, even in 2020. In addition, efficiency improvements were achieved in logistics. By using primary energy as a reference, we also take into account the processes required for providing the energy, such as extraction, processing and the transport of fuels or the generation of electricity. The main levers for reducing our energy consumption are ***equipping our freight train locomotives with driving assistance systems*** *129*, as well as modernizing our electric vehicle fleets with new series vehicles with higher energy efficiency or the ability to convert kinetic energy into electricity during braking. With the recovery of energy from ***braking processes*** green. ***no. 19***, our modern electric locomotives and multiple units make another important contribution to increasing energy efficiency. In 2020, the energy recovery rate increased slightly to 16.5% (previous year: 16.2%). Currently, the fleet vehicles that are able to "recycle" electricity is growing, for example with the introduction of the ICE 4 in passenger transport and the 185 series locomotives in freight transport. In 2020, we also drove forward the continuous replacement of old, decentralized transformers with modern electronic converters to increase energy efficiency in the generation of traction current.

GRI 302-1 302-4

STATIONARY ENERGY CONSUMPTION

Absolute primary energy consumption of DB Group stationary facilities in Germany (TJ)	2020	2019	Change absolute	Change %	2018
Rail network operation	6,086	6,002	+84	+1.4	6,090
Passenger stations	3,693	3,856	-163	-4.2	3,919
Maintenance of rolling stock (depots)	3,007	2,978	+29	+1.0	3,200
Other	4,145	2,854	+1,291	+45.2	3,255
Total	**16,931**	**15,690**	**+1,241**	**+7.9**	**16,464**

Our 5,400 stations, our depots and buildings in Germany and more than 2,100 DB Schenker sites worldwide, together with the DB Arriva and DB Cargo sites in other European countries and DB Netze Track's interlockings, make up 8.5% of DB Group's total primary energy consumption. To identify potential savings and measure energy consumption over the long term, energy audits were carried out in Group companies in previous years to implement the EU Energy Efficiency Directive and were also carried out in 2020. DB Energie GmbH, DB Regio AG, S-Bahn Berlin GmbH and S-Bahn Hamburg GmbH, DB Fernverkehr AG and DB Station&Service AG have each had an ***energy management system*** green. ***no. 78*** as per ISO 50001 since 2016.

NATURE AND RESOURCES CONSERVATION

Targets and management approach

GRI 103

The protection of biodiversity and natural habitats is another important task that we fulfill, in particular in the operation and further development of our infrastructure. We fulfill all legal requirements regarding nature conservation with our activities, particularly in the new construction and expansion of the track infrastructure, for example by establishing suitable compensation areas. By the end of 2022, we plan to phase out the use of glyphosate, setting ourselves a challenging nature conservation target. Together with scientific partners, we are working on the development of alternative methods.

GRI 201-2

Climate change is increasingly accompanied by extreme weather events that greatly affect us as infrastructure operators. We want to increase the resilience of DB Group against these risks and develop strategies and measures to be able to react quickly and purposefully in dangerous situations. We promote the efficient use of resources by reusing and recycling materials. Our goal is to keep our waste recycling rate at over 95%. Particularly where construction waste is concerned, we achieve a very high recycling rate by extensively reusing materials. In the next few years, we will also be increasing our waste management with further development in the area of our other waste, in particular municipal waste. In addition, we are extending the life cycle of our production equipment by ***redesigning*** green. ***no. 87*** rolling stock in particular, and we are using recycled materials and continuously optimizing our material loops. By using innovative ***3D printing processes*** green. ***no. 149***, we manufacture specific replacement parts in-house to reduce the consumption of raw materials in maintenance. We have now printed over 20,000 (replacement) parts in more than 180 different applications.

Biodiversity and vegetation management

PROJECT TO PHASE OUT GLYPHOSATE

Safe rail operations and environmental protection are our top priorities. For us, this includes ceasing the use of *glyphosate* *261* as soon as we can. Specifically, we plan to have phased out the use of glyphosate by the end of 2022. This is a major challenge as there is currently no reliable and environmentally friendly alternative that is just as effective and can be used on tracks. In addition to chemical vegetation control, we are increasingly focusing on the use of manually operated, mechanical methods, such as mowing, to keep the track area free from vegetation and thus ensure safe rail operations. We are also working on developing effective alternatives to glyphosate. Potential control methods that use hot water, electrical currents, and UV-C light are currently being tested, and we are developing technologies for mechanical control methods. In addition, we are looking into the application of bioherbicides. By using a coordinated combination of various measures, we will ensure sustainable vegetation management throughout the entire DB network.

Resource conservation

Our key contribution to conserving resources is in strengthening the circular economy. Many materials can be recycled, particularly in resource-intensive infrastructure activities and in the vehicle sector. This means that we keep as many materials and substances as possible in circulation, reducing the need to extract new raw materials and minimizing the adverse environmental impacts that this entails.

RECYCLING RATE

GRI 306-2

Volume of waste according to type of disposal	2020	2019	2018
Total waste (thousand t)	8,134	11,288	12,807
Recycling rate (%)	95.6	97.7	98.0
Share of thermal utilization (%)	1.4	1.0	0.9
Share of disposal (%)	3.1	1.4	1.2
Share of hazardous waste[1] (%)	5.7	3.4	3.7

[1] As per the German Ordinance on the European List of Wastes, for example waste oil.

In 2020, we produced about 3.2 million tons less waste. The volume of our most significant waste type, construction waste, was mainly impacted by the Stuttgart—Ulm project (−3.4 million tons) in 2020. As compared to the previous year, the volume of waste generated fell by about 30%. The recycling rate fell slightly but remains at a very high level. The volume of municipal waste also fell slightly by 7%. By using targeted measures, such as selective decommissioning and contracting services at sorting and recycling facilities, we kept the share of recyclable waste high and significantly reduced the share of waste destined for disposal or incineration. The new strategy for disposing of mixed municipal waste, which aims to recycle as much of the recyclable material contained therein, is showing signs of success. The strategy helped further increase the volume of recycled municipal waste by 8.8% (+1,466 tons).

WASTE MANAGEMENT

GRI 306-2

Waste according to type (thousand t)	2020	2019	2018
Total waste	8,134	11,288	12,807
thereof construction waste	7,656	10,838	12,367
thereof scrap metal	331	309	318
thereof electronic scrap	1.8	0.9	1.5
thereof municipal waste	53.6	57.6	58.1
thereof paper	31.4	25.4	19.1
thereof waste oil	1.8	1.7	2.0
thereof other[1]	58.1	55.6	41.5

[1] For example paint, varnish, sludge and other maintenance-related waste.

By identifying and collecting certain types of waste, we can recycle them and generate revenues for specific waste. This means that we comply with the principles of the circular economy. We are in a position to dispose of almost every form of waste separately as a single group.

Although municipal waste represents only a small fraction of our waste, it is the most visible share of our waste on our trains and at our stations. Since the beginning of 2019, we have been reassigning contracts for waste disposal nationwide, with contracts mainly being awarded for sorting services at pretreatment plants. Qualified waste disposal companies sort the mixed waste in state-of-the-art sorting facilities, thereby increasing the amount of reusable materials to be sent for high-grade recycling. We can see how effective our approach is. Thanks to state-of-the-art sorting methods, at least 85% of recyclable material contained in all the waste delivered to the facilities can now be neatly separated for recycling.

Transporting hazardous goods and waste

GRI 306-3

Transporting hazardous goods and waste responsibly is part of our everyday processes. DB Schenker has a permit to transport hazardous waste. DB Cargo is a certified waste management operator for the purpose of transporting all types of waste, giving it the framework it needs to transport hazardous waste professionally and responsibly at all times.

SIGNIFICANT LEAKS AND SPILLS

In 2020, there were two reportable events involving product leaks and spills: one at DB Cargo in Germany and one at DB Cargo UK. On August 26, 2020, 330,000 l of diesel (UN 1202) were spilled in Llangennech (UK), and on October 16, 2020, 5,750 kg of hydrocarbon gas (UN 1965) leaked at Gelsenkirchen-Horst Nord (Germany). Leaks and spills can occur as a result of accidents happening while hazardous goods are being transported. As part of our transport companies' emergency management procedures, emergency response authorities are immediately alerted once irregularities have been detected. Reporting obligations apply if volumes and weights exceed the predefined thresholds. If any leaks or spills occur, we take immediate action. If required, the transport containers are sealed, the transported goods are relocated, and the hazardous materials that have leaked are disposed of as quickly as possible in consultation with the authorities.

NOISE REDUCTION

Targets and management approach

GRI 103 In 2020, we exceeded the target that we jointly set with the Federal Government to halve the amount of rail transport noise affecting residents living near Federal rail lines by 2020. By the end of 2020, all active freight cars in the DB Cargo fleet in Germany had been fitted with *whisper brakes* green. *no. 05* and, as part of the Federal Government's noise remediation program, fixed active and passive soundproofing measures were implemented on a total of 2,039 km of the rail network.

We are continuing to implement noise remediation measures on our rail tracks and vehicles in line with the new 2030/2050 noise remediation target, which was agreed in 2020. With our two-pillar strategy for greater noise remediation, we are building acceptance among local residents for the shift in the mode of transport toward climate-friendly rail services.

Since 2001, DB Cargo has been exclusively procuring new freight cars with quiet brake shoes. After completing the development of and obtaining accreditation for the LL brake shoe in 2013, which can usually be used with existing cars without requiring any further modifications to the brake system, DB Cargo has also been fitting all existing cars in its German fleet with these brake shoes since 2014. This means that DB Cargo's more than 60,000 active freight cars in Germany are equipped with whisper brakes. In 2020, we also successfully implemented noise remediation measures at the source.

2030/2050 noise remediation target

We know that continuing to reduce nuisance rail transport noise for local residents is a key requirement for successfully continuing the shift in the mode of transport toward rail. That is why we adopted our new, long-term 2030/2050 noise remediation target in September 2020:

- In continuing the Federal Government's noise remediation program, we will reduce rail transport noise on a total of 3,250 km of existing lines by 2030. This in turn will alleviate noise pollution for about 800,000 people, thus more than half of the residents living near lines affected by rail transport noise.
- By 2050, we will have completely remedied the noise pollution caused by rail transport on the total of 6,500 km of existing DB lines, which in turn means that we will have remedied rail noise pollution for all of the about 1.6 million affected residents.

To this end, we continue to focus on the two pillars of noise remediation on-site and at the source. Starting in 2021, we will introduce fixed noise remediation measures on an average of 125 km of track per year by 2030, which is about 25% more track kilometers than previously.

DB Cargo and DB Long-Distance are supporting this objective by applying measures to their rolling stock. By 2025, our electric track locomotives on DB Cargo freight trains will be running in Germany with quiet brake systems. By 2025, DB Long-Distance will be replacing all shunting locomotives using diesel engines with especially quiet and climate-friendly *hybrid shunting locomotives* green. *no. 44.* By 2030, DB Cargo will have decommissioned all the noisy diesel locomotives used in the long-distance segment. Together with the German Center for Rail Traffic Research (Deutsches Zentrum für Schienenverkehrsforschung) and our industry partners, we aim to continue advancing research and development in noise remediation measures for track infrastructure and vehicles so that we can implement more effective noise remediation measures.

Noise remediation and prevention

Noise remediation and prevention in Germany (as of Dec 31)	**2020**	2019	2018
NOISE REMEDIATION (EXISTING NETWORK)			
Noise barriers completed (km)	75.1	53.4	44.6
Homes with passive measures	1,485	1,628	2,248
Track kilometers noise remediated in total (km)	2,039	1,844	1,758
Noise remediation areas relieved by noise prevention (km)	49.9	49.9	43.1
NOISE PREVENTION (NEW CONSTRUCTION AND EXPANSION LINES)			
Noise barriers completed (km)	18.4	59.7	82.9
Homes with passive measures	1,173	2,261	1,571

Since 1999, we have reduced noise pollution for residents living near rail lines through the voluntary noise remediation program for existing Federal rail lines. We are reducing noise pollution on particularly affected lines by using fixed *noise remediation measures* green *no. 25,* such as noise barriers and windows and noise-proof ventilators in residential buildings.

Progress on implementing these measures on affected lines in 2020 was above our forecast from the *2019 Integrated Report* → *182.*

FEDERAL BUDGET CALL FOR FUNDING

In the year under review, about € 146 million in funds from the Federal budget (Bundeshaushalt; BHH) was used for active and passive noise remediation measures as part of the noise remediation program. In addition, further noise remediation projects, such as *I-LENA* → *87,* were financed using the funds of the support program.

Trigger value reduction

The BMVI announced in July 2020 that it will reduce the noise remediation trigger values (which, if exceeded, allow noise remediation measures to be implemented in accordance with the funding guidelines) on existing Federal highways and railways by an additional 3 dB(A) to 54 dB(A). The corresponding reduction for rail was set out in the 2021 Federal budget.

Refitting and new procurement of quiet freight cars

DB Cargo freight cars equipped with V brake shoes in operation in Germany (as of Dec 31)	**2020**	2019	2018
New freight cars	10,097	9,681	8,470
Freight cars refitted with whisper brakes	50,083	47,963	41,939
Quiet freight cars	**60,180**	**57,644**	**50,409**

Since the end of 2020, DB Cargo's entire active freight car fleet in Germany has been running with quiet brake shoes. New freight cars with quiet composite break shoes will continue to be procured exclusively in future.

In 2017, German legislators passed a law banning the operation of loud freight cars *(Rail Noise Protection Act* → *64),* which has prohibited the operation of noisy freight cars in Germany since the timetable change in December 2020. It also requires all other operators – in addition to DB Cargo – to use quiet freight cars.

Innovative freight cars

As part of the "innovative freight cars" research project initiated by BMVI, DB Cargo and Europe's largest rail car fleet owner VTG tested technologies for a quieter, more energy-efficient, smart freight car. The BMVI provided funds in the amount of € 21.5 million. The project was successfully completed in April 2019. A total of 12 prototypes were produced by the end of 2018 and tested under real operating conditions, covering about 150,000 km throughout Europe. Various innovative components were combined and installed. For instance, the effects of noise skirts, innovative brake systems and wheel dampers were tested on selected freight car types.

The results from testing and practical trials show that *innovative freight cars* green *no. 54* use between 2% and 3% less energy. In addition, they are more cost-efficient to run as they offer opportunities to optimize handling and operation thanks to the aforementioned adjustments and new digital modules. There were very promising results in noise reduction, particularly where wheel-mounted noise absorbers and ring elements were concerned. These results now need to be verified and evaluated in further technical and operational tests examining their long-term acoustic performance and maintenance processes.

Innovative noise remediation project I-LENA

In order to expand the portfolio for *noise reduction measures* green *no. 54* on infrastructure, the BMVI and DB Netz AG launched the "Innovative and application-oriented noise remediation testing" initiative I-LENA in April 2016, which was completed this year. The project gave manufacturers of noise remediation technologies the opportunity to have their innovations tested under real operating conditions on test lines to examine the acoustic effectiveness of their solutions. The BMVI provided funds for the project and bore the costs for construction and development as well as for acoustic testing. More than 50 ideas were put forward at the beginning of I-LENA, and in the end about 30 of them were field-tested in real-world conditions. The selected technologies covered a broad spectrum. One criterion was that the technologies had to have a certain degree of innovation, which increases profitability or reduces the impact on the landscape, for example. Manufacturers were also required to submit an application-ready prototype with the necessary technical approval for testing.

Social

In line with our Strong Rail strategy, we continued our major employment campaign in 2020. The employer branding campaign "Welcome, you are one of us." was further developed and recruiting processes were digitalized.

The new corporate wear gives employees a modern and relatable appearance and is an important symbol for employees and passengers against the backdrop of the Strong Rail strategy. The order began in January, and sustainable production began in the spring. The new outfits have been in use since August 2020.

In order to be visible to women as an employer, a package of measures was developed, including a new women's recruitment strategy. In future, at least one woman will be placed on the shortlist to fill management positions. A specific approach is in place to increase the proportion of women applicants. For example, individual events will be held and sponsorships will be offered during the application process.

OVERVIEW OF KEY FIGURES

Social

Employee satisfaction (SI) — Target: >3.8

2024	3.8
2020	3.9
2019	–
2018	3.7
2017	–
2016	3.7

Short/mid-term target — Long-term target

External new hires in Germany (excluding young professionals) (NP)

2020	**21,700**
2019	22,758
2018	20,815
2017	16,064
2016	13,039

GRI 103

TARGETS AND MANAGEMENT APPROACH

Despite the exceptionally difficult circumstances in 2020, we succeeded in continuing to implement our HR strategy and thus drive Strong Rail forward.

5 We are pursuing the overall strategic goal of recruiting, qualifying and retaining 100,000 new employees. This approach remains our response to the challenges of Strong Rail, to demographic change, which affects our personnel structure, and to technological change, which requires new ideas and approaches at all levels.

Our four strategic topics have also confirmed their relevance, as they help us to successfully cope with the Covid-19 crisis while simultaneously pursuing long-term goals. Our strategic focuses are:

- forward-looking personnel planning,
- innovative recruiting,
- a holistic approach to management, qualification and transformation,
- actively designing the work of the future, and diversity.

With these strategic areas, and as part of the building blocks *100,000 employees* → 90 and *15 building blocks of employees* → 92, our HR strategy is of integral importance for the implementation of the *Strong Rail strategy* → 68 ff.

In order to successfully lead DB Group through the crisis and make it fit for the future, it is important to manage our human resources holistically and proactively. Our goal is to identify capacity and competence gaps early on and to take proactive countermeasures. In order to make this possible, we are developing improved personnel planning processes, and holistically and robustly anchoring these in DB Group.

Innovative recruitment methods and strong employer branding, combined with modern employment conditions, increase our attractiveness as an employer and make it possible for us to meet open personnel needs despite the tense labor market and during the Covid-19 pandemic.

New digital processes ensure targeted knowledge transfer and therefore enable the effective induction of new employees. Ensuring a high level of professional qualification for all employees is an important success factor for our sustainable performance capabilities.

To optimize the assumption of responsibility, collaboration and knowledge transfer, we will continue to use the compass for strong teamwork.

The Group-wide employee survey, which we use to measure the satisfaction of our employees with the various organizational framework conditions and their commitment, was once again carried out in the year under review. A compass index was established as a new element. The compass index measures how the principles of the compass for strong teamwork are practiced within DB Group. It is a key indicator for the transformation of the organization under the Strong Rail strategy.

Our diversity management strategy helps us promote diversity and open-mindedness as a statement of values in the sense of the corporate culture. In addition to the usual dimensions – diversity of genders, gender identities, generations, social and ethnic origins, religions, physical and mental abilities, sexual orientations, and identities – we also highly value diversity of perspectives, values, skills and professional experience. Suitable measures and activities are bundled and promoted within DB Group under the Group campaign “Uniquely different.”

In order to continue to be an attractive employer in the future, we are working intensively on future job profiles, new forms of cooperation, new work-life models and pioneering employment conditions. The Group initiative “People. Make. The Future.” serves as a framework for this, with its future labs, dialogs and partnerships.

PERSONNEL PLANNING

In order to ensure that DB Group is robustly positioned, we need effective and efficient personnel planning and management throughout the entire human resources (HR) value chain, from differentiated planning to recruitment, qualification and functional training, right through to considering actual performance effectiveness. As a key part of holistic resource management, we work to close capacity and competence gaps and to use the right employees in the right numbers at the right locations. With a view to high-performance personnel management, we have been working to improve our forecasting capability and reporting. This has helped us create foundations to create a rolling, 18-month forecast in connection with the performance-related portfolio for key operational functions in the future.

We have started automating our reporting and making it more flexible in order to ensure consistently transparent HR performance across the entire Group.

Strategic Personnel Planning (SPP) is an instrument for analyzing our longer-term personnel policy challenges. This gives us a standardized and systematic view of the next decade regarding personnel shortages and surpluses in business-critical activities. We have begun to further develop the SPP in the direction of strategic workforce management. In addition to the quantitative aspects, we strive to take into account qualitative aspects, such as changing professional requirements, activity profiles and competencies in order to be able to recruit and qualify even more specifically in the future.

RECRUITING

Employer attractiveness

In line with our Strong Rail strategy, we have continued our major employment campaign in 2020. About 100,000 new employees are to be recruited, qualified and committed. In 2020, about 25,400 applicants received a hiring commitment for the integrated rail system. At the beginning of the Covid-19 pandemic, we were able to redesign our talent acquisition strategy and develop more than 40 measures for digital recruitment within just a few days. Since then, thousands of job interviews have been conducted virtually. Recruitment events are also taking place in digital formats. In this context, numerous innovative virtual events for talent acquisition have been developed and successfully implemented. For example, we developed "ExpertTalks@DB," in which employees could talk to interested parties about their position and activities. In the "Ask the executive" event, interested parties were given the opportunity to learn more about the management team via live chat before applying for selected job advertisements, and to find out more about the advertised position. For this newly developed digital strategy, the Talent Acquisition team was awarded the HR Champion of the Year Award in the Recruiting category of the German Human Resources Management Award. The talent acquisition team won the German Design Award in the category Excellent Communication Design – Web for the new careers site. Given the Covid-19-related challenges, we are using virtual preboarding to ensure that new employees get off to a good start. A new digital platform is intended to ensure that the transition from recruitment through preboarding (time between contract offer and first working day) to onboarding (arrival, induction and social integration in the company), is seamless.

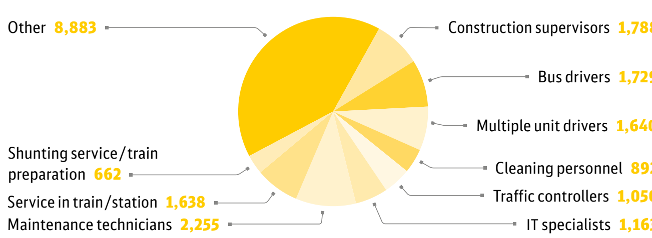
In addition, numerous campaigns were conducted for all relevant target groups of DB Group. In particular, the focus was on the specialist professions that are in high demand. The current employer branding campaign "Welcome, you are one of us." was specifically developed for the respective channels. This enabled us to significantly improve in employer rankings. We have become more attractive, particularly among young target groups. For example, we have improved to 10th place on the trendence Institute's Graduate Barometer for engineering and 17th in the trendence Student Barometer.

In order to be visible as a leading employer for women and to achieve the target of *30 % women in management* → 95, an extensive package of measures was developed, including a new women's recruitment strategy.

New hires

In 2020, about 26,300 new employees (including young talent) completed their first working day at DB Group in Germany despite the Covid-19 pandemic. This means that we are relatively close to the record level of the previous year. These new hires (including young professionals) include more than 2,200 multiple unit drivers, about 1,800 traffic controllers and about 3,500 maintenance technicians. They strive to continuously strengthen our Strong Rail at challenging points in the system and improve quality for our customers.

External new hires (excluding young professionals) as of Dec 31, 2020 (NP)



In 2020, we had 21,700 external new hires, excluding young talent. This is an important contribution to the implementation of our central strategic HR objective and to the robustness of DB Group.

MANAGEMENT, QUALIFICATION AND TRANSFORMATION

Qualification and training

We are one of Germany's largest educators and train prospective employees in 50 modern apprenticeship professions. Even in uncertain times, we offer young people good professional prospects and generally offer a permanent contract to trainees and dual students after successfully passing the final examination. The current Covid-19 crisis does not change this, because committed young professionals continue to be integral for strong rail transport and a successful mobility transition.

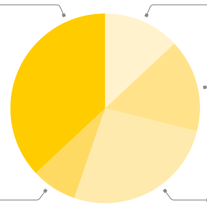
Young professionals as of Dec 31 (NP)	**2020**	2019	2018
Vocational trainees [1]	11,356	10,676	9,923
Dual-degree students [1]	1,237	1,081	949
Graduate trainees [2]	151	146	157
Interns [2]	683	664	534
"Chance plus" participants	250	250	250
DB Group	**13,677**	**12,817**	**11,813**

[1] Germany; includes all class years of vocational training (usually three class years for both vocational trainees and dual degree students).

[2] Germany (companies with about 98 % of domestic employees).

We are continuously increasing our capacity in order to be able to qualify the additional personnel professionally and quickly. As many railway-specific professions are not available on the labor market, we are one of the largest training institutions in Germany.

External new hires, vocational trainees and dual degree students in Germany as of Dec 31, 2020 (NP)



Disclosures on the targeted professional objectives.
Excluding the vocational trainees hired after having successfully completed their training, and students in dual study hired having successfully completed their studies.

In 2020, about 4,600 young professionals started their apprenticeships or studies at DB Group – more than ever before. DB Group received about 94,000 applications for training places in the integrated rail system in 2020. This shows that we are an attractive employer, especially among young people, perhaps due to discussions about climate change, sustainability and environmental protection. Most of the vocational trainees started in the role of railway employee in operational service on the track, in the field of train driver/transport and as electricians.

Targeted and efficient qualification of employees is an important strategic focus area. We want to maintain our railway-specific expertise in the company and at the same time enable our employees to meet the requirements of a changing working environment. During the Covid-19 pandemic, vocational training and further qualification pathways were largely ensured via virtual learning formats. In some cases, the formats required for this were redesigned as digital offers within a very short space of time. All young professionals in the first year of teaching/study received a mobile end device in 2020. The provision of mobile end devices was a key factor for the successful continuation of the young talent programs during the Covid-19 pandemic. The final examinations were taken within the time frame of the existing training contracts and the new entrants this year were able to start the first year of training at DB Group in time for the start of training in September 2020.

In the meantime, work was being done on introducing a digital training management tool. In the year under review, the EU tender for the purchase of this system was completed and the rollout was prepared for the subsequent years.

Further information can be found in the section *Securing young talent* → 262.

Employee loyalty and development

New approaches and high-performance processes in employee retention and development are crucial to the assumption of greater responsibility, cooperation and performance capability at DB Group. We are focusing on the Strong Rail strategy. We support employees in several key areas:

- Perform: "My Performance Management" focuses on honest dialog about performance with the objective of continuously encouraging promoting better performance. Based on the experience in the area of executives, the instruments "My performance" and "My incentive feedback" were further developed in the year under review and these instruments were prepared for a comprehensive rollout for about 180,000 employees, which was postponed to January 1, 2021 due to the Covid-19 crisis. With the introduction of a mandatory contribution to performance in the "Women in leadership" dimension for all executives from the level of the leading executive, "My performance" is also an important tool for achieving our target of 30% women in leadership by 2024.
- Learning: The Group-wide offer of DB Academy and DB Training was expanded in 2020. DB Learning World has further established itself as a central learning platform. In addition to business unit-specific content, more than 165,000 registered users can access about 250 learning units on strategy, digitalization, lean management/DB excellence, and the environment and sustainability. DB Learning World provides the opportunity to learn autonomously and independently and to develop further.
- Developing and appointing: The purpose of strategic succession planning is to identify succession risks at an early stage, plan succession scenarios and speed up appointments. The succession planning should increase quality and diversity in the candidate selection, and, at the same time, employees and management should be given more guidance for their professional development within the Group. In 2020, succession planning involved about 800 roles within upper and top-level management. A pilot project was also conducted for about 25 roles within operational middle management.

- Onboarding and changing roles: When a hiring decision is made, onboarding management supports the new employee in preparing for the new tasks in the best possible way. We support onboarding management both digitally and through personal accompaniment. Intergenerational management promotes integration and mutual learning for experienced and new employees.

Employees are responsible for all of these areas and are supported by their respective managers. The compass for strong teamwork is a common benchmark for these areas. It is intended to show the direction of changing leadership, cooperation and culture within DB Group in the sense of the Strong Rail strategy. The compass is based on the five most important principles that everyone in DB Group can use in their day-to-day roles to make Strong Rail a success. The compass principles were consistently anchored in diagnostics, entry management, performance assessment, career development and qualifications. For example, the compass for strong teamwork was integrated into all management training courses and the first selection process for managers was aligned accordingly.

Further information is provided in the section *Personnel development* → 262.

15 employee building blocks

In the year under review, further topics were identified and fleshed out as part of the *15 employee building blocks* → 70. Within this framework, the most important concerns of employees are prioritized and implemented with Management Board support.

Employee satisfaction and corporate culture

Employee satisfaction	**2020**	2019	2018
Employee satisfaction (SI)	3.9	–	3.7
Follow-up workshop implementation rate (%)	–	96.9	–

The employee satisfaction survey is conducted every two years. If no survey has been conducted, the key figure “Follow-up workshop implementation rate” is used.

In accordance with the motto “Participate – be involved,” about 340,000 employees in 83 countries were able to participate in the fifth DB employee survey. We have been carrying out a Group-wide employee survey every two years since 2012. We measure employee satisfaction with work, solidarity with the company, and employee motivation and commitment. In 2020, we also collected information on how Strong Rail and the compass for strong teamwork are anchored in everyday working life.

A total of 198,579 employees took part in the 2020 employee survey. The participation ratio was 58.5% (2018: 60.0%). The employee survey was once again conducted and evaluated by the independent external service provider Ipsos (formerly GfK). The evaluation shows that employee satisfaction has risen sharply compared to previous years. While the employee satisfaction index has remained constant at 3.7 points since 2014, in 2020 there was a jump of 0.2 index points. An increase can be seen for all employees and across all business units. Optimism about the future is particularly positive. Employees are more confident about the future, which is reflected in the significant increase in approval for the corresponding question to 65% (2018: 52%). The Group’s Strong Rail strategy is also a success. Altogether, 62% of respondents stated that they know the Group strategy (2018: 53%), and 60% confirmed that they believe in it (2018: 45%).

The compass index was first collected in 2020. This measures how the principles of the compass for strong teamwork are perceived within DB Group. It is a key indicator for the transformation of the organization under the Strong Rail strategy. Overall, the compass index for this first measurement is a value of 57%. Out of the five compass principles, “You can do it” was rated the best at 66% approval.

In mid-January 2021, all executives received the aggregated results reports and shared them with their employees. From March 2021, we will begin cross-divisional cooperation workshops, which represent the core of the follow-up process to the 2020 employee survey. For most employees, the Strong Rail strategy and the implementation of the principles of the compass for strong teamwork in this format will play an important role in 2021.

WORK OF THE FUTURE

In order to strengthen our ability to innovate and to set ourselves up for the future, we intend to actively shape the work of the future in DB Group. Here, it is important to us to involve all employees, especially those who contribute to success in operational activities and in direct customer contact.

Future-oriented employment conditions

We are continuing to develop employment conditions on the basis of current and future social developments, as well as employees’ and applicants’ expectations of a modern employer, consistently within the meaning of the Strong Rail strategy. Topics such as participation and individualization are becoming increasingly important.

GRI 102-43

COLLECTIVE BARGAINING PACKAGE ALLIANCE FOR OUR RAILWAY

In May, DB Group together with the Federal Transport Minister, the EVG, the Group Works Council and the AGV MOVE employer association signed the *Alliance for Our Railway* *54.* Against this backdrop, we reached an agreement with the EVG on a comprehensive collective bargaining package in September 2020. In addition to regulations for moderate wage increases in 2022 and a period up to February 2023, the overall package includes numerous agreements on relevant topics for the future. With this package, together with the EVG, we make an important contribution to overcoming the Covid-19 crisis within DB Group. The collective bargaining agreement enabled successful continuous investment in personnel, qualifications and recruitment even in difficult times.

In order to reach a timely agreement with the GDL, in terms of the economic stability of DB Group and social security for all employees, we initiated an arbitration proceeding with the GDL in October 2020. The arbitration proceeding was terminated in November 2020 with a recommendation for agreement, which also contributed to overcoming Covid-19 damage. While we agreed to the proposed agreement, the GDL rejected it. Corresponding collective bargaining agreements between DB Group and the GDL will be required as a result of the expiration of the collective bargaining agreements at the end of February 2021, following the termination of the collective wage agreements in spring 2021.

FLEXIBLE DESIGN OF WORKING HOURS

DB Group will meet the societal changes and do justice to the wishes of our employees in terms of working hours to facilitate a better balance of career and private life through more individualization and with the participation of employees. The intensification of DB Group's activities in active design of working hours and the development of attractive working-hour models is strategic in terms of increasing employer attractiveness. Therefore, it is of high significance for employee retention and recruitment.

For example, in this context, since 2018, we have been offering the collective bargaining agreement for working hours, under which employees can decide individually whether to reduce their weekly hours by one hour, take six days of additional vacation a year or choose an increased salary. In 2020, for example, about 59% of the about 159,800 employees covered by the collective bargaining agreement within the scope of the provision, opted for the six days of additional vacation.

Our employees have several options for their use of overtime. In addition to the classic options of administrative leave or payment, collective bargaining employees can add time credit from overtime, as well as vacation days and remuneration, to an individual long-term account and have them paid out at a later date – for example in the form of a sabbatical, childcare, caring for relatives or early retirement. To date, about 55,000 employees have this kind of credit account.

Since July 2019, employees subject to collective bargaining agreements have also been able to convert time credits from overtime or additional leave for rotating shift work, shift work and night work, into the company pension plan (CPPs) in full or in part, thereby also saving for life after work. This conversion option was extended in 2020 to include the vacation as defined in collective bargaining agreements, which extends beyond statutory leave. Both models (contribution to a long-term time account and conversion to the CPP) are additionally supported by DB Group.

In the companies with shift and rotating shift work, we are strengthening the participation of employees in designing working hours and the individualization within working hours design as part of the framework of operational working hours projects. As part of a standardized project approach and a project template agreed with the collective bargaining parties and business units, employees are actively involved in the search for suitable, feasible, customer-oriented and sustainable solutions – always in line with employees' wishes and operational and economic requirements. A guideline for participation in the working hours design, which was newly developed in 2020, provides an overview of existing model approaches within DB Group and provides orientation for the implementation of employees' own working-hours models or projects.

Further information can be found in the section *Social and fringe benefits* *263 f.*

MOBILITY SERVICES AND SUPPORTED LIVING SPACE

In many metropolitan areas, a tense housing and job market is making recruitment efforts more difficult. With a new digital housing exchange, we are making it easier for our employees to access affordable housing. At the same time, we have intensified and updated our cooperation with other housing companies from a contract perspective. To this end, we concluded cooperation agreements with three large housing companies in 2020, which provide our employees with zero-deposit options and uncomplicated access to a pool of about 420,000 apartments. We are also analyzing the needs of our employees in other regions, such as Hamburg and Baden-Württemberg, in order to be able to plan and implement concrete housing projects in the future.

In future, we aim to offer our employees a varied, green, and at the same time flexible and uncomplicated mobility portfolio consisting primarily of our own and digitally manageable services. The DB company bike or free journeys, especially in long-distance rail passenger transport, are the foundations we have laid for employees in this regard. Employees not subject to collective wage agreements and executive employees can also use our bike-sharing service Call a Bike and our Flinkster car-sharing service, with special conditions, and choose BahnCard 100 instead of a company car. We also want to give more employees access to favorable offers for the monthly traffic association job ticket for their route to work. To this end, we plan to gradually conclude favorable cooperation agreements with transport associations. The first landmark contract has already been concluded with the Berlin-Brandenburg Transport Association (Verkehrsverbund Berlin-Brandenburg; VBB).

MODERN HEALTH MANAGEMENT

We were able to guarantee important mobility services throughout the Covid-19 crisis. Our crisis management unit in the area of occupational health management in particular is an important part of this. With its activities and protective measures, our occupational health management follows the German National Pandemic Plan, the occupational health and safety regulations of the Federal Ministry of Labor and Social Affairs (Bundesministerium für Arbeit und Soziales; BMAS), and the precautionary recommendations of the Robert Koch Institute. The objectives of the 24/7 crisis unit include minimizing the risk of infection at the workplace, maintaining operational processes, maintaining operational infrastructure and continuing basic services. The health management team is in constant communication with the health authorities of the Federal Government and the Federal states, the Federal Ministry of Internal Affairs, Construction and Home Affairs (Bundesministerium des Innern, für Bau und Heimat; BMI) and the BMVI. Health management offers employees and executives assistance, information and support services to enable everyone to cope well with the crisis together. In this context, the digitalization of health services, especially those that deal with mental stress during the crisis and on ergonomic advice, make a contribution to the design of more modern employment conditions. Each was with the help of the social partnerships with the BSW&EWH Foundation Family), the Association of German Railway Sports Associations (Verband Deutscher Eisenbahner-Sportvereine ; VDES) and BAHN-BKK (company health insurance).

Further information can be found in the section *Occupational safety and health management → 264 f.*

The future of work and diversity

In the year under review, the new Group initiative “People. Make. The Future.” provided a suitable framework to address the future issues of the working environment throughout the Group and across all business units. The goal is to address important strategic issues in good time, exchange knowledge and test new ideas. The Covid-19 crisis has clearly demonstrated how quickly future issues (such as mobile working and leading at a distance) can become more relevant across the board. As a result, there was explicit focus on the topic of “new work” this year. We organized the specially launched Week of New Work for all employees, comprising a virtual themed week with internal experts and external input. It offered the opportunity to exchange ideas across the Group on topics such as new forms of cooperation, modern leadership, agile working and independent organization, as well as future job profiles. In addition, the Manual for New Work was published, containing many specific examples from the day-to-day work of DB employees. The examples and the reference to methods and tools are intended to encourage more employees to realign work and cooperation with meaning and customer benefits.

Important results were achieved in the HR-FutureLabs, which were launched in 2019 to develop specific prospects for future issues. In FutureLab 1, “Future Outlooks for Railway Industry Occupations,” the future job profiles of multiple unit drivers and construction supervisors were drawn up with appropriate recommendations for the support and further development of employees. FutureLab 2, “New Forms of Cooperation,” launched a DB-wide dissemination network for agile initial contact, which advises internal departments that wish to inform themselves on the topic of agile working and independent organization and/or set up their own agile methods. In addition, an overall consulting and qualification portfolio has been created for agile organizational development.

In order to systematically take into account relevant megatrends, an HR trend map was created in 2020 as a separate method for analyzing future topics. It shows the relevance of 35 future trends in Human Resources work in DB Group and indicates the challenges these present.

This year’s second Group-wide Diversity Week had the motto “See more. Identify more. Achieve more.” and was all about the topic of unconscious bias. The aim of the digital event was to show and discuss diversity within DB Group, and to network. Films, lectures, workshops, tips and tricks, and DB-specific “Diversity&Inclusion” online training provided participants with concrete ways of promoting diversity in everyday work.

30 % WOMEN IN MANAGEMENT

Increasing the share of women among executive roles is part of our comprehensive diversity strategy. The Management Board adopted new targets in March 2020 on the path to a gender-balanced workforce. The proportion of women in management-level roles in companies falling under the Law for the Equal Participation of Women and Men in Management Positions (Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen; FüPoG) is expected to increase to a total of 30 % at the Supervisory Board, Management Board and first and second management levels by the end of 2024. The proportion of women in management positions in the relevant companies comprises 24.4 % of the organizational structure applicable at all levels as of December 31, 2020. The external recruitment of all target groups is also intended to increase the proportion of women in the overall workforce. The aim is to further advance the equal participation of women and men.

Through participation in the Women's Career Index and an extensive internal survey entitled "Paradigms and potentials for women in management positions," areas of action were identified and new measures to achieve the target proportion of women in these positions were derived. We want to attract more women and retain them in the Group in the long term through a combination of tailored employment conditions, individual career support, a targeted approach to women and the further development of the corporate culture.

Smart HR transformation project

With Smart HR, we are trying to become more efficient, more modern and more competitive. We are pursuing the replacement of our current HR management system with a cloud-based solution, in which employees can use HR products themselves at any time and location-independently. After a preparation and tender phase, the contract with the tender winner, the Oracle HCM Suite, was concluded. In addition, the readiness phase was successfully completed and the organization was thereby professionally prepared for the upcoming implementation. The final preparations for implementation, which starts in summer 2021, are currently being completed during the ramp-up phase. This includes the measures required to be able to work with the implementation resources and an implementation partner in the summer. Implementation is scheduled to run until 2024, with the first go-live scheduled for early 2023.

NUMBER OF EMPLOYEES AND EMPLOYEE STRUCTURE

GRI
102-7

Employees as of Dec 31 (FTE)	2020	2019	Change absolute	Change %	2018
DB Long-Distance	18,794	17,289	+ 1,505	+ 8.7	16,548
DB Regional	37,159	36,374	+ 785	+ 2.2	35,881
DB Cargo	30,052	29,525	+ 527	+ 1.8	28,842
DB Netze Track	50,330	48,787	+ 1,543	+ 3.2	46,969
DB Netze Stations	6,525	6,216	+ 309	+ 5.0	5,804
DB Netze Energy	1,861	1,772	+ 89	+ 5.0	1,734
Other	57,878	55,497	+ 2,381	+ 4.3	53,877
Integrated rail system	**202,599**	**195,460**	**+ 7,139**	**+ 3.7**	**189,655**
DB Arriva	46,008	52,331	- 6,323	- 12.1	53,056
DB Schenker	74,161	76,153	- 1,992	- 2.6	75,817
DB Group	**322,768**	**323,944**	**- 1,176**	**- 0.4**	**318,528**
± Changes in the scope of consolidation	- 435	- 298	- 137	+ 46.0	-
DB Group – comparable	**322,333**	**323,646**	**- 1,313**	**- 0.4**	**-**

To guarantee better comparability, the number of employees is converted into full-time employees (FTE). Figures for part-time employees are measured in accordance with their share of the regular annual working time.

As of December 31, 2020, the number of employees was at the same level as at the end of the previous year. Declines at DB Arriva, mainly due to the *cessation of the ARN franchise* 157 and at DB Schenker as a result of the decline in volume, were almost entirely compensated for by an increase in the integrated rail system. Measures to increase capacity and quality at DB Netze Track, DB Long-Distance and DB Regional had an impact here. In the Other area, the number of employees also increased, partly as a result of expanding digitalization measures and the increase in in-house production depth, especially at DB E&C, DB Systel and DB Vehicle Maintenance.

Employees by regions as of Dec 31 (FTE)	2020	2019	Change absolute	Change %	2018
Germany	207,996	202,328	+ 5,668	+ 2.8	196,334
Europe (excluding Germany)	85,699	92,106	- 6,407	- 7.0	92,336
Asia/Pacific	16,764	16,890	- 126	- 0.7	16,751
North America	9,027	9,285	- 258	- 2.8	9,736
Rest of world	3,282	3,335	- 53	- 1.6	3,371
DB Group	**322,768**	**323,944**	**- 1,176**	**- 0.4**	**318,528**

Employee loyalty (years)	2020	2019	2018
Average length of service	17	17	18
Average age	45	45	45

Germany (companies with about 98 % of domestic employees).

Share of women as of Dec 31 (%)	2020	2019	2018
DB Group	24.3	24.3	24.5
in Germany	23.3	23.3	23.2

Further information can be found in the section *Number of employees and employee structure* 265.

Business development

OVERVIEW OF KEY FIGURES

Economic

Revenues adjusted (€ billion)

2020	**39.9**
2019	44.4
2018	44.0
2017	42.7
2016	40.6

EBIT adjusted (€ million)

2020	**-2,903**
2019	1,837
2018	2,111
2017	2,152
2016	1,946

STRONG RAIL **ROCE** [1] (%) Target: ≥6.5

2024	~4.0
2020	**-7.0**
2019	4.3
2018	5.8
2017	6.1
2016	5.9

STRONG RAIL **Debt coverage** (%) Target: ≥20

2024	~14
2020	**0.8**
2019	15.3
2018	17.6
2017	18.7
2016	18.1

Gross capital expenditures [1] (€ billion)

2020	**14.4**
2019	13.1
2018	11.2
2017	10.5
2016	9.5

Net capital expenditures [1] (€ billion)

2020	**5.9**
2019	5.6
2018	4.0
2017	3.7
2016	3.3

Net financial debt [1] **as of Dec 31** (€ billion)

2020	**29.3**
2019	24.2
2018	19.5
2017	18.6
2016	17.6

Equity ratio [1] (%)

2020	**11.1**
2019	22.7
2018	23.2
2017	25.2
2016	22.5

[1] Beginning in 2019, limited comparability to previous year figures due to the *IFS 16 effect (2019 Integrated Report →* 101*)*.

Short-/mid-term target — Long-term target

COVID-19 PANDEMIC: SIGNIFICANTLY WORSENING ENVIRONMENT

General framework

Development of important macroeconomic indicators compared to the previous year (%)	**2020**	2019	2018
GLOBAL TRADE (IN REAL TERMS)			
Trade in goods	- 5.9	+ 0.6	+ 4.5
GDP			
Global	- 3.7	+ 2.5	+ 3.2
USA	- 3.5	+ 2.2	+ 3.0
China	+ 2.3	+ 6.0	+ 6.8
Japan	- 4.9	+ 0.3	+ 0.6
Europe	- 6.3	+ 1.5	+ 2.1
Eurozone	- 6.8	+ 1.3	+ 1.9
Germany	- 5.3	+ 0.6	+ 1.3

The data for 2018 to 2020, adjusted for price and calendar effects, are based on information and estimates available as of February 2021.

Source: Oxford Economics

Global economic development in 2020 was heavily marked by the effects of the Covid-19 pandemic. Following the first wave of infection from February to early summer 2020, the economy of many countries experienced a noticeable recovery up to September 2020. However, a second wave significantly delayed a return to growth. The more targeted nature of the measures taken by many countries to combat the spread of the virus during the second wave of infection meant that the economy overall was no longer as heavily restricted, but this came at the expense of some sectors, such as tourism and catering in particular.

The supply side was put under strain by interruptions to international production chains, particularly in the area of capital and durable consumer goods. Demand was adversely affected by lower household incomes and increased uncertainty. Durable consumer goods were particularly affected in this respect. In addition to the manufacturing sector, social distancing severely affected many service sectors such as transport and hospitality.

The Covid-19 pandemic worsened what was in some cases already negative development, as many economies had already been experiencing a significant slowdown in economic growth. Global trade, for example, had barely grown in 2019.

The major economic regions were affected by the economic crisis to different degrees. By implementing drastic measures, China managed to reduce the spread of the virus comparatively quickly, thus limiting the impact on its economy. China was one of the only industrial nations whose economy grew in 2020, although at a much more moderate rate than in previous years. As a result, growth in the Asia / Pacific region only slowed slightly. The slowdown was significantly stronger in the USA and the whole of North America. Since foreign trade and cross-border production chains are less significant than in Europe or some Asian countries, there were also fewer external negative effects.

Europe was affected more significantly by the effects of the Covid-19 pandemic. Economic output fell sharply, particularly in the major Western European economies of the United Kingdom, Italy, Spain and France. The economies of Scandinavia and Eastern Europe, on the other hand, suffered less; Germany also recorded a comparatively smaller, but nevertheless substantial, decline in economic output. Germany's strong dependence on foreign trade had a negative impact, particularly for capital goods. However, due to its solid public finances, Germany was better equipped than other countries to counter the negative consequences of the Covid-19 pandemic. Among other things, the economy was supported by loans, tax relief and the short-time working program. The lower oil price and a continuation of the highly expansionary monetary policy of the European Central Bank (ECB) also provided economic support.

Energy markets

The central hedging policy of DB Group aims to minimize energy price fluctuations. Our activities are therefore not exposed to the full impact of changes in market prices, at least not in the short term.

BRENT OIL

			Change	
Brent crude (USD / bbl)	**2020**	2019	absolute	%
Average price	43.2	64.2	- 21.0	- 32.7
Highest price	71.8	75.6	-	-
Lowest price	16.0	52.5	-	-
Year-end price	51.8	66.0	- 14.2	- 21.5

Source: Thomson Reuters

The annual average price of oil fell significantly in 2020; the slight appreciation of the euro further strengthened the resulting relieving effect on fuel prices in Europe and Germany. These declined by about 10 % compared to the previous year. As a result, the competitive situation of the railways deteriorated compared to personal cars and trucks. At the same time, lower fuel prices resulted in cost reductions in land transport at DB Schenker and in the bus business.

ELECTRICITY AND EMISSIONS CERTIFICATES

	2020	2019	Change absolute	Change %
BASE LOAD POWER (FOLLOWING YEAR) (€/MWH)				
Average price	40.5	48.1	-7.6	-15.8
Highest price	50.0	53.5	–	–
Lowest price	33.9	41.6	–	–
Year-end price	50.0	45.0	+5.0	+11.1
EMISSIONS CERTIFICATES (€/T CO_2)				
Average price	24.8	24.9	-0.1	-0.4
Highest price	33.5	30.0	–	–
Lowest price	14.3	18.4	–	–
Year-end price	32.7	24.6	+8.1	+32.9

Source: Thomson Reuters

The price effects that emerged in 2020 did not lead to any significant burden on results in the operating business.

INCOME SITUATION

- *Economic development under considerable pressure due to the effects of the Covid-19 pandemic.*
- *Revenues and operating profit figures declined significantly.*
- *Measures to expand capacity, improve quality and digitalization continued.*

GRI 102-48

Comparability with the previous year

2020 saw the income, financial and net assets situation of DB Group significantly impacted by measures to contain the Covid-19 pandemic. Restrictions on leaving homes and traveling have meant a sharp drop in the number of travelers since March 2020. Demand in freight transport also declined as a result of interruptions to international supply chains and production shutdowns on customer premises. Between May and August 2020, demand recovered noticeably as a result of easing of restrictions. Since September 2020, the recovery has been disrupted, partly due to an expansion of measures to contain the pandemic.

Changes in the scope of consolidation *192 f.* did not significantly affect income and expense development in 2020.

Revenues

Revenues (€ million)	2020	2019	Change absolute	Change %
Revenues	39,901	44,430	-4,529	-10.2
± Special items	1	1	–	–
Revenues adjusted	**39,902**	**44,431**	**-4,529**	**-10.2**
thereof integrated rail system	18,511	22,220	-3,709	-16.7
± Changes in the scope of consolidation	-44	-101	+57	-56.4
± Exchange rate changes	339	–	+339	–
Revenues comparable	**40,197**	**44,330**	**-4,133**	**-9.3**
thereof integrated rail system	18,479	22,119	-3,640	-16.5

Revenues fell significantly, mainly as a result of Covid-19-related declines in demand for passenger transport. In addition, the *cessation of the Arriva Rail North (ARN) franchise* *157* and the downturn at DB Cargo triggered by the economic conditions had a negative impact. In contrast, primarily price- and performance-related revenue growth at DB Netze Track and revenue increases at DB Schenker as a result of higher freight rates had a positive effect. In the first two months of 2020, DB Long-Distance also recorded a mainly performance-related increase in revenue.

The special items were irrelevant in 2020 and unchanged compared to the previous year.

Changes in the scope of consolidation and in exchange rates had no noticeable effects at the Group level compared to the previous year:

- The effects of changes in the scope of consolidation affected DB Cargo (€ +36 million) and the Other area (€ +8 million) in 2020 and DB Long-Distance (€ −91 million) and DB Netze Stations (€ −10 million) in the previous year.
- The effects of exchange rate changes applied primarily to DB Schenker (€ −291 million), DB Arriva (€ −38 million) and DB Cargo (€ −9 million).

REVENUE DEVELOPMENT OF BUSINESS UNITS

External revenues adjusted by business units (€ million)	2020	2019	Change absolute	Change %
DB Long-Distance	2,753	4,824	-2,071	-42.9
DB Regional	7,553	8,830	-1,277	-14.5
DB Cargo	3,854	4,188	-334	-8.0
DB Netze Track	1,808	1,687	+121	+7.2
DB Netze Stations	525	590	-65	-11.0
DB Netze Energy	1,297	1,308	-11	-0.8
Other	523	581	-58	-10.0
Integrated rail system	**18,313**	**22,008**	**-3,695**	**-16.8**
DB Arriva	3,988	5,405	-1,417	-26.2
DB Schenker	17,601	17,018	+583	+3.4
DB Group	**39,902**	**44,431**	**-4,529**	**-10.2**

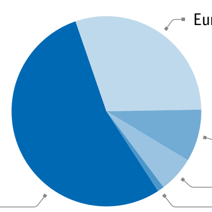
External revenue development of the carriers in the *integrated rail system* 55 declined significantly. The development of the infrastructure business units was more stable, and DB Netze Track even showed an increase in external revenues as a result of the expansion of the performance of non-Group railways. In addition to the effects of the Covid-19 crisis, the *cessation of the ARN franchise* 157 at DB Arriva also led to a significant decline in revenues in March 2020. DB Schenker recorded revenue growth, mainly as a result of higher freight rates, particularly in air freight.

REVENUE STRUCTURE

External revenue structure adjusted (%)	**2020**	2019
DB Long-Distance	6.9	10.9
DB Regional	18.9	19.9
DB Cargo	9.7	9.4
DB Netze Track	4.5	3.8
DB Netze Stations	1.3	1.3
DB Netze Energy	3.3	2.9
Other	1.3	1.3
Integrated rail system	**45.9**	**49.5**
DB Arriva	10.0	12.2
DB Schenker	44.1	38.3
DB Group	**100**	**100**

As a result of the decline in revenues for the integrated rail system business units and at DB Arriva and a simultaneous increase at DB Schenker, the revenue structure in 2020 shifted noticeably in favor of DB Schenker.

External revenues adjusted by regions (%) **2020** | 2019



External revenues adjusted by regions (€ million)	**2020**	2019	Change absolute	Change %
Germany	21,568	25,165	- 3,597	- 14.3
Europe (excluding Germany)	12,031	13,653	- 1,622	- 11.9
Asia/Pacific	3,519	3,121	+ 398	+ 12.8
North America	2,236	1,924	+ 312	+ 16.2
Rest of world	548	568	- 20	- 3.5
DB Group	**39,902**	**44,431**	**- 4,529**	**- 10.2**

Revenue development varied by region:

- In Germany, revenues fell significantly. This was particularly due to Covid-19-related declines in demand at DB Long-Distance, DB Regional and DB Cargo.
- The revenue performance in Europe (excluding Germany) was also weaker. In addition to the effects of Covid-19, the cessation of the ARN franchise and negative exchange rate effects also impacted the development of revenues.
- In the Asia/Pacific and North America regions, DB Schenker revenues increased mainly due to price effects. Exchange rate effects had a dampening effect.

Income development

GRI 201-1

TRANSITION TO THE ADJUSTED STATEMENT OF INCOME

- Special issues are eliminated in the adjusted statement of income. The transition to the adjusted statement is a two-step process: firstly, standard reclassifications are carried out, then the figures are adjusted for individual special items.
- The reclassifications essentially relate to two issues:
  - The first issue is the reclassification of net interest income components not related to net financial debt and pension provisions: predominantly the compounding and discounting effects of non-current provisions (excluding pension obligations) and non-current liabilities (excluding financial debt). The non-operational character of these components can also be seen in the fact that their influence on net interest income very much depends on the interest rates as of the balance sheet date.
  - The second significant reclassification relates to the amortization of intangible assets capitalized in the course of purchase price allocation (PPA) of acquisitions conducted during the assessment of long-term customer contracts. Existing transport contracts are an essential component of the purchase price valuation, in passenger transport in particular. In order to safeguard the operating assessment and to prevent these contracts from being treated differently to other contracts, these amortization components are eliminated from the operating profit. The amount reclassified resulted almost entirely from acquisitions in the DB Arriva business unit.
- Adjustments for special items involve issues which are extraordinary based on the reasons for them and/or the amounts involved, and which would have a significant negative effect on operating development over time. Book profits and losses from transactions with subsidiaries/financial assets are adjusted regardless of their amounts. Individual items are adjusted if they are extraordinary in character, can be accounted for and assessed precisely, and are significant in volume.

Transition to the adjusted statement of income (€ million)	**2020**	**IFRS compounding / discounting**	**Net investment income**	**PPA amortization**	**Impairment goodwill**	**Restructuring**	**Provision for dismantling obligations**	**Additional energy expenses**	**Other**	**2020 adjusted**
		Reclassifications			**Adjustment of special items**					
Revenues	39,901	–	–	–	–	–	–	–	1	**39,902**
Inventory changes and other internally produced and capitalized assets	3,564	–	–	–	–	–	–	–	–	**3,564**
Other operating income	3,439	–	–	–	–	- 23	–	–	- 25	**3,391**
Cost of materials	- 22,757	–	–	–	–	2	–	72	0	**- 22,683**
Personnel expenses	- 18,297	–	–	–	–	134	–	–	- 4	**- 18,167**
Other operating expenses	- 5,235	–	–	–	–	0	79	–	151	**- 5,005**
EBITDA	615	–	–	–	–	113	79	72	123	**1,002**
Depreciation	- 5,372	–	–	55	1,411	1	–	–	0	**- 3,905**
Operating profit / loss (EBIT) | EBIT adjusted	**- 4,757**	**–**	**–**	**55**	**1,411**	**114**	**79**	**72**	**123**	**- 2,903**
Net interest income | Operating interest balance	- 615	73	–	–	–	0	–	–	1	**- 541**
Operating profit after interest	**- 5,372**	**73**	**–**	**55**	**1,411**	**114**	**79**	**72**	**124**	**- 3,444**
Result from investments accounted for using the equity method | Net investment income	- 21	–	1	–	–	–	–	–	–	**- 20**
Other financial result	- 91	- 73	- 1	–	–	–	–	–	–	**- 165**
PPA amortization customer contracts	–	–	–	- 55	–	–	–	–	–	**- 55**
Extraordinary result	–	–	–	–	- 1,411	- 114	- 79	- 72	- 124	**- 1,800**
Profit / loss before taxes on income	**- 5,484**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**- 5,484**

Excerpt from the adjusted statement of income (€ million)	**2020 adjusted**	2019 adjusted	Change absolute	thereof due to changes in the scope of consolidation	thereof due to exchange rate effects	%
Revenues	39,902	44,431	- 4,529	- 57	- 339	- 10.2
Inventory changes and other internally produced and capitalized assets	3,564	3,166	+ 398	- 1	- 1	+ 12.6
Other operating income	3,391	3,008	+ 383	- 2	- 8	+ 12.7
Cost of materials	- 22,683	- 22,259	- 424	+ 42	+ 233	+ 1.9
Personnel expenses	- 18,167	- 18,011	- 156	+ 3	+ 66	+ 0.9
Other operating expenses	- 5,005	- 4,899	- 106	+ 7	+ 22	+ 2.2
EBITDA adjusted	1,002	5,436	- 4,434	- 8	- 27	- 81.6
Depreciation	- 3,905	- 3,599	- 306	- 3	+ 8	+ 8.5
EBIT adjusted	**- 2,903**	**1,837**	**- 4,740**	**- 11**	**- 19**	–
Net operating interest	- 541	- 620	+ 79	–	- 2	- 12.7
Operating profit / loss after interest	**- 3,444**	**1,217**	**- 4,661**	**- 11**	**- 21**	–
Result from investments accounted for using the equity method | Net investment income	- 20	- 9	- 11	–	- 0	+ 122
Other financial result	- 165	- 72	- 93	+ 24	+ 18	+ 129
PPA amortization customer contracts	- 55	- 62	+ 7	–	+ 2	- 11.3
Extraordinary result	- 1,800	- 393	- 1,407	–	+ 14	–
Profit / loss before taxes on income	**- 5,484**	**681**	**- 6,165**	**+ 13**	**+ 13**	–

OPERATING PROFIT FIGURES

The presentation of income development describes the changes in the key items on the statement of income, adjusted for special items.

In the year under review, exchange rate effects caused an overall immaterial decrease in income and expenses. Effects resulting from changes in the scope of consolidation were also not significant. The effects are presented in the above table and are not discussed any further below.

The Covid-19 pandemic adversely affected the economic development of DB Group in 2020 to a significant extent. As a result, the operating profit figures showed a significant decline, primarily driven by the integrated rail system. In the integrated rail system countermeasures could only compensate for a smaller part of the effects caused by performance-related declines in revenues, additional personnel expenses (capacity expansion and wage increases), as well as improvements in quality and digitalization. The development of DB Arriva was also significantly weaker, primarily due to Covid-19. The increase in the operating profit at DB Schenker had a positive impact, mainly driven by the development in air freight.

- *Revenue development* *98 f.* declined mainly as a result of Covid-19 and the *cessation of the ARN franchise* *157.*
- Other operating income increased significantly, driven by DB Regional. Covid-19 support received from the *industry solution for regional transport* *62* was a significant factor here. Covid-19 support services received at DB Arriva also had an impact, among others at UK Bus.

Overall, operating expenses increased only marginally, mitigated by the decline in performance:

- Cost of materials increased slightly. In the integrated rail system, higher maintenance expenses at DB Netze Track and DB Netze Stations had a particular impact, as did an increase in energy expenses that primarily resulted from price-related factors. At DB Schenker, lower purchased transport services due to declining volumes were more than offset by higher freight rates. This was counteracted by declines in performance at DB Regional. The cessation of the ARN franchise also had an expense-reducing effect at DB Arriva.
- Personnel expenses also increased slightly. In addition to wage effects, the higher number of employees also impacted the integrated rail system. Mainly the cessation of the ARN franchise at DB Arriva and countermeasures at DB Schenker have had a mitigating effect.
- Other operating expenses in the integrated rail system increased significantly, mainly as a result of the Covid-19-related addition to the provisions for impending losses at DB Regional. At DB Arriva, the Covid-19-related creation of provisions for impending losses was partially offset by effects from the cessation of the ARN franchise. The decline in leasing and travel expenses at DB Schenker, among other things, also had an expense-reducing effect.
- Depreciation increased significantly, primarily in the integrated rail system due to capital expenditures and unscheduled depreciation on software.

Net operating interest improved, mainly due to a fundamentally lower interest rate level. However, this had no significant mitigating effect on the significant drop in operating profit after interest.

The significant decline in net investment income was mainly driven by the companies GHT Mobility GmbH, Intercambiador de Transportes Principe PIO S.A. and Trieste Trasporti S.P.A., all valued using the equity method.

The significant deterioration in other financial result was mainly due to the impairments on certain book values, including those of the company Barraqueiro, which is valued using the equity method, at DB Arriva and overall higher expenses from the compounding or discounting of provisions.

Extraordinary charges increased considerably, mainly as a result of impairments at DB Arriva:

Extraordinary result (€ million)	**2020**	**thereof affecting EBIT**	2019	thereof affecting EBIT
DB Long-Distance	1	1	–	–
DB Regional	-4	-4	0	0
DB Cargo	-13	-13	-12	-12
DB Netze Track	-142	-141	-77	-75
DB Netze Stations	3	3	3	3
DB Netze Energy	-72	-72	–	–
Other/consolidation integrated rail system	-193	-193	-109	-109
Integrated rail system	**-420**	**-419**	**-195**	**-193**
DB Arriva	-1,380	-1,380	-182	-182
DB Schenker	0	0	-2	-2
Consolidation other	0	0	-14	-14
DB Group	**-1,800**	**-1,799**	**-393**	**-391**

In the year under review, the extraordinary result consisted of the following special items, among other things:

- *impairment of goodwill* *200,* mainly as a result of Covid-19-related weaker profit and cash flow expectations (DB Arriva), and
- restructuring measures (mainly in the Other area).

The composition of the extraordinary result in the previous year is presented in the *2019 Integrated Report* *104.*

NET PROFIT/LOSS FOR THE YEAR

Excerpt from statement of income (€ million)	**2020**	2019	Change absolute	Change %
Profit/loss before taxes on income	-5,484	681	-6,165	–
Taxes on income	-223	-1	-222	–
Actual taxes on income	-180	-137	-43	+31.4
Deferred tax expense (-)/income (+)	-43	136	-179	–
Net profit/loss for the year	**-5,707**	**680**	**-6,387**	**–**
DB AG shareholders	-5,710	662	-6,372	–
Hybrid capital investors	26	5	+21	–
Other shareholders (non-controlling interests)	-23	13	-36	–
Earnings per share (€ per share)				
Undiluted	-13.28	1.54	-14.82	–
Diluted	-13.28	1.54	-14.82	–

The significant decline in profit before taxes on income was reinforced by the development of the income tax position. Actual income taxes rose due to better results for some foreign Group companies. In addition, due to changes in estimates of the future usage of loss carry-forwards, there were deferred tax expenses (previous year: deferred tax revenue). The net profit for the year (profit after taxes on income) thus decreased somewhat more significantly.

Earnings per share developed accordingly.

OPERATING PROFIT/LOSS DEVELOPMENT OF THE BUSINESS UNITS

EBIT adjusted by business units (€ million)	**2020**	2019	Change absolute	Change %
DB Long-Distance	-1,681	485	-2,166	-
DB Regional	-451	408	-859	-
DB Cargo	-728	-308	-420	+136
DB Netze Track	409	807	-398	-49.3
DB Netze Stations	24	210	-186	-88.6
DB Netze Energy	5	43	-38	-88.4
Other/consolidation integrated rail system	-753	-622	-131	+21.1
Integrated rail system	**-3,175**	**1,023**	**-4,198**	-
DB Arriva	-431	289	-720	-
DB Schenker	711	538	+173	+32.2
Consolidation other	-8	-13	+5	-38.5
DB Group	**-2,903**	**1,837**	**-4,740**	-

The development of the *adjusted profit/loss figures for the business units* *112 ff.* was mainly weaker, with the exception of DB Schenker:

- The business units of the integrated rail system saw a huge decline due to the collapse in demand caused by Covid-19. In addition, additional expenses for employees, capacity and quality measures had a negative impact.
- The performance of DB Arriva was also significantly below the previous year, driven mainly by the negative effects of Covid-19.
- DB Schenker saw a positive development, driven partly by the development in air freight. Covid-19-related declines in performance in particular were more than compensated by price effects on the sales side.

Deviations from the forecast

Outlook for the 2020 financial year	2019	**2020 (Mar 2020 forecast)**	**2020 (Jul 2020 forecast)**	**2020**
Revenues (€ billion)	44.4	↘	>38.5	39.9
EBIT adjusted (€ billion)	1.8	↘	>-3.5	-2.9
ROCE (%)	4.3	↘	-	-7.0
Debt coverage (%)	15.3	↘	-	0.8

↗ above previous year's figure
→ at previous year's level
↘ below previous year's figure

Overall, the development of the income situation was within our expectations, which we had been partly expecting in July 2020. Generally, the recovery in demand in the spring and summer of 2020 was somewhat faster than expected, and more than compensated the effects of the interruption of the recovery in the last quarter of 2020. As a result, revenue and operating profit fell somewhat less sharply than expected. The development of return on capital employed (ROCE) and debt coverage proceeded as expected.

FINANCIAL POSITION

- *A total of 11 bond transactions (total volume about € 5.4 billion).*
- *Adjustment of the long-term rating by S&P.*

Interest rate environment

Yield on ten-year German Federal bonds (%)	**2020**	2019	Change (percentage points)
Average yield	-0.48	-0.22	-0.26
Highest yield	-0.14	+0.28	-0.42
Lowest yield	-0.91	-0.74	-0.17
Year-end yield	-0.58	-0.19	-0.39

Source: Thomson Reuters

Due to the effects of the Covid-19 pandemic, yields in the Eurozone remained at a very low level. The interest rate on ten-year German Federal bonds (bunds) remained negative in 2020 and, following the outbreak of the pandemic in Europe, dropped to a level below -0.5% by the end of the year. The ECB's pandemic emergency purchase program made a significant difference in this respect (volume as of December 31, 2020: € 1.85 trillion), which was supported by further European and national measures.

Financial management system

Financial instruments as of Dec 31 (€ billion)	**Volume 2020**	**thereof utilized**	Volume 2019	thereof utilized
European debt issuance program	30.0	23.3	25.0	20.2
Australian debt issuance program (AUD 5 billion)	3.1	0.9	3.1	0.8
Multi-currency commercial paper program	3.0	-	3.0	0.9
Guaranteed credit facilities	5.0	2.9	2.0	-

In addition to sustainably increasing the value of the company, the financial management of DB Group also aims to maintain a capital structure that is appropriate for ensuring a very good credit rating. The maturity profile is a particularly important part of this management.

DB AG contains DB Group's Treasury center. This ensures that all Group companies are able to borrow and invest funds at optimal terms and conditions. Before obtaining funds from external sources, we first conduct intra-Group financing transactions. When borrowing external funds, DB AG takes out short-term loans in its own name, whereas long-term capital is generally obtained through the Group's financing company, DB Finance.

The funds are passed on to the Group companies as short-term credit lines, which can be utilized as part of cash pooling on internal current accounts and/or through fixed short-term credit, or in the form of long-term loans. Further advantages of this concept arise from the consolidation of our know-how, realized synergy effects and minimized refinancing costs.

- We have access to a European debt issuance program (EDIP) for long-term debt financing, the volume of which was increased in 2020. Ten senior bonds were issued under the EDIP in 2020 (total volume: € 5.3 billion). In contrast, senior bonds with a total volume of € 2.1 billion were redeemed. As a result, the utilization rate decreased slightly to about 78 % as of December 31, 2020 (as of December 31, 2019: about 81 %).
- We also have an Australian debt issuance program (Kangaroo Program). A bond was issued in 2020 under this program (volume: € 0.1 billion). As of December 31, 2020, the utilization rate rose to about 28 % (as of December 31, 2019: about 24 %).
- In the area of short-term debt financing, we still have a multi-currency commercial paper program available to us, which was not used as of December 31, 2020 (utilization rate as of December 31, 2019: about 30 %).
- As of December 31, 2020, we also had guaranteed credit facilities with a residual term of up to two years. These also include short-term credit lines agreed in 2020 in the amount of € 3.0 billion, which serve as intermediate funds for the Federal Government's *plan to strengthen the equity position of DB AG* → 62 f. (bridge financing) and have almost been fully utilized.
- In addition, as of December 31, 2020, we were able to rely on credit lines of € 2.6 billion for the operating business (as of December 31, 2019: € 2.7 billion). These credit lines are made available to our subsidiaries around the world and include provisions for financing working capital as well as sureties for payment.

The leasing volume remained virtually unchanged. The *cessation of the ARN franchise* → 157 in March 2020 (about € 600 million) compensated for an increase due to new real estate contracts.

Two sale and leaseback agreements have been concluded for the financing of regional rail passenger transport vehicles:

- The lease contract for 18 new Siemens multiple units for the Lausitz network begins on December 11, 2022 (imputed term: 25 years). DB Regional is the lessee for the first transport contract period (13 years; nominal leasing volume: € 62 million). The financing is hedged by the public transport authority with a reuse guarantee and a transfer of receivables rather than a repayment guarantee, including a waiver of objection.
- The lease contract for 26 new Siemens multiple units for the Franconia-South Thuringia network runs from December 10, 2023 (imputed term: 24 years). DB Regional is the lessee for the first transport contract period (12 years; nominal leasing volume: € 179 million). The financing is hedged by the Free State of Bavaria through a capital service guarantee and a transfer rather than a repayment guarantee, free of objections.

BONDS ISSUES

Senior bonds

ISIN	Issuer	Currency	Volume (million)	Volume (€ million)	Coupon (%)	Maturity	Term (years)
XS2102380776	DB Finance	EUR	500	500	0.750	Jul 2035	15.5
XS2117462627	DB Finance	EUR	300	300	0.000	Feb 2024	4.0
XS2136613457	DB Finance	EUR	150	150	0.232	Mar 2032	12.0
XS2152932542	DB Finance	EUR	900	900	0.500	Apr 2027	7.0
XS2156768546	DB Finance	EUR	750	750	1.375	Apr 2040	20.0
XS2193666042	DB Finance	EUR	850	850	0.375	Jun 2029	9.0
XS2193666125	DB Finance	EUR	650	650	0.875	Jun 2039	19.0
XS2195499111 [1]	DB Finance	JPY	12,000	100	0.100	Jun 2024	4.0
XS2198394640 [1]	DB Finance	SEK	500	48	1.520	Jul 2035	15.0
AU3CB0273027	DB Finance	AUD	200	123	1.987	Jul 2030	10.0
XS2270142966	DB Finance	EUR	1,000	1,000	0.625	Dec 2050	30.0

[1] Private placement.

In 2020, we issued 11 new senior bonds through the DB Group financing company DB Finance. The equivalent value of the transactions amounted to about € 5.4 billion. The funds were raised to refinance liabilities falling due and for ongoing general Group financing. All revenues from senior bonds not issued in euros were converted into euros.

- Demand for the eight public issues under the EDIP (in EUR) came primarily from institutional investors from Europe and Asia.
- The private placements under the EDIP (in SEK and JPY) were placed with individual institutional investors.
- The demand for senior bonds under the Kangaroo program came from institutional investors in Japan.

Credit ratings

Ratings DB AG	First issued	Last publication	Ratings Short-term	Ratings Long-term	Ratings Outlook
S&P Global Ratings	May 16, 2000	Jun 11, 2020	A-1+	AA-	Negative
Moody's	May 16, 2000	Oct 20, 2020	P-1	Aa1	Negative

The creditworthiness of DB Group is constantly monitored and assessed by the rating agencies S&P Global Ratings (S&P) and Moody's. Credit ratings provide an independent, up-to-date assessment of a company's creditworthiness. Due to the ownership structure of DB AG, the approaches of the rating agencies take into account not only the quantitative and qualitative analysis of DB Group, but also an assessment of the relationship with our owner, the Federal Government, and the potential support possibilities for DB AG by the Federal Government. This means that the ratings given to the Federal Government are also significant for the ratings given to DB AG.

- During the year under review, S&P published an update on its estimates of DB AG and adjusted the long-term rating of DB AG from "AA" to "AA–" due to changes in the expected short- and medium-term development of DB Group attributable to Covid-19 from the perspective of S&P. This takes the rating back to the level it was at prior to the last adjustment in autumn 2019. At the same time, S&P has adjusted its rating outlook from "stable" to "negative" due, among other things, to current Covid-19-related uncertainties regarding the speed with which demand in rail transport will pick up again and the impact of Covid-19 on the development of the economic environment. The short-term rating remained unchanged.
- Moody's left the ratings and outlook unchanged during the year under review.

Additional information on the subject of *ratings* and the rating agencies' full analyses of DB AG are available on our Investor Relations website.

GRI 103

KEY ECONOMIC PERFORMANCE INDICATORS

- *Impact of the Covid-19 pandemic drove negative development of ROCE and debt coverage.*

Value management targets (%)	DB Group	Passenger transport	Freight transport and logistics	Infrastructure	Integrated rail system
ROCE	≥ 6.5	≥ 9.0	≥ 11.0	5.5	≥ 6.0
Debt coverage	≥ 20	≥ 50	≥ 50	≥ 20	≥ 20

At DB Group, profitability is a material requirement for financing capital expenditures in our core business, further developing our businesses and seizing opportunities for future growth. Entrepreneurial management is crucial for improving profitability.

In the context of our value management we intend to manage DB Group's enterprise value over the long term such that we can finance capital expenditure in our core business. The financial leadership and management of DB Group – and therefore also the monitoring of the achievement of our profitable growth targets – is performed on the basis of a value management system based on key figures. The results are an important factor for our strategic approach, our capital expenditure decisions and employee and management remuneration.

Profitability as an overarching target in value management ensures a long-term reasonable rate of return over several economic cycles. On the basis of market values, we calculate the annual *cost of capital* *105 f.* as a weighted average from risk-adequate market returns on equity and debt capital. The actual yield, the *return on capital employed (ROCE)* *105,* is calculated as the ratio of operating profit before interest and taxes (EBIT adjusted) to capital employed. The ROCE target is set higher than the cost of capital. The long-term objective is to achieve an ROCE whose multi-year average reaches the target value, ensuring that the cost of capital is covered. This ROCE target corresponds to the minimum required rate of return (MRR). The different business characteristics result in different target values for our activities in passenger transport, in logistics and in rail freight transport as well as in infrastructure. The cost of capital and thus the expected returns from the infrastructure business units are lower than in passenger transport, logistics and rail freight transport owing to our projection of continuing low profit volatility. The target value for the integrated rail system was derived from the value-weighted return expectations of all business units in DB Group with the exception of DB Arriva and DB Schenker. The operating business is always controlled before taxes and, accordingly, the reporting of key figures is based mainly on pre-tax figures.

Financial stability is an essential component for sustainable economic activity. For DB Group as an asset-intensive company, it is essential that we have access to the capital market at all times under favorable conditions. A major objective is therefore to achieve adequate key debt ratios. Our key figure for managing indebtedness is *debt coverage* *106 f.*

The target value is derived from key rating figures and annual benchmarking with comparable companies with an excellent credit rating.

ROCE

ROCE	2020	2019	Change absolute	Change %
EBIT adjusted (€ million)	-2,903	1,837	-4,740	-
/ Capital employed as of Dec 31 (€ million)	41,764	42,999	-1,235	-2.9
ROCE (%)	**-7.0**	**4.3**	**-**	**-**

The significant deterioration in ROCE was mainly due to the sharp decline in adjusted EBIT caused by the effects of Covid-19. Capital employed fell slightly as of December 31, 2020.

Yield spread (%)	2021	2020	2019	2018	2017
ROCE	-	-7.0	4.3	5.8	6.1
− Cost of capital (pre-tax WACC [1])	6.2	5.9	6.4	7.0	7.3
Spread (percentage points)	**-**	**-12.9**	**-2.1**	**-1.2**	**-1.2**

[1] Each value taken at the beginning of the year.

In 2020, the negative difference between ROCE and the cost of capital increased significantly as a result of the negative operating profit caused by the effects of Covid-19. The lack of profitability of the RIC and of DB Cargo in previous years was worsened by the development in 2020.

CAPITAL EMPLOYED

Capital employed as of Dec 31 (€ million)	2020	2019	Change absolute	Change %
BASED ON ASSETS				
Property, plant and equipment	47,704	46,591	+1,113	+2.4
+ Intangible assets/goodwill	2,290	3,894	-1,604	-41.2
+ Inventories	1,937	1,520	+417	+27.4
+ Trade receivables	4,849	4,871	-22	-0.5
+ Receivables and other assets	3,345	2,792	+553	+19.8
− Financial receivables and earmarked bank deposits (not including receivables from finance leases)	-625	-404	-221	+54.7
+ Income tax receivables	55	60	-5	-8.3
+ Held-for-sale assets	0	0	-	-
− Trade liabilities	-6,312	-5,789	-523	+9.0
− Miscellaneous/other liabilities	-4,042	-3,770	-272	+7.2
− Income tax liabilities	-191	-190	-1	+0.5
− Other provisions	-6,041	-5,098	-943	+18.5
− Deferred items	-1,205	-1,478	+273	-18.5
Capital employed	**41,764**	**42,999**	**-1,235**	**-2.9**

Capital employed equates to the assets deemed necessary for business and subject to the cost of capital, as derived from the balance sheet. Capital employed declined slightly in 2020. This was mainly due to a decline in goodwill as a result of *impairments at DB Arriva* *→ 200,* an increase in other provisions and higher trade liabilities. This was partially countered in particular by an increase in property, plant and equipment driven by capital expenditures, higher receivables and other assets and increased inventories.

COST OF CAPITAL

The cost of capital is updated annually to take account of changes in market parameters. We take the long-term focus of the controlling concept into consideration and balance out short-term fluctuations.

In 2020, there was an increase in the pre-tax cost of capital from 5.9% to 6.2% for DB Group, mainly due to Covid-19. After taxes, there was a cost of capital of 4.3% (previous year: 4.1%).

We calculate DB Group's cost of capital as a weighted average interest rate of equity, hybrid capital, net financial debt and pension obligations. Determined annually, this reflects current capital market parameters, the prevailing tax framework and the value share of methods used to finance capital employed.

When determining the company-independent capital market parameters, market risk premium and risk-free interest rate, short-term fluctuations in debt and equity market returns are smoothed out in line with the long-term focus of our value management concept. The parameters are determined on the basis of the yields on long-term German bunds as well as the long-term average returns of the German DAX 30 equity index. The parameters used are also validated on the basis of up-to-date recommendations of recognized valuation experts. The company-dependent capital market parameters, beta and credit spread, measure the risk of our debt and equity financing in comparison with alternative forms of investment. Beta reflects the risk of equity capital relative to the risks of the equity markets. The determination is based on comparable international companies at business unit level. The credit spread corresponds to DB Group's current issue costs relative to Federal Government bonds with an imputed term of twelve years. The credit spread for transport and logistics is determined in line with market conditions, using the current capital market data of companies with comparable creditworthiness.

Tax factors are calculated using a taxation rate of 30.5%. The tax factor for net financial debt reflects the trade tax applied to fixed debt interest to be credited. The taxes remaining after this are fully allocated to cost of equity. The weighting of forms of financing is based on market values. Net financial debt and pension obligations are valued at their carrying amounts. Equity weighting is based on recognized business valuation methods.

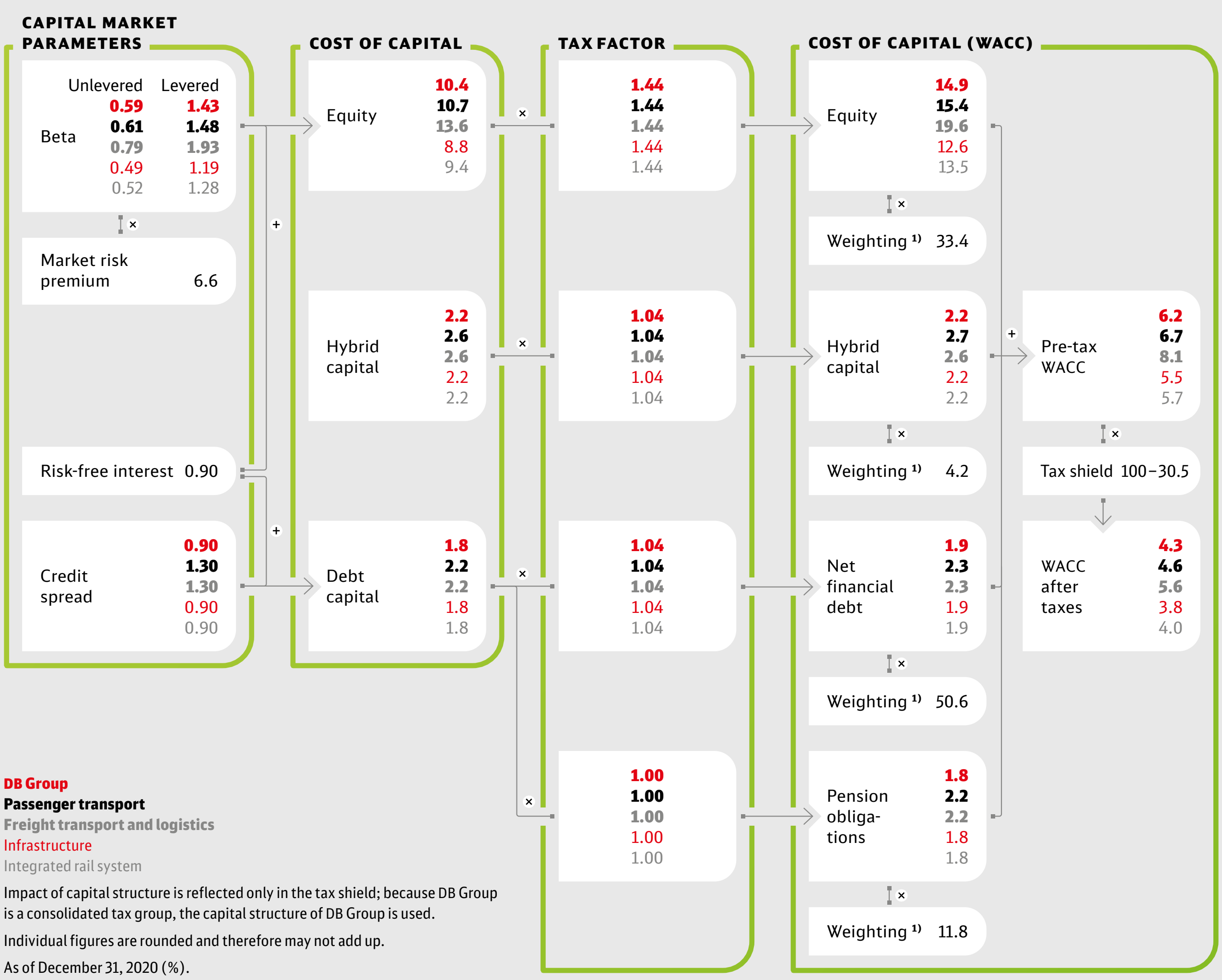
The weighting of forms of financing for passenger transport, rail freight transport, logistics, infrastructure and the integrated rail system corresponds to that of DB Group as the tax shield resulting from the tax-deductible status of debt interest arises, as a rule, from the fact that DB Group is a consolidated tax group.

Debt coverage

Debt coverage (€ million)	**2020**	2019	Change absolute	Change %
EBITDA adjusted	1,002	5,436	- 4,434	- 81.6
+ Operating interest balance	- 541	- 620	+ 79	- 12.7
+ Original tax expenses	- 180	- 137	- 43	+ 31.4
Operating cash flow after taxes	**281**	**4,679**	**- 4,398**	**- 94.0**
Net financial debt as of Dec 31	29,345	24,175	+ 5,170	+ 21.4
+ Pension obligations as of Dec 31	6,517	5,354	+ 1,163	+ 21.7
+ Hybrid capital[1] as of Dec 31	1,001	999	+ 2	+ 0.2
/ Adjusted net debt as of Dec 31	**36,863**	**30,528**	**+ 6,335**	**+ 20.8**
Debt coverage (%)	**0.8**	**15.3**	-	-

[1] As assessed by the rating agencies, half of the hybrid capital shown on the balance sheet is taken into account in the calculation of the adjusted net debt.

Determining cost of capital



[1] Impact of capital structure is reflected only in the tax shield; because DB Group is a consolidated tax group, the capital structure of DB Group is used.

Individual figures are rounded and therefore may not add up.

As of December 31, 2020 (%).

Debt coverage as of December 31, 2020 decreased significantly:

- Operating cash flow after taxes declined significantly as a result of the fall in income caused by Covid-19.
- In addition, the adjusted net debt increased sharply, mainly due to higher *net financial debt* 107 f.

STATEMENT OF CASH FLOWS

Summary statement of cash flows (€ million)	2020	2019	Change absolute	Change %
Cash flow from operating activities	1,420	3,278	- 1,858	- 56.7
Cash flow from investing activities	- 4,649	- 3,853	- 796	+ 20.7
Cash flow from financing activities	2,706	993	+ 1,713	+ 173
Net change in cash and cash equivalents	- 582	449	- 1,031	-
Cash and cash equivalents as of Dec 31	3,411	3,993	- 582	- 14.6

- The significant decline in cash flow from ordinary business operations was mainly due to negative *income development* 99 ff. due to Covid-19. Working capital effects and the absence of one-time allocations to plan assets at DB Arriva in the United Kingdom in the previous year had a partially compensating effect.
- The outflow of funds from investing activities continued to increase, driven mainly by the development of *net capital expenditures* 108 f. In addition, the decline in cash inflow from the sale of property, plant and equipment had an impact because of the absence of one-time effects from the previous year.
- The inflow of funds from financing activities increased significantly mainly due to a higher *net inflow of funds from senior bonds* 103 (€ +3,167 million). An increased net inflow of funds from the taking out and redemption of financial loans (€ +574 million) had a supporting effect; in this, the inflow of funds from the *bridge financing* 103 was partially offset by a cash outflow for the redemption of commercial papers. This was counteracted by the absence of cash inflow from the issue of hybrid bonds in the previous year (€ −1,993 million).
- On balance, as of December 31, 2020, cash and cash equivalents had declined significantly.

ASSET SITUATION

- *Net financial debt has risen due to Covid-19 and capital expenditure activities.*
- *Infrastructure and rail vehicle capital expenditures in Germany drove an increase in capital expenditures.*
- *Equity ratio decreased significantly.*

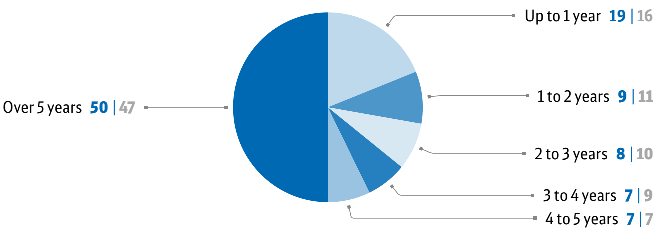
Net financial debt

Net financial debt as of Dec 31 (€ million)	2020	2019	Change absolute	Change %
Senior bonds	24,021	20,966	+ 3,055	+ 14.6
Leasing liabilities	4,931	5,015	- 84	- 1.7
Commercial paper	-	890	- 890	- 100
Interest-free loans	580	707	- 127	- 18.0
Other financial debt	3,792	1,115	+ 2,677	-
Financial debt	**33,324**	**28,693**	**+ 4,631**	**+ 16.1**
− Cash and cash equivalents and receivables from financing	- 4,036	- 4,397	+ 361	- 8.2
± Effects from currency hedges	57	- 121	+ 178	-
Net financial debt	**29,345**	**24,175**	**+ 5,170**	**+ 21.4**

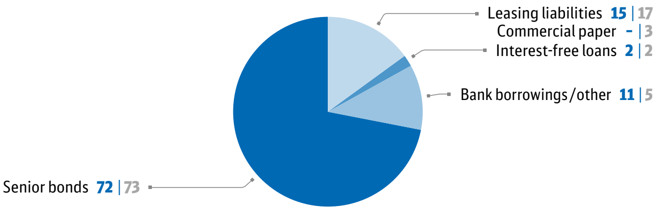
Net financial debt rose significantly as of December 31, 2020. This resulted from net funding needs, mainly as a result of the significant Covid-19-related *decline in profit* 99 ff. and the as yet incomplete implementation of the Federal Government's *plan to strengthen the equity position of DB AG* 62 f. at the same time as a higher overall demand for capital expenditures and dividend payments.

- Financial debt increased noticeably:
  - The euro value of outstanding *senior bonds* 216 was significantly higher due to issues. Exchange rate effects did not play a key role here as a result of closed hedging transactions.
  - Overall, the leasing liabilities were roughly at the level of the end of the previous year.
  - Liabilities from commercial papers and interest-free loans declined significantly as a result of redemptions.
  - Other financial debt increased significantly, mainly as a result of the *bridge financing* 103.
- Our foreign currency senior bonds are mainly hedged by corresponding derivatives against exchange rate fluctuations, so that the exchange rate effects are mainly compensated through the offsetting position of the hedging transaction.
- Cash and cash equivalents fell significantly, with the result that net financial debt increased a touch more than the financial debt.

Maturity of financial debt as of Dec 31 (%) **2020** | 2019



Composition of financial debt as of Dec 31 (%) **2020** | 2019



The maturity structure and the composition of financial debt has changed:

- Current financial debt (up to one year) increased as a result of the bridge financing. Non-current financial debt (over five years) increased as a result of the issuing activity for senior bonds. In contrast, the proportion of financial debt of between one and five years decreased.
- The composition of the financial debt shifted slightly in the direction of bank borrowing due to the bridge financing. In contrast, the proportion of commercial papers in particular was down due to redemptions. The proportion of leasing liabilities also declined.

GRI 203-1

Capital expenditures

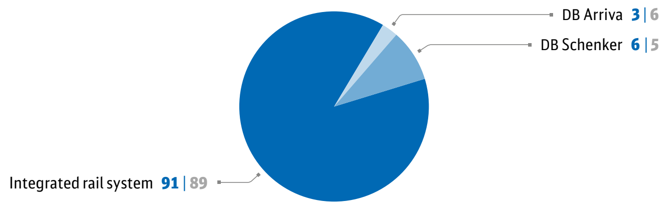
Capital expenditures (€ million)	**2020**	2019	Change absolute	Change %
Gross capital expenditures	14,402	13,093	+1,309	+10.0
thereof integrated rail system	13,128	11,713	+1,415	+12.1
− Investment grants	8,516	7,447	+1,069	+14.4
thereof integrated rail system	8,494	7,412	+1,082	+14.6
Net capital expenditures	**5,886**	**5,646**	**+240**	**+4.3**
thereof integrated rail system	4,634	4,301	+333	+7.7

The increase in gross capital expenditures was driven by the integrated rail system and resulted primarily from higher capital expenditures in infrastructure. The conclusion of new leasing contracts and the extension of existing leasing contracts also increased capital expenditures.

Investment grants, which are almost exclusively allocated to the integrated rail system, also increased significantly. They accounted for about 59% of gross capital expenditures (previous year: about 57%).

Net capital expenditures were also significantly higher. Among other things, the increase in capital expenditures on the existing network at DB Netze Track along with the conclusion of new leasing contracts and extension of existing leasing contracts for office buildings had an impact on the integrated rail system.

Gross capital expenditures by divisions (%) **2020** | 2019



The focus of our capital expenditure activities continues to center on the integrated rail system for measures to improve performance and efficiency in the rail infrastructure sector as well as measures to rejuvenate and develop our vehicle fleet.

CAPITAL EXPENDITURE PRIORITIES

Gross capital expenditures by regions (€ million)	**2020**	2019	Change absolute	Change %
Germany	13,282	11,826	+1,456	+12.3
Europe (excluding Germany)	1,012	1,186	-174	-14.7
Asia/Pacific	182	133	+49	+36.8
North America	38	37	+1	+2.7
Rest of world	8	13	-5	-38.5
Consolidation	-120	-102	-18	+17.6
DB Group	**14,402**	**13,093**	**+1,309**	**+10.0**

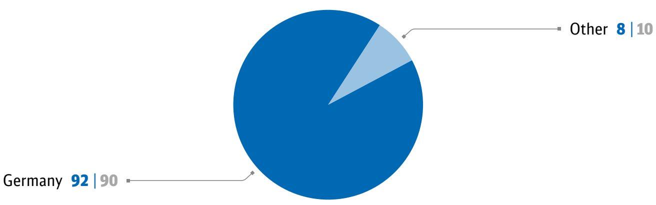
Net capital expenditures by regions (€ million)	**2020**	2019	Change absolute	Change %
Germany	4,788	4,414	+374	+8.5
Europe (excluding Germany)	990	1,151	-161	-14.0
Asia/Pacific	182	133	+49	+36.8
North America	38	37	+1	+2.7
Rest of world	8	13	-5	-38.5
Consolidation	-120	-102	-18	+17.6
DB Group	**5,886**	**5,646**	**+240**	**+4.3**

In terms of the regional distribution of gross capital expenditure, the focus remained on Germany. The increase is mainly due to infrastructure measures and the capitalization of leasing agreements.

Capital expenditures have also decreased in Europe (excluding Germany). Lower capital expenditures at DB Arriva, mainly as a result of the *cessation of the ARN franchise* → 157, were partially offset by an increased capital expenditure activity by DB Schenker in France, Poland and Italy, among others.

In the Asia/Pacific region, DB Schenker invested more heavily in logistics facilities in China and Singapore.

Gross capital expenditures by regions (%) **2020** | 2019



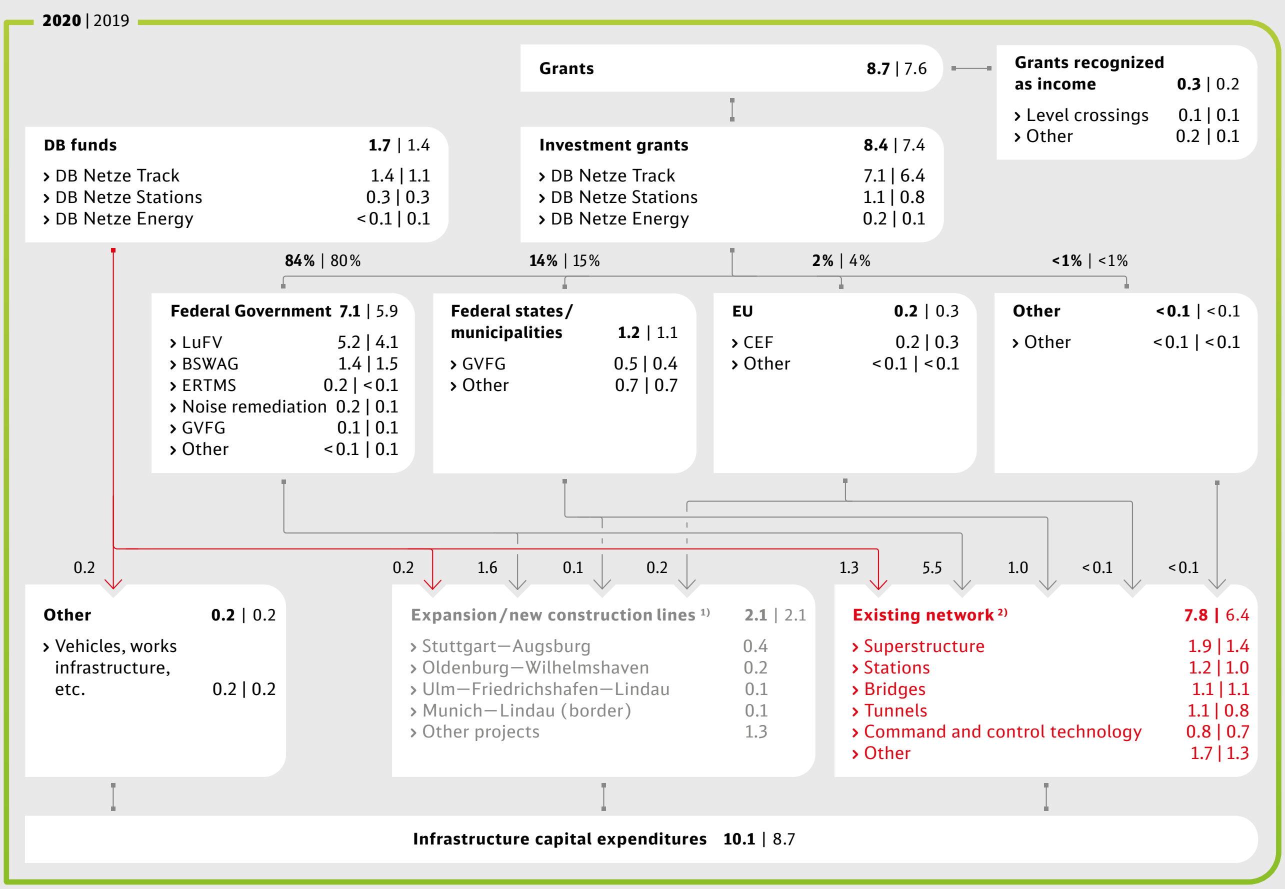
INVESTMENT GRANTS

Of the investment grants received by DB Group in 2020, the vast majority related to infrastructure. The most important funding sources for capital expenditures on infrastructure are grants, mostly from the Federal Government and from Federal states and local authorities. Most of these are based on the *LuFV* *235 f.* and the German Federal Rail Infrastructure Extension Act (Bundesschienenwegeausbaugesetz; BSWAG). Further investment grants were provided in accordance with the GVFG, the *Federal Government's noise remediation program* *86 f.* and to equip the infrastructure with the European Rail Traffic Management System (ERTMS). The European Union allocates grants (Trans-European Networks; TEN and Connecting Europe Facility; CEF) for infrastructure capital expenditures on TEN.

In addition to investment grants, DB Group also receives (significantly lower) grants recognized as income, also mainly in respect of infrastructure.

On the balance sheet, investment grants are directly deducted from the *purchase and manufacturing costs* *203 f.* of the assets to which they relate. The reporting of all grants is such that the competent Federal agencies can conduct comprehensive checks to ensure that they are spent in accordance with their purpose and the law.

Infrastructure grants and capital expenditures (€ billion)



Individual figures are rounded and therefore may not add up.

1) Includes projects under the requirement plan.

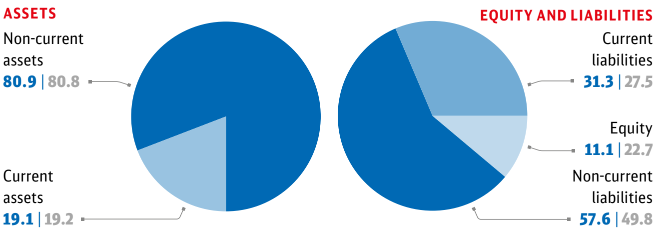
2) New and expansion projects may also include replacement capital expenditures within the framework of existing network measures.

A description of the various *forms of grants* is available online.

Balance sheet

Balance sheet as of Dec 31 (€ million)	2020	2019	Change absolute	Change %
Total assets	65,435	65,828	-393	-0.6
ASSETS				
Non-current assets	52,964	53,213	-249	-0.5
Current assets	12,471	12,615	-144	-1.1
EQUITY AND LIABILITIES				
Equity	7,270	14,927	-7,657	-51.3
Non-current liabilities	37,686	32,820	+4,866	+14.8
Current liabilities	20,479	18,081	+2,398	+13.3

Balance sheet structure as of Dec 31 (%) **2020** | 2019



In 2020, there were no material changes to the International Financial Reporting Standards (IFRS) regulations for DB Group's consolidation and accounting principles that would result in any changes to the consolidated financial statements.

The total assets were slightly below the level of the previous year-end:

- Overall, the non-current assets were roughly at the level of the end of the previous year. Intangible assets decreased (€ -1,604 million), mainly due to *impairments at DB Arriva* 200. In contrast, property, plant and equipment increased (€ +1,113 million). In addition to vehicle additions to DB Long-Distance, the integrated rail system was also affected by an increased share of infrastructure capital expenditures in connection with LuFV III, as well as the conclusion and extension of leasing contracts at DB Real Estate. The increase in receivables and other assets (€ +384 million) had a compensating effect, partly as a result of the increase in receivables for transport concessions (IFRIC 12) at DB Regional.
- Current assets fell slightly. This was mainly due to a decrease in cash and cash equivalents (€ -582 million). In contrast, inventories in particular rose (€ +417 million), especially at DB Regional.

In structural terms, this did not result in any major changes on the asset side.

On the equity and liabilities side, equity declined significantly. This mainly resulted from the negative comprehensive income (€ -5,710 million). In addition, the dividend payment to the Federal Government (€ -650 million) and the decrease in the changes posted in the reserves in connection with the revaluation of pensions (€ -1,087 million) also had the effect of reducing equity, mainly due to significantly lower interest rates.

With the total assets remaining almost stable, the decline in equity led to a significant decline in the equity ratio.

- Non-current liabilities increased significantly. In essence, this development was characterized by:
  - higher *non-current financial debt* 107 f. (€ +3,093 million);
  - an increase in pension obligations (€ +1,163 million) mainly due to a decrease in the interest rate on revaluation (this was partly offset by the *cessation of the ARN Franchise* 157); and
  - higher other liabilities (€ +396 million).
- Current liabilities also increased significantly. In essence, this development was characterized by:
  - increased current financial debt (€ +1,538 million); in particular, the main driver was an increase in bank loans due in the short term (€ +2,679 million), mainly as a result of the *bridge financing* 103. In particular, redemption of commercial papers (€ -890 million) and lower bonds due in the short-term (€ -367 million) had a dampening effect;
  - higher other provisions (€ +613 million), mainly as a result of allocations for potential losses and revenue discounts; and
  - mainly due to higher trade liabilities on the balance sheet date (€ +523 million).
  - In contrast, deferred items (€ -134 million) and other liabilities fell (€ -124 million).

The structure of the equity and liabilities side has shown a shift toward, in particular, an increased share of non-current liabilities, due to the decrease in equity.

Off-balance-sheet financial instruments and non-recognized assets

In addition to the assets shown in the consolidated balance sheet, DB Group also uses off-balance-sheet financial instruments and assets that are not recognized in the balance sheet.

To a small extent, we lease assets of low value or on a short-term basis for which no right of use or leasing liability must be taken into account under IFRS 16.

We also use factoring to sell smaller volumes of receivables (as of December 31, 2020: € 613 million; as of December 31, 2019: € 685 million).

With regard to the company pension scheme for employees, the obligations under each retirement scheme are, to some extent, covered and netted by plan assets which are capable of being netted. As of December 31, 2020, total obligations amounted to € 12,518 million (as of December 31, 2019: € 12,749 million) and the fair value of plan assets was € 4,854 million (as of December 31, 2019: € 6,034 million). The balancing process leads to a reduction in total assets. The net obligation recognized as of December 31, 2020 on the balance sheet was € 6,517 million (as of December 31, 2019: € 5,354 million).

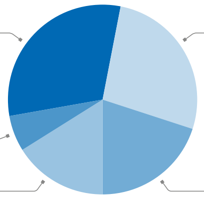
Further information in the section *Basic principles and methods* 190 ff.

Procurement volume

GRI 102-9 The procurement volume corresponds to the contractual obligations to suppliers that DB Group has entered into. On subsequent realization these become capital expenditures or expenses (mainly cost of materials and other operating expenses). The total procurement volume in 2020 was € 34.7 billion (previous year: € 34.9 billion).

- Freight and freight-forwarding services remained unchanged at € 10.6 billion.
- Industrial products increased to € 9.5 billion (previous year: € 8.1 billion). The increase is due in particular to the commissioning of the *ICE 3neo* 117 and the procurement of trains for the Berlin S-Bahn (metro).
- In the case of construction and engineering services, the procurement volume decreased to € 6.9 billion (previous year: € 7.5 billion), mainly as a result of declines at DB Netze Stations.
- Third-party services decreased slightly to € 5.5 billion (previous year: € 5.8 billion), partly as a result of the Covid-19-related decline in travel activity.
- Cable- and pipe-bound power and fuel fell to € 2.1 billion, mainly as a result of Covid-19-related adjustments to volume produced (previous year: € 2.8 billion).

Procurement volume structure (%) **2020** | 2019



The share of local procurement volume in Germany was € 18.6 billion in 2020.

(€ million)	2020	2019	2018
Procurement volume [1]	20,418	18,821	18,358
Share of local procurement volume (%)	91	89	92

The procurement volume is the total of all the net order values — from individual orders and from framework contracts — that have been completed.

[1] Not including DB Schenker, DB Arriva and foreign companies of DB Cargo.

Deviations from the forecast

Outlook for 2020 financial year (€ billion)	2019	2020 (Mar 2020 forecast)	2020 (Jul 2020 forecast)	2020
Gross capital expenditures	13.1	> 15	> 14.5	14.4
Net capital expenditures	5.6	> 6.5	> 6.0	5.9
Maturities	2.2	2.3	2.3	2.3
Bond issues (senior)	2.0	> 2.5	≥ 4.4	5.4
Net financial debt as of Dec 31	24.2	↗	~27	29.3

↗ above previous year's figure
→ at previous year's level
↘ below previous year's figure

Capital expenditures were slightly below our adjusted forecast from July 2020 due to Covid-19.

With respect to DB Group's financial position, actual developments corresponded with our forecast for maturities.

Bond issues were above the level we expected. In anticipation of redemptions in 2021, we took advantage of favorable issuing conditions and brought forward a senior bond issue in the amount of € 1.0 billion at the end of 2020. Adjusted for this issue, the amount of bond issues in the year under review corresponds to our adjusted forecast from July 2020.

Indebtedness increased more strongly than expected, driven among other things by the emerging need for *bridge financing* 103 for the *Federal Government's plan to strengthen the equity position of DB AG* 62 f.

Development of business units

Overview of business units

Revenues adjusted (€ million)	Total revenues 2020	Total revenues 2019	Change absolute	Change %	External revenues 2020	External revenues 2019	Change absolute	Change %
DB Long-Distance	2,879	4,985	-2,106	-42.2	2,753	4,824	-2,071	-42.9
DB Regional	7,662	8,945	-1,283	-14.3	7,553	8,830	-1,277	-14.5
DB Cargo	4,119	4,449	-330	-7.4	3,854	4,188	-334	-8.0
DB Netze Track	5,660	5,652	+8	+0.1	1,808	1,687	+121	+7.2
DB Netze Stations	1,258	1,339	-81	-6.0	525	590	-65	-11.0
DB Netze Energy	2,724	2,812	-88	-3.1	1,297	1,308	-11	-0.8
Other	5,375	5,192	+183	+3.5	523	581	-58	-10.0
Consolidation integrated rail system	-11,166	-11,154	-12	+0.1	–	–	–	–
Integrated rail system	**18,511**	**22,220**	**-3,709**	**-16.7**	**18,313**	**22,008**	**-3,695**	**-16.8**
DB Arriva	3,990	5,410	-1,420	-26.2	3,988	5,405	-1,417	-26.2
DB Schenker	17,671	17,091	+580	+3.4	17,601	17,018	+583	+3.4
Consolidation other	-270	-290	+20	-6.9	–	–	–	–
DB Group	**39,902**	**44,431**	**-4,529**	**-10.2**	**39,902**	**44,431**	**-4,529**	**-10.2**

Operating profit figures (€ million)	EBITDA adjusted 2020	EBITDA adjusted 2019	Change absolute	Change %	EBIT adjusted 2020	EBIT adjusted 2019	Change absolute	Change %
DB Long-Distance	-1,337	789	-2,126	–	-1,681	485	-2,166	–
DB Regional	184	1,056	-872	-82.6	-451	408	-859	–
DB Cargo	-321	13	-334	–	-728	-308	-420	+136
DB Netze Track	1,086	1,443	-357	-24.7	409	807	-398	-49.3
DB Netze Stations	171	349	-178	-51.0	24	210	-186	-88.6
DB Netze Energy	91	128	-37	-28.9	5	43	-38	-88.4
Other/consolidation integrated rail system	-220	-162	-58	+35.8	-753	-622	-131	+21.1
Integrated rail system	**-346**	**3,616**	**-3,962**	**–**	**-3,175**	**1,023**	**-4,198**	**–**
DB Arriva	51	752	-701	-93.2	-431	289	-720	–
DB Schenker	1,307	1,082	+225	+20.8	711	538	+173	+32.2
Consolidation other	-10	-14	+4	-28.6	-8	-13	+5	-38.5
DB Group	**1,002**	**5,436**	**-4,434**	**-81.6**	**-2,903**	**1,837**	**-4,740**	**–**
Margin (%)	2.5	12.2	–	–	-7.3	4.1	–	–

Capital expenditures (€ million)	Gross capital expenditures 2020	Gross capital expenditures 2019	Change absolute	Change %	Net capital expenditures 2020	Net capital expenditures 2019	Change absolute	Change %
DB Long-Distance	1,290	1,241	+49	+3.9	1,250	1,241	+9	+0.7
DB Regional	434	560	-126	-22.5	418	548	-130	-23.7
DB Cargo	452	570	-118	-20.7	438	523	-85	-16.3
DB Netze Track	8,480	7,441	+1,039	+14.0	1,363	1,055	+308	+29.2
DB Netze Stations	1,338	1,096	+242	+22.1	253	262	-9	-3.4
DB Netze Energy	273	193	+80	+41.5	51	61	-10	-16.4
Other/consolidation integrated rail system	861	612	+249	+40.7	861	611	+250	+40.9
Integrated rail system	**13,128**	**11,713**	**+1,415**	**+12.1**	**4,634**	**4,301**	**+333**	**+7.7**
DB Arriva	457	718	-261	-36.4	435	683	-248	-36.3
DB Schenker	817	662	+155	+23.4	817	662	+155	+23.4
Consolidation other	–	–	–	–	–	–	–	–
DB Group	**14,402**	**13,093**	**+1,309**	**+10.0**	**5,886**	**5,646**	**+240**	**+4.3**
thereof investment grants	8,516	7,447	+1,069	+14.4	–	–	–	–

BUSINESS UNITS IN THE INTEGRATED RAIL SYSTEM

Developments in the relevant markets

GERMAN PASSENGER TRANSPORT MARKET

Passenger transport market in Germany (% based on volume sold)	Growth rate		Market share	
	2020	2019	**2020**	2019
Motorized individual transport	- 12.0	+ 0.4	89.1	83.4
Rail passenger transport	- 43.3	+ 2.3	6.3	9.1
DB Group	- 44.6	+ 1.2	5.2	7.8
Non-Group railways	- 35.9	+ 8.6	1.1	1.4
Public road passenger transport	- 45.0	+ 0.0	4.4	6.6
DB Group	- 34.9	- 6.9	0.5	0.6
Air transport (domestic)	- 73.9	- 1.5	0.3	0.9
Overall market	**- 18.0**	**+ 0.5**	**-**	**-**

Figures for 2019 and 2020 are based on information and estimates available as of February 2021. The growth rates for the overall market per mode of transport have been rounded.

The Covid-19 pandemic had a serious impact on the recently growing German passenger transport market in 2020: contact and travel restrictions have led to a drastic reduction in demand. People tend to prefer individual transport at the expense of public transport. Providers therefore reduced their services or temporarily suspending them completely. However, the extent to which this happened differed across individual market segments:

- Motorized individual transport reduced at some points up to 40 % in large cities and up to 60 % on Federal highways. During the course of the year, however, it benefited from the preference for individual transport as a safeguard from infection, a strong trend toward taking vacations in Germany, and low fuel prices. In the summer of 2020, it temporarily returned to the previous year's level and significantly increased its market share.
- In the domestic German air transport there was already a significantly thinned-out offering at the beginning of 2020. With the Covid-19 pandemic, the volume sold fell by up to 99 %. The Lufthansa Group significantly reduced its flight program, while easyJet permanently discontinued domestic German flights. Market share contracted due to an extremely slow recovery in supply and demand.
- Rail passenger transport declined by up to 90 % on a selective basis due to the lack of demand for commuter, private and business travel. A basic offer was maintained throughout.
  - Regional rail passenger transport recorded noticeable losses due to a lack of private and commuter travel. There was significant development of the intra-Group and external railways, but this varied considerably from region to region.
  - Long-distance rail passenger transport started 2020 with substantial increases by reducing the VAT on long-distance tickets and extending services. Subsequently, the Covid-19 pandemic resulted in significant losses due to sharply declining private and business journeys. FlixTrain suspended its services for several months. The positive increase in demand in the summer was halted again by the travel restrictions during the second wave of Covid-19.

  Overall, the market share declined significantly.
- Public road passenger transport suffered a massive loss of private and commuter journeys.
  - In local transport, demand in many cities and municipalities fell temporarily by up to 90 %. The slump affected both intra-Group and external suppliers. Supported by the public transport authorities, however, a stable basic offer was ensured at all times.
  - Long-distance bus services came to a standstill for several months. FlixBus, BlaBlaBus and Pinkbus temporarily resumed a limited service, and Roadjet started as a new supplier with luxury buses.

  Overall, the market share declined substantially.

GERMAN FREIGHT TRANSPORT MARKET

Freight transport market in Germany (% based on volume sold)	Growth rate		Market share	
	2020	2019	**2020**	2019
Rail freight transport	- 6.1	- 0.6	18.2	18.5
DB Group	- 7.1	- 4.7	7.8	8.0
Non-Group railways	- 5.4	+ 2.7	10.4	10.5
Road freight transport	- 3.1	- 0.1	72.4	71.6
Inland waterways transport	- 9.5	+ 8.6	6.9	7.3
Long-distance pipelines	- 4.2	+ 2.4	2.5	2.5
Overall market	**- 4.2**	**+ 0.4**	**-**	**-**

Figures for 2019 and 2020 are based on information and estimates available as of February 2021.

After the recorded reduction in transport demand in the previous year due to the economic slowdown and decline in industrial production, this development continued at the beginning of 2020. Even before the Covid-19 measures were implemented in March 2020, there was a decline in performance across the different modes of transport. In the following months of April and May 2020, demand declines were recorded in the double-digit percentage range, with developments in the individual sectors clearly differing, for example, with a strong impact on the automotive/steel industry and a stable or positive development in the construction industry. In line with the importance of the sector for the individual modes of transport, the development of truck traffic in particular was more moderate, as it was not additionally burdened by particular effects due to the economic situation, such as structural changes in the context of the ongoing energy transition. It was not until late summer or fall 2020 that there were slight signs of recovery, although uncertainty remained until the end of the year. Overall, the market was characterized by the drop in demand for excess capacity and noticeable price competition, among other things due to attempts to compensate for canceled orders with new customer transactions.

- As in the previous year, truck transport benefited from the robust consumer sentiment and demand from the construction sector, which could not prevent the previous year's level being undershot, but led to an above-average development.
- The previous year's level could again not be reached for rail freight transport, which is mainly due to significant transport declines in the iron, coal and steel and automotive industries. Combined transport also declined.
- In inland waterway transport, the negative stimulus from the economy was additionally reinforced by temporary low-water restrictions.

Rail freight transport

In 2020, the Federal Statistical Office retroactively updated the results of the official statistics on rail freight transport up to 2016 as part of a comprehensive review. The audit was due to deviations in reports by individual companies from the methodological specifications of the official statistics, which were not known at the time of the initial publication. This results in deviations from our previous reporting.

Following the slight declines in the two previous years, the development of rail freight transport has deteriorated massively in 2020. The causes can be attributed to the further worsening of the industrial recession due to the Covid-19 measures, the resulting uncertainty, as well as structural changes in the context of the ongoing energy transition. According to our calculations, the sometimes massive losses in the coal/coke, iron ore, steel and scrap sectors alone – all crucial for rail – accounted for more than half of the total decline. There were also high losses in the area of automotive transport. Combined transport also made no contribution to growth, according to the information available to date. Positive developments, such as building materials handling and the assumption of additional supply transports during the shutdown, were able to mitigate the negative effects, but fell far short of compensating for them entirely.

After the non-Group's railways still were able to increase volume sold in 2019, contrary to previous assumptions, our calculations showed that the level of the previous year could no longer be reached in 2020. The again above-average development is due, among other things, to a different freight structure. For example, the impact of the significantly reduced coal and steel traffic on the results of the non-Group railways is only half as great. According to the data published so far, there was also a sharp decline in automotive transport.

Road freight transport

After the development of road freight transport had already significantly lost momentum in 2019, a significant decline was seen in 2020. However, this was relatively less severe, which is due not least to the differing freight structure. The increased transport share from groceries/consumer goods and construction industries had a positive effect, as did parcel shipments, in particular relating to e-commerce. The market share was able to be expanded again. The lower price of diesel did, however, dampen the pressure on costs, which was offset by increased costs due to increased organizational expenditure, and the issue of driver shortages and/or availability continued during the crisis.

The effects of the Covid-19 pandemic and the associated border restrictions are also responsible for the absence of the historically consistently above-average development of the trucks registered abroad. This is also reflected in the results of the Federal Office for Freight Transport's toll statistics. With regard to the countries of origin, the previous year's level could only be exceeded in individual cases. The largest decreases were recorded in truck transport, which had been shown to be a growth driver in recent years, with the Central and Eastern European region, in particular the Czech Republic, Romania and Slovakia.

Inland waterways

Although in the previous year inland waterway transport recorded a strong performance increase, transport performance declined by an above-average rate in 2020. The market share could therefore not be maintained, and again approached the historical low of 6.8% from 2018.

In addition to the interrupted demand driven by the economic situation/pandemic, the development was also burdened by low-water restrictions. These ranged from a reduction in the intake of possible cargo volumes to temporary reductions in freight shipping, for example on the Elbe toward the Czech Republic.

According to the data published so far, broken down by type of goods, the most significant decreases were observed in the areas of coal/coke, chemicals, building materials, iron ore/steel and mixed cargo/containers.

EUROPEAN RAIL FREIGHT TRANSPORT MARKET

Volume sold in European rail freight transport (EU 27, Switzerland, Norway and the United Kingdom) also fell significantly in 2020. The already negative economic environment was also severely impacted by the effects of the Covid-19 pandemic.

The steel, iron ore, automotive and combined transport sectors were particularly affected. Due to China's important role in international trade, the effects of the Covid-19 pandemic were seen very early on in container transport, meaning that the hinterland traffic of the North Sea ports of Antwerp, Rotterdam and Hamburg also lost its stabilizing effect.

	Growth rate	
International freight transport and logistics markets (%)	**2020**	2019
European rail freight transport (based on tkm)	–7.6	–2.6

Figures for 2019 and 2020 are based on information and estimates available as of February 2021.

All the top railways in Europe suffered a significant drop in volume sold. This also affected DB Cargo, although developments in the respective countries were very different. The main negative effects were strong declines in demand in Germany, the United Kingdom, France and Poland.

DB Long-Distance business unit

BUSINESS MODEL

DB Long-Distance offers customers comfortable and environmentally friendly travel within Germany and into neighboring countries. Regularly scheduled daily services with the ICE/Intercity/EC fleet form the backbone of long-distance transport. Offerings are being expanded by island services to Sylt and Wangerooge. The long-distance bus service (IC Bus) was discontinued at the end of 2020. With the extensive expansion of European rail transport in recent years, attractive and fast train connections are now available on the corresponding routes.

The most important target figures are: passenger growth, operating profit (EBIT), employee satisfaction, punctuality and customer satisfaction. The management is carried out in particular on the basis of the performance indicators volume sold, volume produced and train seat utilization ratio. The cost side largely correlates with the planned volume produced, which is derived from the services offered. A portion of the costs, among other things, for train-paths, station stops and energy, depend on the actual volume produced. Resource assignments of personnel and facilities are aligned with the annual schedule in order to optimize costs per unit per train kilometer traveled. The key drivers are personnel, maintenance and infrastructure expenses, meaning the business is very fixed-cost intensive. Only a small portion of expenses vary with train capacity utilization.

The most important sources of income for long-distance transport operated on a purely commercial basis are revenues from the sale of tickets and BahnCards.

Our employees, a modern vehicle fleet and a high-quality infrastructure are decisive for success. This is why intra-Group infrastructure companies and service providers as well as the vehicle industry are important partners. Furthermore, cooperation with partner railways is very important for cross-border connections.

MARKETS AND STRATEGY

GRI 102-6

According to forecasts, the long-distance transport market will continue its current growth rate after the Covid-19 pandemic has passed. The strong increase in the number of passengers in the summer months of 2020 has shown that there is still a high potential demand. Despite the intense competition, DB Long-Distance intends to use attractive services to further expand the market share of rail. The proportion of the population living in urban metropolitan areas is expected to increase from 62 to 70 million in Germany by 2050, making

GRI
102-6
102-7

DB Long-Distance

PRODUCTS

ICE (Intercity Express)

- ICE trains are our high-speed trains, connecting major cities and conurbations. Since 2017, the fourth generation of these trains has been in use on the rails. DB Long-Distance offers national and cross-border transport in Europe with the ICE fleet.

Intercity

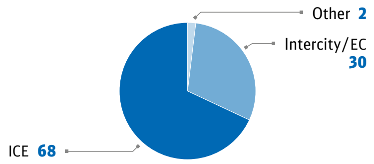
- The trains in the Intercity fleet are mainly used on routes within Germany. They connect cities and conurbations with regional locations. Since 2015, the Intercity fleet has been supplemented by new double-deck Intercity 2 trains.

EC (Eurocity)

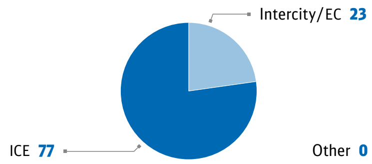
- The EC trains enable fast, cross-country travel. In cooperation with other railways, we offer numerous connections between major European cities.

STRUCTURE

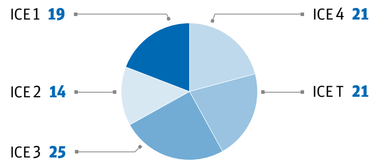
Passengers (rail) (%)



Volume sold (rail) (%)



ICE fleet (trains) (%)



Business model

INPUTS

Employees

- About 18,800

Vehicles

- 315 ICE
- 225 locomotives
- 1,307 passenger cars

Networks and infrastructure

- 12 works depots

Electricity and fuel

- 2.2 billion kWh of traction current
- 10 million liters of diesel fuel

Additional production factors

- 142 million train-path km
- 2.7 million station stops

BUSINESS ACTIVITIES

Customer segments

- Private customers
- Business customers

Value proposition

- DB Long-Distance offers easy, relaxed, reliable and environmentally friendly travel.

Customer access and retention

- Travel centers, agencies, ticket machines, online, call center, onboard sales
- BahnCard, BahnComfort and BahnBonus programs, apps

Key activities

- Train services (IC Bus discontinued/replaced in December 2020)
- Customer care
- Providing and maintaining vehicles
- Planning networks and services

OUTPUTS [1]

Passengers

- 81 million (rail)

Volume sold

- 24 billion pkm (rail)

OUTCOMES [2]

EBIT

- € –1,681 million

Customer satisfaction

- SI of 80.2

Punctuality

- 81.8 %

Employee satisfaction

- SI of 3.9

Final energy consumption

- +18.9 % compared to 2006 (specific)

[1] Key products and services.
[2] Internal and external consequences and results from business activities and outputs along the entire value-added chain.

fast and direct connections between major cities ever more important. At the same time, the connection of people in rural regions to long-distance transport must be ensured.

As an integral component of the *Strong Rail strategy* 68 ff. DB Long-Distance makes an important social contribution. In 2020, despite the Covid-19 restrictions, we continued our activities consistently. By revising our top-project portfolio in line with the three strategic areas of the Strong Rail strategy, we have further sharpened our focus on our strategic objectives. DB Long-Distance's core identity – "Our drive: Connecting people, overcoming distances," "Our mission: Best possible journey – together with passion and excellence" and "Our promise: Arriving by the time of boarding" – continues to be of central importance.

The central objective is to double the number of passengers to 260 million per year compared to 2015. This requires the expansion and stabilization of production on the one hand and the further development of an attractive travel offer on the other. Through this, DB Long-Distance contributes significantly to the desired *shift in the mode of transport towards rail* 76 f. and to tackling climate change.

In order to achieve the objectives, the strategy of DB Long-Distance transport includes the three strategic areas of the Strong Rail strategy:

- *More robust:* In order to meet the growing demand, DB Long-Distance is expanding the *vehicle fleet and maintenance capacity of its depots* 74 ff. By 2025, we plan to create an additional 2,000 full-time jobs compared to 2019. In order to make this massive expansion possible, as well as to compensate for *fluctuations* 265 and age-related departures, *recruitment* 90, qualification and retention of employees have a prominent role to play. Recruitment activities focus particularly on the rapid and qualified occupation of positions critical to operations and services, such as multiple unit drivers and train attendants. In addition, we are continuously working to improve our employee satisfaction.
- *More powerful:* Our objective is to provide all long-distance trains with the highest quality and at competitive costs through improved processes. In order to increase *vehicle availability* 118 and quality, production will be further digitized and optimized. Innovative technologies such as 3D printing and *AI* 80 provide the basis for fast and reliable processes.
- *More modern:* DB Long-Distance aims to build a flexible, reliable and high-frequency long-distance transport network in line with Germany in sync. By strengthening the metropolitan network and increasing the number of connections between the regions, the target is to enable 80 % of the population in Germany to have direct access to long-distance transport. We are creating attractive and competitive offers not only through expansion of the lines and increasing frequency, but also through shorter travel times. For example, since December 2020, passengers on the Hamburg—Berlin line have had a schedule with trains at half-hourly intervals for the first time. Our digital customer channels support our passengers during their journey. At the same time, we are facilitating access to our system via the digital platform, offering modern and up-to-date journey support and establishing a personal service component through the hosting concept, making us sustainable and competitive.

DEVELOPMENT OF OUR FLEET

Vehicle projects continued

- In 2020, the modernization of the ICE 1 fleet began with a prototype train and the first three preproduction trains. Among other modifications, the trains are to be fitted with new seat covers, carpets, a modern passenger information system and improved drive technology.
- *The redesign of the ICE 3* green *no. 87* was continued. The aim is to make the vehicles fit for use by 2030. This process includes technical stabilization to increase availability and modernization work in the comfort sector, such as the replacement of seats and carpets. The project completion is scheduled for the end of 2023.
- The first seven-car ICE 4s have been in service since the schedule change on December 13, 2020. The trains offer 444 seats – 17 % more than the previously used ICE 2.

New vehicle purchases

- We are investing € 1 billion in 30 ICE 3neos. The train is technically based on the platform of the ICE 3. It has 440 seats and reaches a maximum speed of 320 km / h. The first vehicles are scheduled to be deployed from the end of 2022, thus increasing seating capacity by 13,000 seats.
- After the launch of the first fleet of Stadler Intercity 2 trains (KISS type) with nine four-car trains in March 2020, and the conclusion of the prototype contract for the upgrade to ETCS Baseline 3 in April 2020, the conversion contract for both fleets was also concluded in October 2020. The second fleet with eight six-car trains is expected to be taken over in September 2021. The conversions mainly relate to digital services and product adaptations, supplemented by double traction approvals in Germany and standard equipment with the ETCS standard. These modifications will ultimately make all 17 Intercity 2 trains a high-quality component of the Intercity fleet.

- The first order of the ECx, consisting of 23 train sets, is in construction. The first trains will be in operation from December 2023. The trains are procured from a framework contract with the Spanish manufacturer Talgo for the supply of up to 100 multisystem locomotives and passenger cars.
- In 2020, the first ten of the 25 Intercity 2 trains from the third order were delivered by Bombardier. The trains are equipped with new software that improves their technical stability during operation. All 17 trains from the second order of Intercity 2 will be successively retrofitted with the new software.
- In February 2021, the first 13-car ICE 4 multiple unit will be delivered. This XXL version of the ICE 4, which has been in service for several years, will add a total of 45,900 seats to the ICE 4 fleet, which has so far offered about 50,000 seats. The 13-car ICE 4 are pre-allocated for use on high-demand routes. Technologically, it differs from the current 12-car vehicle in that it has an additional second-class car that allows the multiple unit to accelerate even faster overall.

Vehicle availability improved

In 2020, our vehicle fleet increased by 26 ICE 4 trains and 19 Intercity 2 trains (including KISS trains). After the purchase of the ICE 4 and the ECx, we will continue to rejuvenate the fleet with the purchase of the *ICE 3neo* *117*.

In 2020, we achieved improvements in technical vehicle faults and malfunctions in the passenger sector. After the re-expansion of the service at the end of May 2020, the technical vehicle malfunctions and malfunctions in the passenger sector (for example WiFi, reservations) remained at a low level.

The good performance of the fleet was also demonstrated during the summer months of 2020. All the new series clearly proved their worth. Significant improvements were also achieved in the older series.

The ICE 1 service in Switzerland ended with the schedule change in mid-June 2020. These services are now fully covered by the ICE 4. By the end of 2021, the Swiss-capable ICE 1 sub-fleet will be fully aligned with the rest of the ICE 1 fleet and, among other modifications, will be converted to the new ETCS standard baseline 3.4.0.

DIGITALIZATION AND INNOVATION

- During the Covid-19 crisis, we set up an online cancellation tool on bahn.de at short notice. This gave our passengers the opportunity to quickly and easily exchange their ticket for a voucher if affected by a special event caused by the Covid-19 pandemic. About five million customers were offered the goodwill payments and flexible use.
- The best price search is a new feature on bahn.de and in the DB Navigator app, which is integrated directly into the travel information. It clearly shows all the bookable prices for the selected connection and highlights the lowest available price separately.
- If a replacement train is used instead of the originally booked ICE train and it is a different ICE series, the seats are now automatically rebooked to the replacement train.

ENVIRONMENTAL MEASURES

- Since February 2020, ***mineral water bottles*** green ***no. 157*** from the start-up “share” can be purchased from the onboard bistro. Each bottle sold helps fund a day’s water for a person in need. A permanent water supply for at least 5,000 people is to be provided through the purchase of 2.3 million bottles per year. The bottles contain a high proportion of recycled material, saving 38 tons of plastic per year.
- The *ICE 1 service life extension project* *117* is the first time a DB high-speed train is being prepared for further years beyond the originally planned operating time. This contributes to a responsible use of resources.

CHANGES IN THE GROUP PORTFOLIO

- In February 2020, we sold Ameropa Reisen GmbH (Ameropa) to Liberta Partners. The cooperation with Ameropa will continue after the sale.

DEVELOPMENT IN THE YEAR UNDER REVIEW

- *The increase in volume sold and the number of passengers at the beginning of 2020 was significant.*
- *Consistently positive punctuality performance.*
- *Very good development of customer satisfaction.*
- *Financial development influenced by the effects of the Covid-19 pandemic.*

Punctuality was noticeably improved. Capacity reductions due to Covid-19, the successful construction site and slow-moving site management, as well as improved vehicle availability and quality, had a positive effect. In addition, the delays caused by weather (storms, heat, for example) decreased.

Customer satisfaction increased significantly and reached the highest level since the start of customer satisfaction surveys at DB Long-Distance. The reasons for this were the maintenance of the service during the Covid-19 pandemic, the low capacity utilization, the high level of satisfaction with the onboard personnel and significantly improved punctuality. To assess customer satisfaction, in 2020 about 20,000 customers were asked in six waves about their satisfaction with their latest journey.

The number of BahnCard discont card at the end of the year under review fell due to Covid-19, but less steeply than the general ticket sales. This affected all BahnCard products.

The performance development in rail transport also declined sharply due to the Covid-19 pandemic:

- The number of passengers and the volume sold developed positively at the beginning of 2020 as a result of the *reduction in VAT* *63* and the expanded offer of services. From March 2020, however, this development was overshadowed by the effects of the Covid-19 pandemic. Interim recovery trends due, among other things, to the increasing travel activity in the summer months, especially in private travel, were interrupted again by the events of the pandemic from autumn 2020 onward.
- At the beginning of 2020, volume produced developed equally positively, in particular due to the expansion of available services on the Berlin—Munich line and the commissioning of KISS trains. The negative impact of the Covid-19 pandemic and the corresponding temporary reduction in services to a stable basic schedule resulted in a reduction in volume produced. However, this decline was considerably lower in relation to volume sold.
- Load factor reduced significantly as a result of the decline in volume sold and passenger numbers.

For bus transport, the effects of the Covid-19 pandemic also led to a reduction in volume sold and passenger numbers. At the end of the year under review, the activities were discontinued.

As a result of the sharp decline in income, the operating profit figures deteriorated significantly:

- At the beginning of 2020, revenues continued to develop positively due to performance. Due to the decline in demand due to Covid-19, however, revenues fell significantly in the course of the year. The sale of *Ameropa* *118* resulted in an additional negative effect.
- In addition, other operating income fell (–5.0%/€ –11 million) due to Covid-19 as a result of lower income from vehicle sales and international transport.

Overall, expenses increased only slightly. Additional burdens, mainly from increased personnel expenses and higher depreciation, were largely compensated by savings in cost of materials as a result of the pandemic-related decline in volume produced:

- The decrease in cost of materials (–2.1%/€ –58 million) was mainly driven by Covid-19-related cost savings in energy, commissions, the use of goods in onboard catering and international transports. In addition, the sale of Ameropa reduced expenses. Conversely, the maintenance expenses increased as a result of additional measures during the period of restricted schedule. Infrastructure expenses for train paths and stations were at the same

			Change		
DB Long-Distance	**2020**	2019	absolute	%	2018
Punctuality (rail) (%)	81.8	75.9	–	–	74.9
Customer satisfaction (SI)	80.2	76.5	–	–	77.1
BahnCards (thousand)	4,833	5,292	- 459	- 8.7	5,254
Passengers (rail) (million)	81.3	150.7	- 69.4	- 46.1	147.9
Passengers (long-distance bus) (million)	0.2	0.7	- 0.5	- 71.4	0.7
Volume sold (rail) (million pkm)	23,542	44,151	- 20,609	- 46.7	42,827
Volume sold (long-distance bus) (million pkm)	48.3	173.2	- 124.9	- 72.1	194.6
Volume produced (million train-path km)	141.7	145.7	- 4.0	- 2.7	143.4
Load factor (%)	30.7	56.1	–	–	56.1
Total revenues (€ million)	2,879	4,985	- 2,106	- 42.2	4,682
External revenues (€ million)	2,753	4,824	- 2,071	- 42.9	4,528
EBITDA adjusted (€ million)	- 1,337	789	- 2,126	–	675
EBIT adjusted (€ million)	- 1,681	485	- 2,166	–	417
Gross capital expenditures (€ million)	1,290	1,241	+ 49	+ 3.9	1,081
Employees as of Dec 31 (FTE)	18,794	17,289	+ 1,505	+ 8.7	16,548
Employee satisfaction (SI)	3.9	–	–	–	3.5
Share of women as of Dec 31 (%)	27.3	27.2	–	–	27.2
Specific final energy consumption compared to 2006 (based on pkm) (%)	+ 18.9	- 31.5	–	–	- 29.3

level as in the previous year – the price-related increases were almost completely compensated for by the volume-related savings due to the lower volume produced.
- The higher personnel expenses (+6.2%/€ +65 million) were primarily due to wage increases and the increased number of employees.
- Other operating expenses remained nearly unchanged (+0.8%/€ +5 million). Higher expenses for IT services (including software development for IT projects, equipping employees with mobile terminals) were largely offset by lower expenses for marketing, international vehicle hire, as well as savings on traveling expenses and in-person training due to the Covid-19 pandemic.
- The significant increase in depreciation (+13.2%/€ +40 million) is due primarily to newly procured ICE 4 and Intercity 2 trains (including KISS trains) and the capitalization of the ICE 3 redesign program.

Capital expenditures remained at a very high level and resulted from continued vehicle procurement (in particular ICE 4 and Intercity 2 trains) and the further *expansion of depot capacity* *75.*

The number of employees increased as of December 31, 2020, due to the continued implementation of the Strong Rail strategy. The sale of Ameropa had slightly offset this effect.

The employee satisfaction index rose significantly. In addition to the individual measures, this positive development is mainly due to the high level of identification with DB Group and the Strong Rail growth strategy, as well as the management of the Covid-19 crisis, which was perceived to be successful. The *compass index* *89* was first recorded in 2020 and was 55%. This means that the majority of employees agree with the compass principles and that there is strong teamwork at DB Long-Distance. The compass principle “You can do it” performed particularly well by this measure.

The share of women increased slightly compared to the previous year.

In the year under review, the specific final energy consumption on the rail increased due to the Covid-19 pandemic, as the number of passengers declined sharply while the volume produced remained almost constant. Nevertheless, the energy efficiency of train journeys was improved with the increased use of ICE 4 and locomotives from the 146 and 147 series, as well as with the introduction of the new, energy-efficient 110 series (Stadler-KISS trains). At the same time, a driving assistance system was used throughout Germany in the year under review. Based on schedule data, actual and prognosis data, the drivers receive driving recommendations that take into account the current operating situation. This helps reduce energy consumption, for example, by recommending lower speed, coasting or avoiding unnecessary stops, including at signals.

DB Regional business unit

BUSINESS MODEL

The core service of DB Regional is to bring millions of passengers in regional transport to their destination every day in a punctual, safe, comfortable and environmentally friendly manner, and in doing so, to meet the requirements of the respective transport contract.

Our services cover both regional rail passenger transport with regional express, regional railway and S-Bahn (metro) lines as well as regional and urban bus transport services. We therefore offer passengers comprehensive mobility services in major cities and metropolitan areas, but also especially in rural areas. Our regional organizational structure guarantees local transport services oriented toward the requirements of our local customers.

As a rule, DB Regional provides its regional rail passenger transport services within the framework of the Regionalization Act as a public service task and on behalf of the competent public transport authorities. The public transport authorities are either the Federal states or a state-owned company, or municipal special-purpose associations. The public transport authorities conclude long-term transport contracts and route concessions with transport companies, mainly within the framework of competitively awarded tenders. These contracts determine the volume produced and contain detailed specifications on quality and fare pricing. With integrated transport concepts, high-quality mobility services and targeted capital expenditures on the vehicle fleet and digitalization, we aim to defend our leading market position and strengthen our role as a quality and innovation leader in the field of regional rail passenger transport.

Volume sold and volume produced are important key performance figures. Transport contracts typically refer to the volume produced. Concession fees, in addition to revenues from ticket sales, are the most important source of income. However, contracts where fare proceeds remain directly with the contracting organization, while the transport company is fully compensated by the public transport authority for the entire range of services (gross contracts), are also of increasing importance.

Predefined terms in transport contracts and route concessions, combined with the extensive production system, result in a cost structure with high fixed costs. The major drivers are personnel, maintenance, energy and infrastructure expenses. Only a small portion of expenses vary with train capacity utilization.

GRI
102-6
102-7

DB Regional

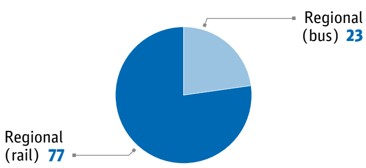
LINES OF BUSINESS

Regional (rail)
- Bundles the activities in the regional rail passenger railway transport sector in Germany and includes Regional Express, regional and S-Bahn (metro) lines. This line of business is divided into seven regions (North, North-East, Central, South-East, Baden-Württemberg, Bavaria and North Rhine-Westphalia), the five directly managed S-Bahn (metro) lines Berlin, Hamburg, Munich, Rhine-Main and Stuttgart, the six regional networks and the regional transport services Start Germany.

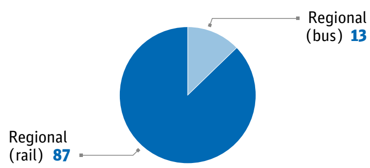
Regional (bus)
- Bundles the activities in regional and city bus transport in Germany. The more than 30 bus companies are divided into six regions (North, East, Central, Baden-Württemberg, Bavaria and North Rhine-Westphalia).

STRUCTURE

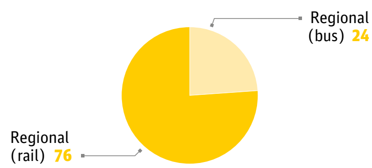
Passengers (%)



Revenues (%)



Employees (%)



Business model

INPUTS

Employees
- About 37,200

Vehicles
- 614 locomotives
- 4,034 multiple units
- 11,547 rail cars
- 2,122 passenger cars
- 9,985 buses (including external)

Networks and infrastructure
- 54 workshops (rail)
- 66 workshops (bus)
- 208 depots

Electricity and fuel
- 2.9 billion kWh traction current
- 314 million liters diesel fuel (bus, including external and rail)
- 0.5 million kg natural gas (bus)

Additional production factors
- 108 million station stops

BUSINESS ACTIVITIES

Customer segments
- Private customers
- Business customers
- Contracting organizations

Value proposition
- DB Regional offers customer-focused, punctual, reliable and environmentally friendly mobility services.

Customer access and retention
- Local sales outlets, travel centers, agencies, tickets machines, online, call center, onboard sales
- Subscriptions, apps

Key activities
- Providing train and bus services
- Looking after customers
- Providing and maintaining vehicles
- Creating competitive offers

OUTPUTS [1]

Passengers
- 1.6 billion (rail and bus)

Volume sold
- 23.9 billion pkm (rail)
- 4.2 billion pkm (bus)

Volume produced
- 0.4 billion train-path km (rail)
- 0.5 billion bus km (bus)

OUTCOMES [2]

EBIT
- € −451 million

Customer satisfaction
- SI of 69 (rail)
- SI of 71 (bus)

Punctuality
- 95.6% (rail)
- 83.4% (bus)

Hit rate
- 86% (rail)

Employee satisfaction
- SI of 3.8

Final energy consumption
- +13.2% (rail)
- −1.4% (bus) compared to 2006 (specific)

[1] Key products and services.
[2] Internal and external consequences and results from business activities and outputs along the entire value-added chain.

In the rail sector, integrated bids covering vehicle procurement, financing, fleet management, operation and maintenance were generally required by the public transport authorities in the past. Nowadays, individual, fragmented tender models are becoming more common. In such models, partial services or even only the basic operation are put out to tender. Other partial services remain the responsibility of the public transport authorities in these models (financing, for example) or the responsibility of the vehicle suppliers (maintenance, for example). On the basis of its performance capability at all stages of the value-added chain, DB Regional is in a position to tailor partial services as required and also to operate successfully on the market as a subcontractor for competitors.

In the national bus market, competition in the regional bus market continues to increase, both as a result of tenders and of licensing auctions. In urban transport, bus services are often awarded to local municipal companies in in-house awards.

GRI 102-6

MARKETS AND STRATEGY

In 2020, regional rail passenger transport and public transport suffered significantly from the pandemic-related restrictions on public life and the associated change in the demand for mobility among commuters and leisure passengers. In the medium term, however, we assume that the trends for further transport growth in local transport are intact. These include the continued attractiveness of modern metropolitan areas, the influx of families in particular into suburban areas, combined with a professional commute to the metropolitan areas, and the continued high importance of environmental and climate protection, as well as increasing acceptance of sharing services. Increasing regionalization funds will create stability in the coming years. We also expect further positive stimuli for German local transport from the *climate package* → 62 f. DB Regional intends to continue to benefit from this positive market environment as the largest provider.

DB Regional is oriented towards the Strong Rail strategy and interprets it for local transport under the slogan "Regional and urban mobility." We understand local transport in terms of all modes of transport and, in cooperation with intra-Group partners such as ioki, CleverShuttle or Mobimeo, we are bringing together regional rail passenger transport, bus, sharing and pooling offers and, in future, our platform solutions as well.

In order to achieve the objectives, the strategy of DB Regional consists of the three strategic areas of the Strong Rail strategy:

- ***More robust:*** Thanks to *modern vehicles* → 123 and the increasing use of digitalization and automation opportunities in operation and maintenance, DB Regional contributes to a sustained improvement in quality and an appreciation in the value of regional rail passenger transport. In addition to these aspects, more capacity is also required. To this end, DB Regional, in consultation with the public transport authorities, intends to gradually increase the fleet strength and systematically invest in the redesign of existing vehicles and in a sustainable improvement in quality. Sufficient and qualified personnel are also of great importance for a robust operation.
- ***More powerful:*** DB Regional is strengthening its functional operation, maintenance and vehicles with the aim of further improving quality and achieving economies of scale through standardization and transparency. This increases competitiveness and DB Regional is preparing for the possible increase in fragmented awarded tenders. At the same time, the DB Excellence System will continue to be implemented in operations and maintenance. Driving assistance systems are increasingly being used, platforms and IT systems are being developed to allow customer assistants to be digitally networked, and new planning and scheduling systems incorporating AI are being rolled out. Operations and maintenance were linked by automating data on the technical vehicle condition and transmitting it to maintenance during the journey. The fleet is equipped with sensors and transmission facilities.
- ***More modern:*** Together with intra-Group partners, DB Regional is expanding cross-mobility solutions and making it possible to connect regional rail passenger transport and local public transport to facilitate intelligent expansion. DB Regional intends to defend its position as the leading provider of urban and regional mobility in Germany in future and to further strengthen it with innovations and a greater customer focus.

DEVELOPMENT OF THE ORDER BOOK

Awarded transport contracts

German regional rail passenger transport market (million train-path km)	2020 p. a.	2020 total	2019 p. a.	2019 total
Tender procedures (number)	13	–	20	–
thereof to DB Regional	10	–	11	–
Awarded tender volume [1]	35.3	310.0	71.5	714.2
thereof DB services (%)	67	–	43	–
thereof to DB Regional	30.3	260.9	41.0	394.4
Hit rate (%)	86	–	57	–
SIGNIFICANT CONTRACTS WON				
Franconia – South Thuringia	5.7	68.4	–	–
Danube – Isar	5.3	61.2	–	–
S-Bahn (metro) Rhine-Ruhr, (S1/S4)	4.9	49.0	–	–
Diesel Network Central Lower Saxony	4.5	35.8	–	–

[1] Since January 1, 2020, only procedures for which a new contract has been concluded have been included in the calculation of the award figures. The previous year's figures were adjusted accordingly.

German public road passenger transport market (million commercial vehicle km)	2020		2019	
	p. a.	total	p. a.	total
Tender procedures (number)	164	–	192	–
thereof including participation by DB Regional	105	–	117	–
Awarded tender volume	102	732	135	1,176
thereof DB services (%)	42	–	29	–
thereof including participation by DB Regional	74	518	86	762
Hit rate (%)	40	–	19	–

In Germany, the awarded tender volume in rail and bus transport declined in 2020 due to the Covid-19 situation. DB Regional improved its hit rate in both markets.

New comissionings and cessations

New comissionings (rail) 2019 – 2020[1]	Term	Million train-path km p. a.	thereof versus 2019[2]
Network 9a Breisgau East-West	12/2019 – 06/2032	0.8	+0.8
D-Network Allgäu IR 25 South (Lot 2)	12/2020 – 12/2021	1.7	+0.1
Network 4 Rhine Valley (Lot 2)	06/2020 – 12/2032	0.1	+0.0
Total		**2.6**	**+0.9**

[1] Services respectively parts of the network were previously provided by non-Group TOCs.
[2] Effect of the change on the year-on-year comparison. The linear calculation is carried out on a weekly basis by commissioning in the middle of the month.

Cessations (rail) 2019 – 2020[1]	Term	Million train-path km p. a.	thereof versus 2019[2]
S-Bahn (metro) Rhine-Ruhr (Lot 2)	12/2019 – 12/2034	6.4	-6.1
Stuttgart network (various lots)	06/2019 – 12/2032	12.7	-5.8
RRX (Rhine-Ruhr-Express) lines Lot 2 (RE 6)	12/2019 – 12/2033	3.7	-3.5
E-network Saar RB (Lot 2)	12/2019 – 12/2034	2.3	-2.2
Network 3a Murrbahn	12/2019 – 12/2032	1.3	-1.2
RRX (Rhine-Ruhr-Express) lines Lot 2 (RE 5)	06/2019 – 12/2033	2.4	-1.1
Network 12 Ulmer Stern	06/2019 – 12/2032	1.4	-0.6
RRX (Rhine-Ruhr-Express) lines Lot 1 (RE 1)	06/2020 – 12/2033	3.6	-2.0
Stuttgart Network Lot Neckartal	06/2020 – 12/2032	2.1	-1.1
RRX (Rhine-Ruhr-Express) lines Lot 3 (RE 4)	12/2020 – 12/2033	2.4	-0.1
Total		**28.3**	**-23.7**

[1] Services respectively parts of the network were previously provided by DB Regional.
[2] Effect of the change on the year-on-year comparison. The linear calculation is carried out on a weekly basis by changing the operator in the middle of the month.

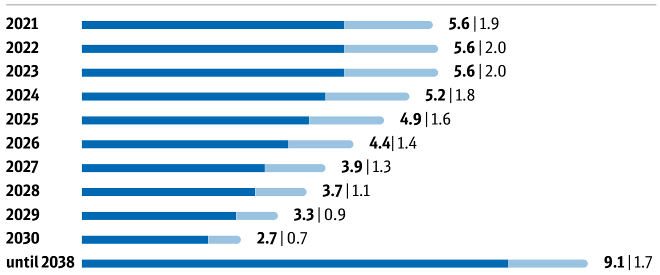
Order book

Order book as of Dec 31 (€ billion)	2020	2019	Change absolute	Change %
DB Regional	70.3	72.6	-2.3	-3.2
secured	53.9	56.0	-2.1	-3.8
unsecured	16.4	16.6	-0.2	-1.2

Revenues that are directly connected with transport contracts or concessions are either independent of (secured revenues, primarily concession fees) or dependent on (unsecured revenues, primarily revenues from fares) the number of passengers.

In 2020, DB Regional's order book fell. The additions from transport contracts of about € 6.3 billion are in contrast to losses – mainly as a result of services rendered – of about € 8.4 billion. In addition, changes in assumptions of about € –0.2 billion have a negative impact.

Order book per year as of Dec 31, 2020 (€ billion)



DEVELOPMENT OF OUR FLEET

In 2020, we continued to pursue comprehensive measures to improve our vehicle fleet. This includes, among other things, the redesign of the interior and the installation of passenger information systems. A total of 265 vehicles were redesigned and modernized, mainly for the S-Bahnen (metros) in Hamburg, Munich and Berlin, as well as the diesel networks Nuremberg and Allgäu.

We are further focusing on the procurement of new vehicles for acquired transport contracts. In 2020, a total of 184 new vehicles were delivered (146 thereof are used within a rental model).

Overall vehicle availability was again improved in 2020. However, there were still delays and restrictions relating to the delivery of new trains.

DIGITALIZATION AND INNOVATION

- WiFi equipment is being implemented in many regions. The first modified train has been in operation on the Munich S-Bahn (metro) since October 2020. Hamburg S-Bahn (metro) is also working on WiFi expansion at its stations. Currently, over 90 % of Hamburg's S-Bahn (metro) stations are supplied with WiFi.
- The new 483 / 484 series on the Berlin S-Bahn (metro) offers passengers, among other things, new digital travel information. Screens on several windows show live information about the journey, such as connection options, as well as route progress and departure times.
- The Digital Customer Interface (Digitale Kundenschnittstelle; DKS) program provides our passengers with digital support for their journey. As a DKS product, the DB Route Agent (DB Streckenagent) is a contactless, digital service for passengers. Train information, alternative routes and delays are sent via push notification directly to a mobile terminal. In addition to the local and long-distance trains, real-time data on the bus, road and underground networks are now also included.

ENVIRONMENTAL MEASURES

- Since January 2020, regional trains in Baden-Württemberg have been operating on ***100% eco-power* green *no. 01*** on six routes. The consumption of about 125 GWh per year corresponds to about 40,000 two-person households.
- 830 diesel trains and locomotives were equipped with telematics systems. The ***RegioEnergy Saving System (RESY) software* green *no. 08*** has already been activated on about 350 vehicles, which supports train drivers in an efficient driving style. Thanks to RESY, it was possible to save about 2.8 million liters of diesel compared to the previous year.
- In 2020, 87 mild hybrid buses began operation. ***Braking energy recuperation* green *no. 19*** enables the vehicles to be used with reduced fuel and emissions. This means that, on average, they save 10% of fuel compared with conventional vehicles.

LEGAL TOPICS

State aid procedures and requests for information on transport contracts

The formal investigation by the EU Commission against the Federal Government for the alleged provision of illegal state aid as a result of the conclusion of a transport contract between DB Regional and the Federal states of Brandenburg and Berlin is ongoing. This also applies to the preliminary investigations concerning the transport contract for the Berlin S-Bahn (metro), the transport contract with the Rhine-Ruhr transport association (Verkehrsbund Rhein-Ruhr; VRR), as well as the Baden-Württemberg transport contract.

DEVELOPMENT IN THE YEAR UNDER REVIEW

- *The Covid-19 pandemic and performance losses resulted in negative revenue development.*
- *As a result, operating profit figures are worsening.*

Punctuality increased in the year under review. The Hamburg and Berlin S-Bahn (metro) made a major contribution to this development. In addition to punctuality measures, the drivers of this contribution were the lower utilization of the rail network and the declining number of passengers associated with the Covid-19 pandemic. Punctuality also improved for bus transport due to the Covid-19 pandemic. Reduced driving services during the shutdown in spring, especially of seasonal transport and special journeys, led to better resource availability. An unburdening of the transport infrastructure and the reduction in passenger transport had a supporting effect.

To assess customer satisfaction, about 25,000 customers (rail) and about 1,500 customers (bus) are asked about their satisfaction in two waves each year:

- Customer satisfaction in rail transport has increased significantly. In particular, satisfaction with the most recent journey increased, driven by improvements in almost all performance dimensions and reliability during the Covid-19 pandemic.

			Change		
DB Regional	**2020**	2019	absolute	%	2018
Punctuality (rail) (%)	95.6	94.3	–	–	94.0
Punctuality bus [1] (%)	83.4	81.6	–	–	–
Customer satisfaction (rail) (SI)	69.0	66.1	–	–	66.3
Customer satisfaction (bus) [2] (SI)	71	73	–	–	74
Passengers (million)	1,604	2,507	-903	-36.0	2,521
thereof rail	1,215	1,972	-757	-38.4	1,940
Volume sold (million pkm)	28,048	47,908	-19,860	-41.5	48,615
thereof rail	23,897	41,633	-17,736	-42.6	41,878
Volume produced (rail) (million train-path km)	424.8	452.5	-27.7	-6.1	460.1
Volume produced (bus) (million bus km)	456.7	479.8	-23.1	-4.8	518.6
Total revenues (€ million)	7,662	8,945	-1,283	-14.3	8,968
External revenues (€ million)	7,553	8,830	-1,277	-14.5	8,862
Rail concession fees (€ million)	5,292	5,627	-335	-6.0	5,472
EBITDA adjusted (€ million)	184	1,056	-872	-82.6	1,126
EBIT adjusted (€ million)	-451	408	-859	–	492
Gross capital expenditures (€ million)	434	560	-126	-22.5	539
Employees as of Dec 31 (FTE)	37,159	36,374	+785	+2.2	35,881
Employee satisfaction (SI)	3.8	–	–	–	3.5
Share of women as of Dec 31 (%)	16.9	16.8	–	–	16.2
Specific final energy consumption (rail) compared to 2006 (based on pkm) (%)	+13.2	-30.0	–	–	-29.4
Specific final energy consumption (bus) compared to 2006 (based on bus km) (%)	-1.4	+1.7	–	–	+6.0

[1] Change in method from 2020 onwards, with retroactive adjustments for the previous year.

[2] Change in method from 2020 onwards.

- Due to the application of a new survey methodology in 2020, the values are no longer comparable to those of previous years. In 2020, the satisfaction with the current journey and with the bus company especially was reassessed.

The performance development in rail and bus transport declined significantly due to service losses and the Covid-19 pandemic.

The economic development of DB Regional was very challenging in 2020 due to Covid-19. The significant reduction in passenger numbers did not fully impact revenue development as the revenue risk for gross contracts lies with the public transport authority, and Covid-19 support measures within the scope of the *industry solution for regional transport* → 62 also dampened the development. Nevertheless, there were significant declines in operating profit:

- Revenues declined significantly due to the effects of the Covid-19 pandemic and performance-related declines in rail and bus transport.
- The higher other operating income (+145%/€ +571 million) had a partially compensating effect, mainly as a result of the Covid-19 support.

On the expense side, there was an overall increase due to additional charges, mainly from the revaluation of the provisions for impending losses due to the Covid-19 pandemic, as well as higher personnel expenses:

- Other operating expenses (+33.4%/€ +231 million) increased significantly, mainly as a result of a revaluation of provisions for impending losses due to the effects of Covid-19.
- Personnel expenses (+2.1%/€ +45 million) rose as a result of collective bargaining agreements and the higher number of employees.

The decline in cost of materials and depreciation, on the other hand, had a dampening effect:

- Cost of materials (–2.7%/€ –151 million) decreased due to the performance development and due to lower expenses for the use of infrastructure and energy as a result of Covid-19. Price effects had the opposite effect of increasing expenses.
- Depreciation (–2.0%/€ –13 million) decreased due, among other things, to the end of the useful life of vehicles. Vehicle purchases resulted in an increase.

Capital expenditures fell as a result of the nonrecurrence of tender-related vehicle projects in the rail line of business. The increase in capital expenditures in the bus line of business, as a result of replacement capital expenditures and the purchase of vehicles due to tenders won, had the opposite effect.

The number of employees increased slightly in both lines of business as of December 31, 2020.

Employee satisfaction rose significantly and is on a good level. In 2020, due to the Covid-19 pandemic, there was an overall, primary focus on health protection. Taking into account the regulations of the Federal states, measures relating to occupational health and safety (including the distribution of protective articles and contactless ticket inspection in trains) have been taken on a permanent basis to ensure safe transport. At the same time, the measures to protect employees from attacks were expanded, and additional multiple unit drivers were recruited and qualified through functional training. The *compass index* → 89 was in the average range, at 52%. The compass index was first recorded in 2020 and shows how culture is experienced at DB Group, in the sense of the compass for a strong teamwork. The compass principle “You can do it” is the strongest principle with 63% approval at DB Regional.

The share of women rose slightly in the year under review.

In the year under review, travel behavior was strongly influenced by the Covid-19 pandemic. As the range of services has been maintained almost completely despite the reduced capacity utilization due to the pandemic, the specific final energy consumption on the rail has increased. Nevertheless, the further roll-out of the *RESY telematics system* → 124 has improved energy efficiency in diesel vehicles. This has reduced the energy consumption of the vehicles by up to 10%. In bus transport, the specific final energy consumption (in relation to bus kilometers) has reduced.

Rail line of business

- *Profit development declined, in particular as a result of the Covid-19 pandemic and performance losses.*
- *Personnel expenses increased due to collective bargaining agreements and increased employee numbers.*
- *Delays in vehicle deliveries require further replacement concepts.*

			Change	
Rail line of business	**2020**	2019	absolute	%
Passengers (million)	1,241	2,010	-769	-38.3
thereof rail	1,215	1,972	-757	-38.4
Volume sold (million pkm)	24,297	42,204	-17,907	-42.4
thereof rail	23,897	41,633	-17,736	-42.6
Volume produced (million train-path km)	424.8	452.5	-27.7	-6.1
Total revenues (€ million)	6,696	7,848	-1,152	-14.7
External revenues (€ million)	6,593	7,740	-1,147	-14.8
Rail concession fees (€ million)	5,293	5,626	-333	-5.9
EBITDA adjusted (€ million)	342	1,037	-695	-67.0
EBIT adjusted (€ million)	-226	454	-680	-
Gross capital expenditures (€ million)	329	496	-167	-33.7
Employees as of Dec 31 (FTE)	28,090	27,715	+375	+1.4

The performance development in the rail line of business was influenced by Covid-19 and *performance losses* 123. The number of passengers and the volume sold has thus declined significantly. Volume produced declined mainly as a result of tender losses. Due to the maintenance of at least a stable basic service, the Covid-19 pandemic had a less significant effect here.

On the economic side, declining demand and performance losses due to the Covid-19 pandemic led to a significant decline in operating profit figures:

- The negative revenue development was driven by the impact of Covid-19 and performance losses.
- Higher other operating income partially compensated for this, as it increased significantly in turn as a result of Covid-19 support.

Overall, the expense side developed in an almost stable trend. Lower cost of materials and depreciation were, among other things, reduced due to Covid-19-related charges and higher expenses for personnel:

- Cost of materials decreased as a result of lower expenses from the use of trainpath and stations as well as energy due to the effects of lower performance and Covid-19. Price effects had the opposite effect. Additional expenses for maintenance and hygiene services also had a dampening effect.
- Depreciation fell as a result, among other things, of vehicles reaching the end of their useful life. Vehicle purchases had an opposite effect.
- On the other hand, personnel expenses increased as a result of the collective bargaining agreement and the higher number of employees.
- Other operating expenses also increased mainly as a result of a revaluation of provisions for impending losses due primarily to the effects of Covid-19.

Capital expenditure activities declined due to the discontinuation of tender-related vehicle projects.

The number of employees increased slightly, partly as a result of capacity expansion.

Bus line of business

- *Revenue losses due to the effects of Covid-19.*
- *Delayed implementation of programs due to the Covid-19 pandemic.*
- *Charges from price effects for purchased services and tariff effects.*

			Change	
Bus line of business	**2020**	2019	absolute	%
Passengers (million)	363.0	496.8	- 133.8	- 26.9
Volume sold (million pkm)	3,750	5,704	- 1,954	- 34.3
Volume produced (million bus km)	429.1	452.8	- 23.7	- 5.2
Total revenues (€ million)	1,042	1,162	- 120	- 10.3
External revenues (€ million)	960	1,090	- 130	- 11.9
EBITDA adjusted (€ million)	- 158	20	- 178	-
EBIT adjusted (€ million)	- 226	- 46	- 180	-
Gross capital expenditures (€ million)	106	64	+ 42	+ 65.6
Employees as of Dec 31 (FTE)	9,069	8,659	+ 410	+ 4.7

Performance development in the bus line of business significantly declined as a result of tendering losses and the effects of Covid-19.

Economic development continued to be challenging. The decline in revenues as well as additional burdens on the expenses side led to a significant decline in the operating profit figures.

- The negative revenue development was influenced in particular by the effects of Covid-19 and performance losses. Increased services in the rail replacement sector had a slightly opposite effect.
- Higher other operating income partially compensated for this, as it increased significantly in turn as a result of Covid-19 support.

On the expenses side, additional burdens were incurred, mainly due to a significant need for adjustment due to the worsening outlook as a result of Covid-19 and higher personnel expenses:

- Personnel expenses increased due to the higher number of employees and due to collective bargaining agreements.
- Other operating expenses rose significantly, mainly as a result of allocations to provisions for impending losses due to the effects of Covid-19.
- The increase in depreciation resulted from capital expenditures in the previous year.
- On the other hand, the cost of materials was reduced as a result of decreased services and volume and price effects on the fuel market. Price increases in the purchase of transport services as well as higher maintenance had a negative impact.

Capital expediture activities increased, among other things, due to the renewal of the vehicle fleet.

The number of employees rose significantly, mainly as a result of recruitments for new operations and in preparation for additional transport in the following year.

DB Cargo business unit

GRI 102-4

BUSINESS MODEL

With about 4,200 sidings and additional services in 17 European countries, DB Cargo offers its customers access to its European network, which extends via the new Silk Road to China. In terms of volume sold, DB Cargo is number one in the European rail freight transport.

In its international network, DB Cargo carries out the transport of freight cars and groups of freight cars in single wagon transport, enables transport chains for containers or truck trailers belonging to shipping companies and freight forwarders using multiple modes of transport in combined transport, and, in block train transport, operates direct connections from siding-to-siding for large-volume industrial products, raw materials and industries such as steel, recycling, paper and pulp, and consumer goods. In addition to the pure transport service, DB Cargo creates individual solutions with additional logistical services for its customers.

Owned or rented traction units and freight cars, terminals and train formation yards, as well as own personnel resources, are used to provide services. Customers include the manufacturing industry in the automotive, steel, recycling and raw materials, chemicals and mineral oil and building materials, industrial and consumer goods sectors, as well as shipping companies, forwarding companies and combined transport operators throughout Europe. Since DB Cargo generates the majority of its income by transporting goods by rail, the leading performance indicator is volume sold in ton kilometers. Utilization is measured in tons per train. In addition to the depreciation of locomotives and cars, as well as personnel costs, the main cost components are energy, infrastructure and maintenance expenses. The intra-Group infrastructure companies and service providers are important suppliers in this respect.

GRI 102-4

MARKETS AND STRATEGY

In 2020, the Covid-19 pandemic led to a significant decline in volume sold in rail freight transport in Europe. Assuming containment of the Covid-19 pandemic, an increase in output volumes is expected again in 2021. However, the pre-crisis level is not expected to be reached again.

With the *Strong Rail strategy* *68 ff.* DB Cargo makes a significant contribution to transport and climate policy goals in Germany and Europe. It is DB Cargo's goal to shift the mode of transport from road to the environmentally friendly rail. DB Cargo is thus in line with the guiding principle of Strong Rail, namely the *shift in the mode of transport to rail* *76 f.* for a sustainable change in climate and mobility.

The aim of the Strong Cargo strategy is to strengthen DB Cargo's position in the long term so that it can make the necessary contribution to achieving its goals. The action plan is designed according to the slogan "Europe needs a strong rail logistics provider. For the climate and for a sustainable economy." In this way, DB Cargo makes a significant contribution to increasing the modal share of rail in the German and European transport mix, while also improving its own economic sustainability.

The Strong Cargo strategy includes the following measures:

- Strong block train transport – to strengthen its market presence as a rail logistics provider, DB Cargo will systematically offer industry-specific services in the customer's supply chain and will focus on the development and expansion of rail logistics solutions, the individual modules of which can be flexibly combined and expanded for customers.
- Strong combined transport – DB Cargo will synchronize the operating activities already offered in combined transport and expand them throughout Europe. In close contact with customers, DB Cargo will increase the attractiveness of rail services on the combined transport routes, thereby bringing more transport from road to rail.
- Strong single wagon transport – single wagon transport is an essential component of the growth strategy, which is why the single wagon network is being further developed. This includes, above all, the establishment of a new express product. This will directly connect the German economic centers with new intermodal access points. In the medium and long term, the efficiency of the system also increases with new technologies such as the *digital automatic coupling* *72* and automated train formation yards.
- Strong service management – the new service management supports sales and production services in offering customers tailor-made, attractive services and thereby optimizing the necessary use of resources. With the aspiration of being large, green and efficient, DB Cargo combines the goal of driving rail transport itself, if an economic and qualitatively appropriate performance can be produced with its own resources.
- Further development of production – all regulations for the implementation of transport services will in future be aligned across borders and the management systems will focus on quality improvement, simplification and efficiency. In addition, capital expenditures are being made in modern multisystem locomotives and new car technologies. Digitalization and automation will aid DB Cargo in offering its customers easier access to the rail system and more transparency about the shipment status, and will significantly speed up the processes in rail transport.

GRI
102-6
102-7

DB Cargo

LINES OF BUSINESS

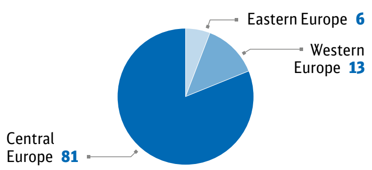
Central Europe
- Includes activities in Germany, Sweden, Denmark, the Netherlands, Belgium, Switzerland and Italy. The development of this line of business is largely influenced by DB Cargo Deutschland AG. Production companies are also bundled here. In addition, companies are geared to special markets (for example, automotive).

Western Europe
- Includes the activities of DB Cargo UK (United Kingdom), Euro Cargo Rail France (France) and Transfesa (Spain).

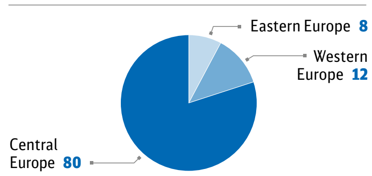
Eastern Europe
- Includes activities in Poland, Romania, Bulgaria, Hungary, Czech Republic, Austria and Russia. Also includes DB Cargo Eurasia for the trans-Eurasian corridor.

STRUCTURE

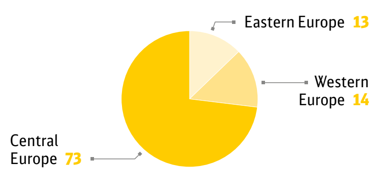
Volume sold (%)



Revenues (%)



Employees (%)



Business model

INPUTS

Employees
- About 30,100

Vehicles
- 2,552 locomotives
- 78,167 cars (70,603 own cars (thereof active in Germany: 60,180) and 7,564 rented/leased cars)

Networks and infrastructure
- Active in 17 European countries
- about 4,200 customer sidings
- 10 train formation yards
- 26 maintenance depots

Electricity and fuel
- 2.0 billion kWh traction current
- 124 million liters diesel fuel

Additional production factors
- 157 million train-path kilometers

BUSINESS ACTIVITIES

Customer segments
- Business customers with a focus on automotive, construction materials, chemicals, industrial goods, intermodal, consumer goods and iron, coal and steel

Value proposition
- DB Cargo offers customer-oriented, reliable and efficient transport solutions across Europe.

Customer access and retention
- Segment sales with key account management
- Regional sales
- Telephone sales
- Customer service center

Key activities
- Conducting transport by train
- Designing European multimodal logistics solutions
- Providing and maintaining vehicles
- Planning and operating networks
- Providing supplemental logistical services

OUTPUTS [1]

Freight carried
- 213 million t

Volume sold
- 79 billion tkm

OUTCOMES [2]

EBIT adjusted
- € –728 million

Customer satisfaction
- SI of 68

Punctuality
- 76.9%

Employee satisfaction
- SI of 3.9

Final energy consumption
- –23.1% compared to 2006 (specific)

Quiet freight cars
- 72,485 (thereof active in Germany: 60,180)

[1] Key products and services.
[2] Internal and external consequences and results from business activities and outputs along the entire value-added chain.

- Strong European corridors – DB Cargo is now established throughout Europe and is represented on the 13 major transport corridors. In 2020, the quality of service on five corridors was significantly increased by cross-border management of transport, and the remaining corridors are to follow. Success factors are a high frequency with coordinated schedules and fast cross-border transport.

DIGITALIZATION AND INNOVATION

- Equipment of the German fleet with modern telematics and intelligent sensors was completed.

ENVIRONMENTAL MEASURES

- 95% of DB Cargo's traction services is currently provided electrically. Equipment of the about 63,000 freight cars with *whisper brakes* → 86, which DB Cargo uses in Germany (including rented cars), was completed in 2020.
- DB Cargo is procuring 104 multisystem locomotives from series 193 to reduce consumption and increase efficiency on European corridors. With a total technical efficiency of 88.6%, this series is one of the most energy-efficient in DB Cargo's fleet.
- Since autumn 2016, more than 650 multiple units have been equipped with the driver assistance system *LEADER* green. no. 08 (Locomotive Engineer Assist Display and Event Recorder). This means that about two-thirds of DB Cargo's electric locomotive fleet is equipped with this system. The energy saving is close to 5% compared with multiple units without LEADER.

DEVELOPMENT IN THE YEAR UNDER REVIEW

- *Performance and profit development continues to decline due to the economic environment in industries predisposed to rail transport.*
- *Global impact of the Covid-19 pandemic on supply chains.*

The punctuality of DB Cargo improved significantly in 2020, mainly due to developments in Germany and Eastern Europe. A performance-related increase in resource availability, which increased the stability of the production system, had a positive effect.

Customer satisfaction has improved noticeably throughout the entire transport chain. In 2020, about 770 customers across Europe took part in the satisfaction survey.

The performance development declined noticeably overall as a result of the effects of Covid-19 and the economic downturn in industries predisposed to rail transport. At the beginning of the Covid-19 pandemic, in April and May 2020, volume sold declined significantly. Since the summer of 2020, it has recovered significantly and, from October 2020, it was at least at the same level as in the previous year.

The economic development remained tense. Declining income and slightly higher overall expenses led to a significant decline in operating profit figures:

- Revenues fell noticeably. Performance declines in the logistics sector and lower volume sold could only be partially offset by growth in Europe-Asia traffic.
- Other operating income (–8.7%/€ –41 million) also declined significantly, mainly as a result of lower sales of locomotives and freight cars.

			Change		
DB Cargo	**2020**	2019	absolute	%	2018
Punctuality (%)	76.9	74.0	–	–	72.8
Customer satisfaction (SI)	68	61	–	–	60
Freight carried (million t)	213.1	232.0	- 18.9	- 8.1	255.5
Volume sold (million tkm)	78,670	85,005	- 6,335	- 7.5	88,237
Volume produced (million train-path km)	156.8	162.5	- 5.7	- 3.5	165.8
Capacity utilization (t per train)	501.7	523.2	- 21.5	- 4.1	532.3
Total revenues (€ million)	4,119	4,449	- 330	- 7.4	4,460
External revenues (€ million)	3,854	4,188	- 334	- 8.0	4,177
EBITDA adjusted (€ million)	- 321	13	- 334	–	54
EBIT adjusted (€ million)	- 728	- 308	- 420	+ 136	- 190
EBIT margin (adjusted) (%)	- 17.7	- 6.9	–	–	- 4.3
Gross capital expenditures (€ million)	452	570	- 118	- 20.7	587
Employees as of Dec 31 (FTE)	30,052	29,525	+ 527	+ 1.8	28,842
Employee satisfaction (SI)	3.9	–	–	–	3.5
Share of women as of Dec 31 (%)	11.5	11.5	–	–	11.5
Specific final energy consumption compared to 2006 (based on tkm) (%)	- 23.1	- 21.0	–	–	- 20.4
Quiet active freight cars in Germany [1] as of Dec 31	60,180	57,644	+ 2,536	+ 4.4	50,409

[1] Excluding wagons rented from third parties.

On the expenses side, there were additional charges, driven by depreciation and personnel expenses. Cost of materials expenditure developed in the opposite direction:

- Personnel expenses (+1.7%/€ +30 million) increased as a result of collective bargaining and the increase in personnel, especially in Central Europe.
- The significant increase in depreciation (+26.8%/€ +86 million) was driven by unscheduled depreciation on software.
- Other operating expenses (−0.6%/€ −4 million) were close to the previous year's level.
- Cost of materials (−2.4%/€ −63 million) decreased mainly due to lower expenses for train paths, energy and purchased transport services, as a result of volume decreases. This was partly supported by positive exchange rate effects. Higher maintenance expenses were, in contrast, primarily due to an increase in material consumption in the course of the installation of GPS devices in freight cars.

Gross capital expenditures declined as a result of delayed procurement of freight cars in Central Europe.

The number of employees increased, especially in Central Europe.

Employee satisfaction rose significantly due to improvements in occupational health and safety and an improved working climate in the team, and was thus at a good level. The *compass index* *89* was in the average range at 58%.

The share of women remained stable.

The specific final energy consumption compared to 2006 on rail was further reduced.

Central Europe region

- *Operating profit development under pressure as a result of the Covid-19 pandemic – significantly negative effects due to Covid-19-related production interruptions, especially in the automotive industry.*
- *New transport services has a partially compensating effect.*
- *Addition of operating personnel.*

Central Europe region	2020	2019	Change absolute	Change %
Freight carried (million t)	214.1	225.2	-11.1	-4.9
Volume sold (million tkm)	63,886	68,265	-4,379	-6.4
Volume produced (million train-path km)	125.7	127.3	-1.6	-1.3
Total revenues (€ million)	4,595	4,859	-264	-5.4
External revenues (€ million)	3,075	3,375	-300	-8.9
EBITDA adjusted (€ million)	-308	-9	-299	-
EBIT adjusted (€ million)	-599	-230	-369	+160
Gross capital expenditures (€ million)	325	455	-130	-28.6
Employees as of Dec 31 (FTE)	21,798	19,741	+2,057	+10.4

Performance development in Central Europe declined overall due to the impact of the Covid-19 pandemic on the steel and automotive industries and on combined transport. From the summer of 2020 an upward trend began again, which, together with positive effects from new transport services in Belgium, was able to partially compensate for the negative effects.

The economic development remains challenging. As a result of lower income and increased expenses, the operating profit figures fell significantly.

- Revenues fell noticeably as a result of the decrease in performance.
- In addition, other operating income declined mainly as a result of a decline in services provided to non-Group customers. Higher subsidies for the conversion of freight cars to whisper brakes, among other things, helped mitigate this.

On the expenses side, there was a slight increase, driven by the depreciation and personnel expenses:

- Depreciation increased significantly due to the procurement of multisystem locomotives, increased capital expenditures in freight cars and the leasing of freight cars via a finance lease, as well as unscheduled depreciation on software.
- Personnel expenses increased as a result of collective bargaining and the addition of operating personnel, mainly in Germany.
- Other operating expenses also increased, primarily due to losses from scrapping, rental obligations for locomotives, and higher expenses for data services due to equipping the freight car fleet with telematics equipment.
- Cost of materials, on the other hand, decreased as a result of lower purchased transport services, as well as train-path and energy expenses. By contrast, higher maintenance expenses increased expenses.

Gross capital expenditures fell, driven by a delayed procurement of freight cars.

The number of employees increased, mainly due to appointments in the operating area in Germany and as a result of business expansion in Belgium and Italy.

Western Europe region

- *Decline in demand in all countries due to Covid-19.*
- *Positive effects from new transport services in the United Kingdom and France.*

			Change	
Western Europe region	**2020**	2019	absolute	%
Freight carried (million t)	40.9	46.4	- 5.5	- 11.9
Volume sold (million tkm)	10,197	11,906	- 1,709	- 14.4
Volume produced (million train-path km)	23.5	27.3	- 3.8	- 13.9
Total revenues (€ million)	618	675	- 57	- 8.4
External revenues (€ million)	483	546	- 63	- 11.5
EBITDA adjusted (€ million)	37	91	- 54	- 59.3
EBIT adjusted (€ million)	- 53	15	- 68	-
Gross capital expenditures (€ million)	60	82	- 22	- 26.8
Employees as of Dec 31 (FTE)	4,248	4,190	+ 58	+ 1.4

Performance development in Western Europe declined overall. Volume produced and volume sold recorded declines, mainly due to the Covid-19 pandemic and strikes in France at the beginning of 2020. New transport services in France and the United Kingdom had a partially compensatory effect.

Economic development dulled noticeably as a result of performance development. The operating profit figures deteriorated significantly:

- Revenues declined significantly due to performance. Effects from the first-time inclusion of *SEMAT* *192* (previously at equity) partially compensated.
- In addition, other operating income also declined significantly as a result of the elimination of one-off effects, including those related to locomotive sales in the United Kingdom.

On the expenses side, there was a disproportionate decline:

- Cost of materials decreased, mainly due to lower volumes resulting from the Covid-19 pandemic. This was supported by lower infrastructure utilization costs in France.
- Personnel expenses declined primarily due to currency exchange rate fluctuations. Effects from short-time work (among others at DB Cargo UK) were almost completely absorbed by the first-time inclusion of SEMAT.
- Other operating expenses declined due to lower travel and representation expenses due to the lower travel activity because of the Covid-19 pandemic and partly due to short-time work.
- Conversely, depreciation increased due to the first-time inclusion of SEMAT.

Capital expenditures decreased considerably, in particular due to adjustments made in the United Kingdom in connection with the first-time application of IFRS 16 the previous year.

The number of employees increased slightly as a result of the first-time inclusion of SEMAT.

Eastern Europe region

- *Overall noticeable positive revenue development, in particular as a result of Europe-Asia transport services.*
- *Positive development in Romania.*
- *Covid-19-related disruptions to supply chains.*

			Change	
Eastern Europe region	**2020**	2019	absolute	%
Freight carried (million t)	14.8	15.5	- 0.7	- 4.5
Volume sold (million tkm)	4,587	4,834	- 247	- 5.1
Volume produced (million train-path km)	7.6	7.9	- 0.3	- 3.8
Total revenues (€ million)	498	411	+ 87	+ 21.2
External revenues (€ million)	296	267	+ 29	+ 10.9
EBITDA adjusted (€ million)	30	35	- 5	- 14.3
EBIT adjusted (€ million)	4	12	- 8	- 66.7
Gross capital expenditures (€ million)	38	33	+ 5	+ 15.2
Employees as of Dec 31 (FTE)	4,006	3,950	+ 56	+ 1.4

Due to Covid-19-related declines in transport at DB Cargo Polska (mainly coal and steel), the performance development was negative. The development in Romania, Hungary and Bulgaria slightly compensated for this.

Economic development remains challenging: revenue increases were offset by higher expenses. The operating profit figures declined.

- Revenues increased significantly due to the positive development of transport to/from China, supported by additional transports in Romania. This was offset by the reduction in transport services as a result of the Covid-19 pandemic and exchange rate effects.
- Other operating income declined slightly as a result of lower income from locomotive sales.

The expenses side experienced a significant increase, driven by positive business development in the Eurasian corridor:

- Cost of materials increased significantly as a result of higher volumes of purchased transport services for connections to China. Adjusted for exchange rate effects, the increase was even steeper.
- Depreciation increased due to capital expenditures.
- Personnel expenses were at the previous year's level. Negative exchange rate effects were almost entirely compensated for by a lower number of employees in Poland, among other areas.
- Other operating expenses were also at the same level as in the previous year.

Capital expenditures have increased significantly, mainly as a result of the acquisition of locomotives in Romania.

The number of employees rose slightly, particularly due to the positive development in Romania, among others.

Infrastructure

DEVELOPMENT IN THE RELEVANT MARKETS

In Germany, we assume dual responsibility for rail transport as a result of our integrated Group structure. We are both the operator and primary user of the track infrastructure. The resulting greater focus on customers and efficiency in our infrastructure benefits all train operating companies (TOCs) without discrimination. In addition to the Group's internal code of conduct, competitive neutrality of our track infrastructure is ensured by means of regulation that is considered strict by international standards.

DB track infrastructure in Germany: selected key figures	2020	2019	Change absolute	Change %
Infrastructure customers	456	442	+14	+3.2
Intra-Group railways	18	18	–	–
Non-Group railways	438	424	+14	+3.3
Train-path demand (million train-path km)	1,066	1,090	-24	-2.2
Intra-Group railways	680.2	722.1	-41.9	-5.8
Non-Group railways	385.4	368.2	+17.2	+4.7
Share of non-Group railways (%)	36.2	33.8	–	–
Station stops (million)	155.4	156.4	-1.0	-0.6
Intra-Group railways	111.2	116.3	-5.1	-4.4
Non-Group railways	44.2	40.2	+4.0	+10.0

Individual figures are rounded and therefore may not add up.

The train-path demand and the number of station stops fell in 2020. This is mainly a result of the Covid-19 pandemic causing a decline in volume produced, particularly in the first half of 2020. In line with the long-standing trend, non-Group railways continued to gain market share, while demand from intra-Group railways declined.

PERFORMANCE AND FINANCING AGREEMENT III

The term of the LuFV II ended on December 31, 2019. In our view, we achieved the agreed targets in the previous year (before the audit by the Federal Railway Authority (Eisenbahn-Bundesamt; EBA)). The respective Infrastructure Status and Development Report was provided to the Federal Government on April 30, 2020. The maintenance and modernization of the existing infrastructure will be continued with *LuFV III*, *→ 235 f.* which has a term of ten years and entered into force on January 14, 2020, retroactively as of January 1, 2020. By 2029, a total of € 86 billion is set to have been spent on maintaining and modernizing the existing network.

2 DIGITAL RAIL FOR GERMANY

DSD has continued to pick up speed and will be implemented in two stages: the foundations entail creating a digital platform for the rail system by equipping it with digital interlockings and the European Train Control System (ETCS). This platform will then be used to operate new technologies to enable the rail operations of the future. This allows the capacity, quality and reliability of the rail system to be increased substantially.

Together with the EBA and the German Railway Industry Association (Verband der Bahnindustrie; VDB), we have developed a mutual understanding in order to implement the comprehensive DSD rollout, having signed a letter of intent in September 2020. Through leaner, more efficient processes, targeted pilot projects and the early replacement of existing interlockings, we aim to implement the DSD rollout faster than previously planned. The aim is to fully equip the network with digital command and control technology by 2035.

The implementation of DSD began in 2020. As part of the starter pack, the rollout of ETCS and digital interlockings has started in the context of the Stuttgart Digital Hub, the Cologne—Rhine/Main high-speed rail line and the ability to traverse the Scandinavia—Mediterranean trans-European corridor. Stuttgart will be the first region in Germany to receive the digital train control and interlocking technology. To speed up the rollout of digital interlockings, the Federal Government is making € 500 million available in additional funds for a high-speed program by the end of 2021. This will be used to develop and test new processes and technologies to equip the network comprehensively with digital interlockings.

Key milestones have also been reached in the digitalization of the rail system. In the Hamburg Digital S-Bahn (metro) pilot project, partially automated trains based on ETCS are running together with conventional trains on the 23 km Berliner Tor—Bergedorf—Aumühle line. In addition to highly automated operation, which should be approved by the EBA for passenger services in 2021, fully automated switching moves have been successfully trialed at Bergedorf station. The Hamburg Digital S-Bahn (metro) pilot project has created an important basis for all subsequent highly automated rail operation projects. The Sensors4Rail project has begun to equip another Hamburg S-Bahn (metro) vehicle with state-of-the-art sensor technology and a high-resolution digital map. This allows the vehicle to recognize its environment and locate itself precisely and continuously in real time. These functions constitute further important steps toward higher levels of automation of rail operations.

DIGITAL PLANNING AND CONSTRUCTION 1

Building information modeling (BIM) is a collaborative method of working where all data on rail infrastructure facilities is fed into an optimized planning, construction and management process that covers the entire life cycle and is available digitally. DB Netz AG has successfully completed the pilot phase. The Federal Government also found that the use of the BIM method generally has no effect on financial contributions. New complex and standardizable projects will therefore be planned using BIM in future. DB Netz AG therefore meets the requirements of the Federal Government's tier plan. Since spring 2020, DB Engineering & Consulting GmbH (DB E&C) has equipped all 16 planning locations in Germany and the design centers in Bucharest/Romania and Bangalore/India with special workspaces (BIM Labs). DB E&C is currently using BIM in about 230 infrastructure projects of DB Group, 150 of which began in 2020.

3

PREPARATION OF THE 2020/2021 SCHEDULE

About 78,000 train-path requests have been received for the schedule for 2021. As in the previous year, about 3,000 registration conflicts arose, resulting from multiple TOCs ordering the same time slot on the same infrastructure. These conflicts were resolved by mutual agreement through coordination. The fact that competition on the rails is continuing to increase is demonstrated above all by the train-path applications from non-Group TOCs. Their share of long-distance rail passenger transport increased by 11%. Regional rail passenger transport saw similar development, with applications from non-Group TOCs rising by 5%. Ordering behavior in rail freight transport remained stable. The schedule process follows clear rules and is monitored by the BNetzA.

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DEVELOPMENT OF THE INFRASTRUCTURE

About € 170 billion is expected to be invested in track infrastructure from 2020 to 2030. Most of this comes from the LuFV and the requirement plan. Further measures are also being implemented as part of the Climate Action Program, DSD, GVFG and *Structural Reinforcement Act for Mining Regions* → *64*, or with respect to noise remediation and maintenance.

In 2020, the impact of the Covid-19 pandemic on construction projects was kept to a minimum by means of effective crisis management. Due to close monitoring and targeted countermeasures, any faults that occurred could be resolved quickly in conjunction with the construction industry, so that no commissioning dates had to be postponed.

In 2020, more than € 12 billion was invested in renewing and maintaining the network, stations and energy facilities. This includes LuFV funds *(grants* → *109* and DB investment funds) of € 5.5 billion and € 2.6 billion for maintenance. In addition, 171 major projects were in planning and construction. Construction started on a further 57 projects.

Additional information is available on our *Construction Information Portal (BauInfoPortal)* →.

Commissions

LEHRTE MEGAHUB

After about two years of construction work, the system for transferring freight from trains to trucks at the Lehrte MegaHub site began on June 15, 2020. Since then, load units (containers and semi-trailers) have been transferred in the rapid transfer system for combined transport. Instead of arranging individual wagons and rejoining freight trains, the load units are lifted straight from the train onto the truck. This efficient working method saves time and energy compared with maneuvering the wagons, and also reduces noise exposure.

EXPANSION LINE 48 MUNICH–LINDAU

In 2020, construction work was focused on the two-track section of the Weißensberg–Lindau line, the completion of the electrical systems for traction current supply, active soundproofing measures and other infrastructure disciplines. The overhead line was activated/commissioned on September 1, 2020. The commissioning deadline of December 13, 2020 was met.

ETCS ON SUBSECTION OF THE BERLIN–DRESDEN LINE

In December 2020, ETCS was commissioned on an about 70-km-long subsection of the Berlin–Dresden line. The commissioning of the Dresden railway in late 2025 and the second construction stage of the Berlin–Dresden expansion line in late 2028 will enable a target travel time between Berlin central station and Dresden central station of 80 minutes.

NEW ELECTRONIC INTERLOCKING IN THE KÖTHEN HUB

In April 2020, new electronic interlockings were commissioned in Köthen and Stumsdorf. Köthen station and the Köthen–Zöberitz line section also gained newly constructed facilities such as tracks, switches and overhead wires. DB Group and the Federal Government have invested about € 120 million in these measures.

LEIPZIG–DRESDEN EXPANSION LINE (GERMAN UNIFICATION TRANSPORT PROJECT NO. 9)

In May 2020, the Dresden–Elsterwerda–Kötzschenbroda ("DEK") curve was commissioned after more than two years of construction. This involved the renewal of the rail embankment, the construction of a new rail viaduct, the fitting of a junction with a new superstructure, and the building of modern command and control technology, including new electronic interlockings.

Under construction

STUTTGART–ULM PROJECT

Further progress has been made on the construction work for the Stuttgart 21 sub-project (to be commissioned in late 2025):

- With a length of more than 51 km, more than 87% of the tunnels for Stuttgart 21 have been bored and excavated. Virtually all tunnel boring work in the Stuttgart basin has been completed.
- During the construction of the future central station, 13 full chalices, five supporting chalices (Restkelche) and a total of 20 chalice feet have been concreted.
- The inner shell has been installed in the Filder tunnel, Feuerbach tunnel, Bad Cannstatt tunnel, S-Bahn (metro) tunnel and Untertürkheim tunnel.
- Following the final ruling by the German Federal Administrative Court, the main construction work has started on the airport link. Both bores of the tunnel have already passed under the A8 Federal highway.
- Wendlingen—Ulm new construction line (to be commissioned in late 2022):
  - A total of 62 km of tunnel boring has been completed.
  - The tunnel structures are in the process of being gradually handed over to the ballastless slab track phase and railway engineering.
  - The superstructure for construction of the Filstal bridge toward Munich has been completed. Five out of ten cycles for the bridge construction superstructure toward Stuttgart were completed by the end of 2020.
  - The railway engineering and construction of the ballastless slab tracks on the section between Ulm and the Albvorland tunnel are still underway. By the end of 2020, ballastless slab tracks had been installed over more than 30 kilometers of line. Installation of the overhead line has begun at Ulm.

COLOGNE HUB

The highly frequented Cologne hub is to be expanded through a total of 17 infrastructure measures. The design planning of the S11 Core Package project has started with the planned expansion measures at Cologne central station, Cologne Exhibition Center/Deutz, Kalk West and on the Cologne—Dellbrück line as far as Bergisch Gladbach. Preliminary planning is complete for the supplementary package for the S11 (including the extension of the Erft railway). In the expansion line 4 Cologne—Aachen project, the work at Eschweiler station (to be commissioned in July 2020) and Aachen—Rothe Erde (to be commissioned in December 2021) are still in the implementation phase.

OLDENBURG–WILHELMSHAVEN EXPANSION LINE

Since 2011, the two-track expansion and electrification of the Oldenburg—Wilhelmshaven line in order to ensure a high-performance development for the deep-water port of Jade-WeserPort has been carried out in several construction stages. Some progress was made in 2020. For example, the Varel—Sande section was completed in March 2020 and the Sande—Wilhelmshaven section in April 2020. Electronic interlocking outposts Sande and Wilhelmshaven were commissioned on March 9, 2020. Since then, the entire Oldenburg—Wilhelmshaven line has been managed electronically. After the German Federal Administrative Court rejected the emergency appeals of the plan approval decision for plan approval section 1 (Oldenburg—Rastede) in December 2019, the work in the Oldenburg urban area was stepped up in early January 2020.

FRANKFURT HUB

Following the commissioning of the S-Bahn (metro) Gateway Gardens link in late 2019, work on the Homburger Damm project near the central station has entered its final stage (commissioning scheduled for late 2021). Preliminary work has also already begun on the Stadion hub and Northern Main S-Bahn (metro) projects. In the Stadion project, the consultation process for the second stage of construction is complete and the EBA can now draw up the plan approval decision.

Meanwhile, the feasibility study for the new Frankfurt long-distance rail tunnel is now underway (completion scheduled for the first half of 2021). In the four-track expansion of the Main-Weser railway, the first stage of construction work is moving forward. The first section of track has been in operation since the summer of 2020.

DRESDEN RAILWAY

The last open plan approval decision for the Blankenfelde—Mahlow section was made final in March 2020. This means that the main construction works are currently underway in all sections. In June 2020, as part of a six-week complete closure of the S2 (South) S-Bahn (metro) line, new track systems and two new railway viaducts were commissioned.

KARLSRUHE–BASEL

In the sections south of Offenburg, planning is proceeding according to the decisions of the German Parliament and the State Parliament of Baden-Württemberg, to finance noise remediation measures above the statutory level. The key requirements of the region, as discussed in the meetings of the Project Advisory Board, are being integrated into the planning.

In section 7, between Appenweier and Kenzingen, a four-track line spanning about 40 km is being completely replanned. The early public participation in the Offenburg tunnel – the largest single structure in the project – took place in late July 2020. In line section 8A (Freiburg freight bypass), the first discussion for plan approval section 8.1 took place in 2019, taking into account the new general framework for noise remediation. The official procedure is also currently underway for plan approval sections 8.0 and 8.2 to 8.4. The planning for the upgrade of Freiburg Bay to 200 km/h (Section 8b) will take off after the contract has been awarded to the general planner. This part of the project is being planned using the BIM method.

In line section 9, a civil dialogue was held in Auggen, the results of which have been implemented since 2020. A further civil dialogue was held in Müllheim under Covid-19 restrictions. The results are being coordinated with the municipalities. The construction measures in plan approval sections 9.0 and 9.2 are also continuing. After multiple delays on the Swiss side, plan approval section 9.3 was granted final planning approval in January 2021 and construction work can now be carried out on that basis, albeit later than scheduled.

LEIPZIG—DRESDEN EXPANSION LINE (GERMAN UNIFICATION TRANSPORT PROJECT NO. 9)

The Zeithain—Leckwitz section will be expanded for speeds of up to 200 km/h in the coming years to shorten journey times. Preparatory construction measures for the construction of a central trench have been underway since August 2020, at times requiring complete closure of the section. The first main construction phase begins in September 2021, requiring the closure of one half of the section. All other construction phases up to the scheduled final commissioning with ETCS in 2026 can take place with services running.

NUREMBERG—EBENSFELD EXPANSION LINE

Construction phase 23 Hallstadt—Breitengüßbach is part of the Nuremberg—Ebensfeld expansion line (German Unification Transport Project No. 8.1 (Verkehrsprojekte Deutsche Einheit; VDE)). An electronic interlocking external unit was set up in Breitengüßbach with the signaling technology of the expansion section integrated into it. Noise barriers and sound-absorbing walls are being set up along 5 km of train-path, along with central barriers between the tracks in places. Furthermore, the construction phase includes the building of two new railway viaducts. At the Hallstadt stop, the center platform is being redesigned for accessibility.

Four-track expansion work is underway over 34 km of line, from Forchheim to Strullendorf south of Bamberg, with completion scheduled for 2025. Legal approval proceedings are underway for the section from Eggolsheim to the southern city limits of Bamberg.

HALLE HUB

The final commissioning of the inner hub in Halle took place in January 2021. This includes passenger transport facilities (such as platforms) and the accessible underpass. The work on the Halle outer hub (September 2020 to 2024) concludes the overall project. The goal in the Halle-Rosengarten and Halle-Angersdorf construction phases is to increase the line speed on the Halle—Kassel line to 120 km/h. Storage facilities are also being created to reduce the burden on the Halle (Saale) marshaling yard and central station, railway viaducts and pedestrian and cycle underpasses are being renewed, and improvements are being made to the Halle-Rosengarten stop. About 3 km of noise remediation barriers are being installed to protect residents. In the Halle-Angersdorf area, a new electronic interlocking is being set up, the command and control technology is being updated and transport facilities that are no longer needed are being dismantled.

Planned

HANAU—FULDA EXPANSION AND NEW CONSTRUCTION LINE

In the Hanau—Würzburg/Fulda expansion/new construction line project, progress has been made on the plans for the Hanau—Gelnhausen expansion line as well for the Gelnhausen—Fulda new construction line. In the case of the expansion line, preliminary work has started on the Gelnhausen electronic interlocking and bridge construction work. Design planning for the four-track expansion between Hanau and Gelnhausen has started and the planning change for the Hailer—Merholz section should be submitted in 2021. The German Parliament has decided to finance those noise remediation and accessibility measures that are not covered by legislation.

The regional planning process for the new construction line has begun. A total of 350 statements have been submitted. This relatively small number is due to intensive public participation proceedings spanning several years.

FULDA—GERSTUNGEN EXPANSION AND NEW CONSTRUCTION LINE

The train-paths for the Fulda—Gerstungen expansion/new construction line project have been presented following the early public participation process. The preferred option should be identified as early as the end of 2021 so that the regional planning process can then be formally initiated.

RHINE/MAIN—RHINE/NECKAR NEW CONSTRUCTION LINE

The preferred option for the line between Zeppelinheim and Mannheim-Waldhof was presented in November 2020. Proposals from members of the Rhine/Main—Rhine/Neckar participation forum were examined along with ten options with regard to environmental (including human protection), transport and economic aspects with a total of 40 evaluation criteria. The line should remove the existing bottleneck, increase capacity and shorten travel time between Frankfurt and Mannheim.

DRESDEN–PRAGUE NEW CONSTRUCTION LINE

On December 16, 2019, Správa železnic signed a planning agreement for cooperation with DB Netz AG and DB Energie GmbH in the joint planning area for the Dresden—Prague new construction line. In March 2020, the BMVI, the Czech transport ministry, the Free State of Saxony, DB Group and Správa železnic confirmed their collaboration in a joint declaration.

The regional planning process was initiated with the handover of the regional planning assessment on August 21, 2020, and preliminary planning has begun. Several options have been drawn up for this purpose within the corridors that have been confirmed as regionally acceptable by the regional administration.

DRESDEN–GÖRLITZ EXPANSION LINE

The preliminary planning for the electrification and demand-based expansion of the Dresden—Görlitz line commissioned and financed by the Free State of Saxony is largely complete. In 2021, a regional planning process for the traction current line will be conducted. The inclusion of the project in the *Structural Reinforcement* → 64 agenda is expected to require the content of certain projects to be adapted on the basis of new transport assumptions.

LEIPZIG–CHEMNITZ EXPANSION LINE

Comprehensive expansion and electrification measures are planned between Leipzig and Chemnitz. This will enable shorter journey times, long-distance transport options and climate-friendly mobility. The Leipzig—Geithain section has been a component of the *Structural Reinforcement* → 64 since July 2020. The Free State of Saxony has so far been financing parts of the preliminary planning. For the Geithain—Chemnitz section, options are currently being investigated to finance a two-track expansion of some sections. The Federal Government's planning contract only covers the electrification of the line. Preliminary planning for the Geithain—Chemnitz section is expected to be completed in 2022.

BAMBERG HUB

The plan approval decision for the preponed measures was issued in June 2020. This includes the extension of two platforms and the construction of an electronic interlocking. The planning change for the overall work was submitted to the EBA in the first quarter of 2020. A consultation and discussion have been announced for 2021.

CONSTRUCTION OF THE NEW S-BAHN (METRO) LINE S4 FROM HAMBURG TO BAD OLDESLOE

The expansion of the S4 line will help to strengthen local transport between Hamburg and Schleswig-Holstein, and to improve the quality of long-distance and freight transport. The plan approval decision for plan approval section 1 was delivered in late August 2020. The legal procedures for the two other plan approval sections have been underway since 2017. For plan approval section 2, the consultation on the supporting documents was held in late 2019. The public hearing will take place as an online consultation in the first quarter of 2021. The consultation on the plan approval documents for plan approval section 3 is scheduled to take place during the same period. The overall completion is aimed for before commissioning of the Fehmarn Belt Fixed Link. The framework agreement on the overall project financing was signed on November 29, 2019, by the BMVI, the Federal states of Hamburg and Schleswig-Holstein, as well as DB Netz AG. The preparatory measures began in November 2020 after all expedited legal proceedings were rejected.

FEHMARN BELT FIXED LINK

The Fehmarn Belt Fixed Link is currently in the design and approval planning stage for all ten plan approval sections. A public consultation on the supporting documents for the first section (Fehmarn) has been held. There were some 250 objections, which are currently being processed.

Preliminary planning for the Fehmarn Sound Fixed link was completed in late 2020. In spring 2020, a new immersed tunnel was identified as the preferred option from four potential solutions, preserving the existing bridge for slow road traffic.

The BMVI has included the Fehmarn Sound Fixed link in the notes to its parliamentary consultation report. On July 2, 2020, the German Parliament decided to make € 232 million available for measures over and above the statutory level as requested by the region. In particular, core requirements with respect to noise remediation, protection from vibrations and the course of the routes were authorized. The approved core requirements will be incorporated into the necessary plan approval and amendment procedures.

RHINE-RUHR-EXPRESS (RRX)

A construction permit is now available for a total of seven out of 15 plan approval sections. Public hearings on plan approval sections 3.2, 3.3 (Duisburg) and 3.0a (Düsseldorf airport) were held in 2020. Design planning for the plan approval section 2.0 area (Düsseldorf-Reisholz and Düsseldorf-Benrath) was started at the beginning of 2020. In plan approval section 4.0 (Mülheim), the construction work for the installation of switches was completed. In March 2020, initial work was started in plan approval section 1.2 (Leverkusen) and plan approval section 1.3 (Langenfeld).

EXPANSION LINE 46/2 (EMMERICH–OBERHAUSEN)

Public hearings have been held for all plan approval sections. Meanwhile, five out of 12 plan approval decisions have now been issued, allowing construction to start little by little.

MANNHEIM HUB

The basic evaluation on the Mannheim—Heidelberg axis was completed by February 2020. The digital inventory model was handed over to the general planner in April 2020. A decision on which option will be adopted is expected by the fourth quarter of 2021. Planning work for the three remaining projects is to be resumed.

MANNHEIM–KARLSRUHE EXPANSION AND NEW CONSTRUCTION LINE

The first planning services as part of a feasibility study have been in progress since the beginning of March 2020. This involves open-ended investigations to identify the appropriate route and assess the technical feasibility of possible large-scale options for two additional tracks on the Baden Rhine Valley railway between Mannheim and Karlsruhe.

RELOCATION OF THE HAMBURG-ALTONA LONG-DISTANCE AND REGIONAL STATION

The construction stoppage was lifted in April 2020 with an out-of-court settlement. Preparations for construction have been continuing since October 2020. The main construction work will begin in 2021. Financing is secured. The Free and Hanseatic City of Hamburg is able to implement its urban development concept in the Diebsteich area. The official groundbreaking event will take place in June 2021. The motorail train system is also moving to a new location. The new station and motorail train system is scheduled for commissioning in 2027.

REACTIVATION OF THE BERLIN SIEMENSBAHN

On the site of the historic Siemensstadt district in Berlin, Siemens plans to build Siemensstadt 2.0 by 2030. The plan for the development of this new district of Berlin includes running the Siemensbahn once again on the historic route, a line that stretches about 4.5 km from Jungfernheide station to Gartenfeld. The line stopped operating in 1980. The financing agreement for service phases 2–4 was signed in 2020 by the state of Berlin. A feasibility study is currently underway for the extension of the Siemensbahn beyond Gartenfeld station, the results of which will be available in the first half of 2021.

DB NETZE TRACK BUSINESS UNIT

Reorganization of DB Netz AG

6 8 9

Process-oriented Organization 2020 (PRO2020), an initiative to underpin the "Strong Network" vision, entered into force in DB Netz AG in October 2020. The reorganization aims to enable the expected growth in rail transport by allowing DB Netz AG to focus even more on its customers, organize process flows according to end-to-end process logic, and establish further standards across the network. The long-distance and metropolitan network and regional networks are being integrated. DB Netz AG now comprises seven regions (formerly regional areas) and 34 networks (formerly production operations). The reorganization includes the setting up of the "Operations, Scheduling, Sales and Capacity Management" Board division, which is responsible for implementing safe train operations and, in particular, for addressing the key challenge of meeting expected increases in demand as the utilization of capacity continues to increase. Combining operations and scheduling into one Board division forms the basis for effective capacity management. By providing a well-functioning infrastructure and integrating the long-distance and metropolitan network and regional networks, the Facilities and Maintenance Management Board division provides a basis for increasing quality and punctuality while also focusing on customers and taking cost-effectiveness into account. In order to carry out construction work with a focus on the customer, construction activities from ongoing projects, as well as expansion and new construction projects, are being combined in the Infrastructure Planning Board division. In this way, the Board division creates the conditions for better coordination of construction processes. For customers, PRO2020 therefore supports the achievement of punctuality targets and enables seamless driving and construction with high customer satisfaction targets. In the medium to long term, the reorganization of DB Netz AG will make systematic contributions to the Strong Rail strategy. By performing better, and becoming more reliable, more digital and larger, DB Netz AG forms the basis of Strong Rail.

Business model

With more than 33,000 km of track, DB Netze Track operates the largest rail network in Europe. More than one billion train-path kilometers are traveled each year on the tracks in Germany. The most important sources of income are revenues from train-path products, which constitute over 90 % of total revenues. Train-path prices are established on a transparent basis by a train-path pricing system regulated by the BNetzA.

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DB Netze Track

PORTFOLIO

DB Netz AG
- Operates the largest track infrastructure in Europe. Responsible for the maintenance, modernization and further development of the rail network and the marketing of train-paths and facilities.

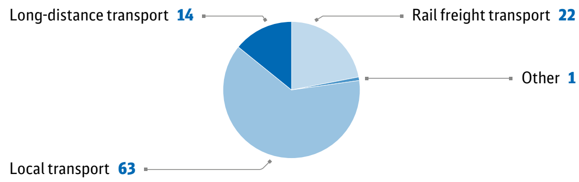
DB RegioNetz Infrastruktur GmbH
- Operates regional transport networks in five German states (Erzgebirgsbahn, Kurhessenbahn, Oberweißbacher Berg- und Schwarzatalbahn, Südostbayernbahn, Westfrankenbahn).

Deutsche Umschlaggesellschaft Schiene-Straße GmbH
- Carries out operations management (scheduling, crane services and processing) for 24 transshipment stations in Germany.

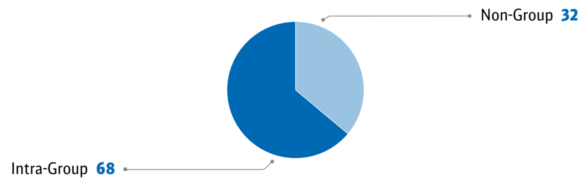
DB Fahrwegdienste GmbH
- Offers system services about the maintenance of rail lines. These include vegetation maintenance, environmental and project management and the securing of track construction sites.

STRUCTURE

Volume produced by mode of transport (%)



Revenues (%)



Business model

INPUTS

Employees
- About 50,300

Vehicles
- 715 maintenance vehicles

Networks and infrastructure
- Rail network about 33,300 km in length, operation-critical facilities

Electricity and fuel
- Electricity
- Fuel

BUSINESS ACTIVITIES

Customer segments
- About 450 business customers (thereof more than 430 non-Group customers)

Value proposition
- DB Netze Track provides non-discriminatory access to a safe, reliable rail network that is in line with requirements.

Customer access and retention
- Key account management
- Regional sales
- E-services

Key activities
- Providing a safe, reliable infrastructure that is in line with requirements
- Planning and operating networks
- Conducting train operations

OUTPUTS [1]

Volume produced
- About 1 billion train-path km

OUTCOMES [2]

EBIT
- € 409 million

Customer satisfaction
- SI of 66

Punctuality
- 94.5%

Employee satisfaction
- SI of 3.9

Track kilometers noise-remediated in total
- 2,039 km

Waste
- 5,415 thousand t

[1] Key products and services.
[2] Internal and external consequences and results from business activities and outputs along the entire value-added chain.

DB Netze Track is also responsible for managing infrastructure operations as well as for securing long-term infrastructure quality and availability, and non-discriminatory access to train-paths and service facilities. This includes preparing schedules in close cooperation with customers, operations management, construction management and maintenance.

The cost structure has a high proportion of fixed costs. The rail network is one of the biggest cost drivers. The use of resources for the operation and maintenance of infrastructure facilities is very much influenced by specific facility characteristics, requirements relating to operational opening hours and the degree of rationalization in operating business activities. As the dimensions of the infrastructure only change in the long term due to new construction or expansion projects or targeted dismantling, the optimal capacity utilization of the existing infrastructure is of major importance for economic success.

A high level of quality and availability also calls for a forward-looking, integrated capital expenditures and predictive maintenance strategy. Capacity utilization is measured by train kilometers on track infrastructure. In terms of relative network capacity utilization, this figure can be compared with length of line operated. To reach our growth target of more than 30% in train-path kilometers, it is essential that new and expansion projects concentrate on removing bottlenecks and on the creation of additional capacity for growth in transport in the main corridors and metropolitan areas.

A forecast of demand for the year 2040 is made as part of the Network Concept 2040 (Netzkonzeption 2040) project. This data can be used to determine the necessary expansion and new construction projects and the optimum order of implementation. It also takes into account the requirements of Germany in sync and the individual steps to full implementation.

In particular, the contributions made by the Federal Government for infrastructure financing are decisive for ensuring the competitiveness of rail transport. An entrepreneurial-driven infrastructure integrated within DB Group is also crucial to continue to be able to make our own high contribution to the cofinancing of these infrastructure measures. The budgetary resources of public authorities, in particular the Federal Government, are of considerable relevance for the financing of capital expenditures in the existing infrastructure.

Markets and strategy

GRI 102-6

Demand in passenger and freight transport has increased significantly over the last few years and has led to a higher intensity of use of the track infrastructure. In the coming years, we expect growth in demand for freight transport and a significantly increased traffic volume in passenger transport, and therefore a further increase in capacity requirements, supported by measures such as increasing regionalization funds, service expansions in passenger transport and the partial subsidizing of train-path prices in freight transport.

By developing infrastructure in line with customer and market requirements, we want to enable the entire rail transport sector to take advantage of growth potential. The *Strong Rail strategy* → *68 ff.* incorporates DB Netze Track's strategic topics. DB Netze Track is intending to create the infrastructural and operational requirements for the implementation of a strong rail system as a capacity manager. The objectives are to expand network capacity, to digitalize, and to improve the use of capacity. DB Netze Track is also striving for the continuous renovation of the existing network and an increase in the performance capability of the organization. In order to achieve the objectives, DB Netze Track's strategy comprises the three strategic areas of the Strong Rail strategy:

- *More robust:* By expanding the infrastructure in line with demand (new construction and expansion projects) and implementing *DSD* → *132,* DB Netze Track aims to increase network capacity in order to eliminate existing bottlenecks and provide the capacity needed to expand services. There is a focus on increasing the quality of the existing network. The aim of this is to improve the facilities' quality and profitability. In addition to infrastructural measures, we are striving to establish a new control philosophy as part of capacity management, which focuses on utilization of capacity. To this end, DB Netze Track has launched several projects and initiatives to develop the conditions for better capacity management. These capacity assessment tools allow capacity to be made visible. In addition to the planned expansion and new construction of infrastructure, DB Netze Track focuses on levers for increasing capacity, such as the more efficient use of track closures during construction activities or the avoidance of overloading usable capacities. To overcome the challenges of the future, DB Netze Track recruits and qualifies appropriately skilled employees in a targeted way. 1 2 3 5

8 9 › ***More powerful:*** DB Netze Track is implementing measures such as lean excellence to form a basis for powerful and stable processes and to create as efficient an organization as possible. The *reorganization of DB Netz AG* 137 took effect in 2020.

11 12 › ***More modern:*** DB Netze Track performs supporting tasks for the Germany in sync and European corridors building blocks.

General framework

BNETZA APPROVES TRAIN-PATH PRICES FOR 2021

As a result of changes in the Regionalization Act (RegG) and the Railway Regulation Act (EregG), two fee approval procedures were needed for the 2021 train-path pricing system (TPS). The BNetzA had initially approved a 5.2% increase in train-path usage fees for regional rail passenger transport together with a reduction in fees of 5.6% for long-distance rail passenger transport and 2.4% for rail freight transport compared to the 2020 TPS. The reason for the significant increase in regional rail passenger transport fees on the one hand and the decrease in rail freight transport and long-distance rail passenger transport on the other was the change in the RegG, which entered into force with retroactive effect from January 1, 2020. This resulted in an increase in regionalization funds. Because changes in train-path usage fees for regional rail passenger transport were linked by the ERegG to the indexing rate for regionalization funds, the increase in funds had a direct effect on regional rail passenger transport fees. This link was removed in June 2020 with the change in the ERegG, and the price increase for regional rail passenger transport was limited to 1.8%. The BNetzA therefore initiated a process of partial revocation of the ruling for the 2021 TPS and announced new TPS fees for 2021 on September 21, 2020. The partial revocation process led to the approval of adjustments of +2.4% for long-distance rail passenger transport and rail freight transport and of +1.8% for regional rail passenger transport.

Irrespective of this, as it did in its decisions in previous years, BNetzA has raised the train-path prices originally proposed in most segments of long-distance rail passenger transport in the wake of the approval, and lowered them for standard rail freight transport trains. DB Netz AG had filed a complaint against this decision in previous years. A final legally binding judgment based on a possible multiple-instance decision of the dispute in question is not anticipated in the near future. The legal uncertainty that is therefore likely to persist for an unforeseeable period of time carries the risk that capital expenditures in rail freight transport will be deferred or growth opportunities will not be realized. Against this background, DB Netz AG has decided to withdraw the existing demands for relief and not to file a further lawsuit against the amendment within the framework of the TPS 2021.

BNETZA SETS MAXIMUM LIMITS ON TOTAL COSTS FOR THE WORKING TIMETABLE PERIOD OF 2020/2021

In a decision on March 25, 2020, as part of regulating the incentivization of train-path prices, the BNetzA set the maximum limits for total costs of DB Netz AG and DB RegioNetz Infrastruktur GmbH, for the working schedule period 2020/2021, at about € 5.5 billion. The recognition of LuFV III as a qualified regulatory agreement has allowed the upper limit to be raised from that set in the decision of July 22, 2019, as maintenance expenses induced by the LuFV are now also taken into account. For the 2021/2022 working schedule period, the BNetzA also set the upper limit for total costs at about € 5.5 billion in its decision of July 6, 2020.

INCENTIVE SYSTEM APPROVED BY THE BNETZA

The incentive system to minimize disruptions and to increase the performance capability of the rail passenger transport network has been in place since June 2019. With the decision on the TPS 2021 taken in March 2020, BNetzA has now also approved the introduction of the system in rail freight transport with effect from December 13, 2020. In comparison to the previous regulations, significantly higher payments would be levied for delays caused by construction work, among other issues. The incentive system in rail freight transport also provides for differentiation between punctual sensitive and punctual non-sensitive services. The classification must be indicated by the rail freight transport TOCs when reserving train-path sections and has an effect on the level of incentive fees or threshold values. After complaints by two rail freight transport TOCs against the use of the incentive system, in December 2020 the Higher Administrative Court of Münster confirmed by way of interim legal protection that there were no grounds for a provisional suspension of the incentive system.

NOISE-BASED TRAIN-PATH PRICING SYSTEM

The noise-based train-path pricing system (Lärmabhängiges Trassenpreissystem; LaTPS) provided in 2020 for a 7% surcharge on the regular train-path price for loud freight trains. Freight trains consisting of at least 90% of cars with quiet brake shoes are exempt from the surcharge. In 2020 we received and approved a total of 72,991 applications for 2019 to promote the noise remediation of existing freight cars. About € 12.7 million in total was paid in bonuses for the applications filed. The program is income-neutral for its entire duration. The LaTPS expired at the end of 2020 after a duration of eight years. The LaTPS bonus for the last year of the program will be paid to applicant TOCs in 2021. Since December 13, 2020, the *Rail Noise Protection Act* *64* has been implemented, meaning that the operation of freight trains and passenger trains in which one or several noisy freight cars are in use is generally prohibited on the German rail network.

Legal topics

ARBITRATION PROCESSES FOR THE RASTATT TUNNEL

Following the damage in the east tunnel of the Rastatt Tunnel, preparations to renovate have been underway since 2018. At the same time, the mediation proceedings agreed between DB Group and the Rastatt Tunnel consortium have been ongoing since 2017 to clarify the cause of the damage during tunnel boring and thus who is responsible. The procedure continues due to numerous potential causes of damage that are to be determined.

Development in the year under review

- *Punctuality improved as a result of lower network capacity utilization.*
- *Revenue development is at the same level as the previous year despite a decline in demand due to Covid-19.*
- *Additional expenses, particularly for maintenance and personnel, are having a strong negative impact on income development.*
- *Personnel expenses increased as a result of collective bargaining agreements and personnel expansion.*
- *Capital expenditure activities increased significantly.*

The punctuality of non-Group and intra-Group TOCs increased. A lower capacity utilization due to lower demand had a positive effect, as did the lower number of passengers due to Covid-19. Construction-related bottlenecks on the track infrastructure and the resulting negative impacts on operations were compensated for by successful construction site and slow-moving site management.

Customer satisfaction improved slightly. About 300 customers were surveyed in 2020. Our services in the areas of information, service competence and network schedule in particular received positive assessments. The areas of construction measures and infrastructure availability continued to be viewed critically.

Train kilometers on track infrastructure declined, mainly as a result of a reduction in demand from intra-Group customers due primarily to Covid-19, particularly in regional transport and freight transport. This was partly offset by a higher demand from non-Group customers in regional transport. The effects of successful regional transport tenders exceeded the declines in demand due to Covid-19.

Economic development was weaker. Additional expenses for measures to expand capacity, improve quality, and in connection with the Covid-19 pandemic could not be offset by income development. As a result, operating profit figures decreased significantly.

- Total revenues were at the previous year's level. Positive price effects were almost entirely offset by declines in demand, primarily due to Covid-19. External revenues increased as a result of increases in demand from non-Group customers.
- Other operating income (–10.0 % / € –109 million) fell, partly as a result of the absence of positive one-time effects in the previous year (real estate disposal). Higher intra-Group income from settlements of services with Group companies partially compensated for this.

			Change		
DB Netze Track	**2020**	2019	absolute	%	2018
Punctuality DB Group (rail) in Germany (%)	95.1	93.7	–	–	93.4
Punctuality (rail) in Germany [1] (%)	94.5	93.1	–	–	92.9
Customer satisfaction (SI)	66	65	–	–	64
Length of line operated as of Dec 31 (km)	33,286	33,291	–5	–	33,299
Train kilometers on track infrastructure (million train-path km)	1,064	1,089	–25	–2.3	1,084
thereof non-Group railways	385.4	368.2	+17.2	+4.7	349.2
Share of non-Group railways (%)	36.2	33.8	–	–	32.2
Total revenues (€ million)	5,660	5,652	+8	+0.1	5,511
External revenues (€ million)	1,808	1,687	+121	+7.2	1,559
Share of total revenues (%)	31.9	29.8	–	–	28.3
EBITDA adjusted (€ million)	1,086	1,443	–357	–24.7	1,446
EBIT adjusted (€ million)	409	807	–398	–49.3	840
Operating income after interest (€ million)	266	628	–362	–57.6	634
Gross capital expenditures (€ million)	8,480	7,441	+1,039	+14.0	6,901
Net capital expenditures (€ million)	1,363	1,055	+308	+29.2	564
Employees as of Dec 31 (FTE)	50,330	48,787	+1,543	+3.2	46,969
Employee satisfaction (SI)	3.9	–	–	–	3.7
Share of women as of Dec 31 (%)	19.4	19.2	–	–	19.2
Track kilometers noise remediated in total as of Dec 31 (km)	2,039	1,844	+195	+10.6	1,758

[1] Non-Group and DB Group TOCs.

On the expenses side, there were noticeable additional burdens in cost of materials and personnel expenses, in particular:

- The increased cost of materials (+11.6%/€ +224 million) is mainly due to higher maintenance services and the elimination of storm damage and to the Covid-19 pandemic (including additional strain from social distancing and hygiene measures).
- Personnel expenses (+5.1%/€ +161 million) increased owing to the higher number of employees and to collective bargaining agreements.
- The increase in other operating expenses (+4.4%/€ +54 million) was in part the result of higher project costs. Expenses for rent as well as for research and development also increased. Lower administrative costs had the opposite effect.
- Depreciation (+6.4%/€ +41 million) increased, largely as a result of capital expenditures.

The significant increase in net capital expenditures was mainly due to higher capital expenditures in new and expansion line projects. The increase in funding under *LuFV III* *235 f.* led to noticeably higher gross capital expenditures.

The number of employees increased significantly to cover demand and ensure succession planning, particularly in the areas of maintenance, construction projects and operations.

Employee satisfaction rose significantly, partly as a result of improvements in occupational health and safety and the provision of work equipment, and remains at a good level. The *compass index* *89* was in the average range at 55%.

The share of women increased slightly compared to the previous year.

We achieved our share of the Group-wide noise remediation target for 2020 thanks to the completion of planned noise remediation work on over 2,000 km of the rail network.

DB NETZE STATIONS BUSINESS UNIT

Business model

DB Netze Stations is the largest station operator in Europe. In addition to the core business, the development and operation of stations, the business unit offers a variety of mobility-oriented services in stations. With about 0.9 million m² of leasing area, we are among Germany's largest commercial landlords.

Trains from more than 110 TOCs stop at our stations every day. We set particular priorities in the areas of service, safety and cleanliness so that we can offer customers a high degree of quality. Our station management also works hard on-site to ensure seamless operations.

Our station portfolio has a particularly wide geographical coverage. The infrastructure required is characterized by high fixed costs. A provision of equipment and infrastructure in line with needs is crucial to our commercial success.

Revenues are generated primarily from station stops (regulated) in the stations and from leasing out commercial space (not regulated). Our most important regulatory partners are the BNetzA and the EBA.

Markets and strategy

GRI 102-6

We are facing a period of significant change. The mobility market will keep growing and changing. Digital solutions are massively accelerating this development. New forms of mobility are emerging and car transport is increasingly being questioned. Cities are growing and stretching their infrastructures to their limits; rural areas are shrinking but must nevertheless maintain their access to mobility. In order to shape the future, we have further developed our strategy in the most significant areas. The basis for implementing the strategy is restructuring the organization. The entire structure and process organization is consistently being adjusted and oriented to passengers and visitors. The restructuring is actively contributing to the *Strong Rail strategy* *68 ff.*, with its three strategic areas: more robust, more powerful and more modern.

- ***More robust:*** The core of this strategic area is the qualitative and capacitive development of our stations for more passenger growth and more visitors. Because of the targeted shift in the mode of transport, the focus is particularly on the capacity of the stations. By continually optimizing our cleaning and maintenance concepts, we are improving the basic quality of our stations and adjusting the capacity at stations with frequency-related bottlenecks. We would also like to include the station environment in this consideration. 1
- ***More powerful:*** Our processes begin with our customers and their requirements, and we develop solutions to increase customer satisfaction. With the creation of our performance processes, we ensure that our actions are aligned with the needs of our customers and systematically collect their feedback. We implement consistent, end-to-end responsibility for all our processes. We focus on the effect on the end customers. The introduction of comprehensive performance management for all organizational units creates transparency about relevant key figures and enables clear control along our customer-oriented processes. This also includes the continuous application of digital solutions in order to become more efficient. 8 9

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DB Netze Stations

SERVICE PORTFOLIO

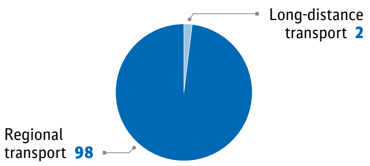
Station stops
- Trains stopping at platforms for passengers to get off and on. As well as basic services, additional services are also offered depending on the category of station, such as service employees, DB information or weatherproofing. Station fees are charged for the services and published in station price lists.

Rental
- About 0.9 million m² of leasing area on offer in stations. This makes DB Netze Stations one of Germany's largest commercial landlords.

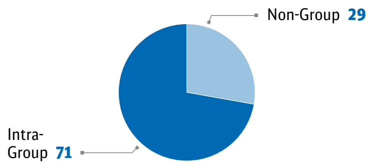
Other
- Additional services on offer at stations (including lockers, parking garages, food service operations).

STRUCTURE

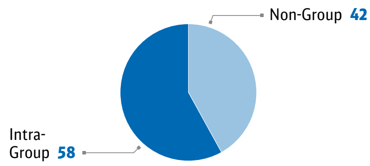
Station stops by mode of transport (%)



Station stops (%)



Revenues (%)



Business model

INPUTS

Employees
- About 6,500

Networks and infrastructure
- About 5,400 stations
- About 700 stops with marketing
- About 9,500 platforms
- About 6,300 passenger information facilities
- About 6,800 dynamic visual displays
- About 2,400 elevators
- About 1,000 escalators
- About 300 parking garages and parking spaces

Other production factors
- 317 GWh electricity

BUSINESS ACTIVITIES

Customer segments
- Private customers
- Business customers, particularly TOCs, tenants and mobility service providers
- Contracting organizations

Value proposition
- DB Netze Stations provides attractive stations and concourse buildings with a range of mobility services and retail spaces.

Customer access and retention
- Key account management
- Regional sales
- Customer services at the station

Key activities
- Operating stations
- Leasing out commercial space
- Providing reliable infrastructure

OUTPUTS [1]

Station stops
- 152.2 million

Rented space
- 0.9 million m²

OUTCOMES [2]

EBIT adjusted
- € 24 million

Employee satisfaction
- SI of 4.0

Customer satisfaction
- Traffic station (passengers/visitors) SI of 72
- Traffic station (TOCs and public transport authorities) SI of 68
- Tenants SI of 77

Facilities quality
- Grade: 2.83

Primary energy consumption
- −25.7% compared to 2010 (absolute)

[1] Key products and services.
[2] Internal and external consequences and results from business activities and outputs along the entire value-added chain.

- ***More modern:*** Our services at the station must benefit our customers and improve their stay. Free WiFi at major stations and comfortable resting areas make it possible for passengers to make good use of waiting times. We continue to expand this offering and achieve steadily increasing availability. We are also bringing new offers and services to our stations. Our first step has been to develop specific solutions for *16 future stations* *145.* Since 2018, we have been continuously converting stations to a new *passenger information system* *145.* We are realizing new land use concepts and services at the station via the *Smart City Initiative* *145.* We are bringing new digital services and products for our customers into development. Thanks to new marketing concepts and the expansion of our sector mix, we are creating attractive product and retail offers.

General framework

APPROVAL OF STATION FEES FOR 2021

On September 30, 2020, the BNetzA approved the station fees for DB Station&Service AG with slight modifications. There was a reduction in the cost basis during the review, but this did not have any direct effect on the station fees.

Development of the infrastructure

STATION CAMPAIGN WITH RECORD CAPITAL EXPENDITURES

Between 2020 and 2024, € 9.0 billion should be channeled into the modernization and maintenance of stations. The Federal Government and the Federal states provide significant funding to modernize station infrastructure, especially to improve accessibility. Outstanding projects include the renovations and redesigns of the main stations in Dortmund, Frankfurt am Main, Hanover, Berlin and Stuttgart, among others. A great deal of spending is also being made in many smaller and mid-sized stations, for example in new escalators, elevators, information boards for passengers, benches, signage systems, floors and ramps for accessibility.

FEDERAL GOVERNMENT ECONOMIC STIMULUS PROGRAM FOR STATIONS

As part of an economic stimulus/trade program, in 2020 the Federal Government made an additional € 40 million available to strengthen small and medium-sized enterprises while also increasing the attractiveness of stations. This was utilized throughout Germany for numerous measures. The program will be continued in 2021 with a volume of € 120 million.

CAPACITY AND FREQUENCY RECORDING

Capacity management is becoming significantly more important as part of Strong Rail, and we have therefore set up an independent project. To enable the anticipated growth in passenger numbers, operational and structural measures must be taken to ensure the performance capability of capacity-critical stations. Germany in sync is contributing significantly to the passenger forecast for 2040, which forms a basis for the capacity categorization of stations. The first step is to create transparency about possible bottlenecks and their causes. Video-based frequency management is being introduced in selected stations. This will generate real-time data for the capacity assessment of the stations and allow passenger flows to be managed directly.

ACCESSIBILITY AT PASSENGER STATIONS

We support making stations accessible, for example by investing in new escalators, elevators, ramps, seating, digital passenger information and multi-sensory guidance systems. More than 90 % of passengers already have step-free platform access. For those who are blind or visually impaired, about 5,400 platforms are already fitted with tactile, this means touch-based, signage systems on the floor of the platforms.

MODERNIZATION, COMMISSIONING AND CONSTRUCTION OF STATIONS

- The concourse building of Stuttgart's central station has been undergoing modernization since the start of 2020. The protected structure is being given a new supporting structure and modern building technology. In addition, a new supply and disposal building and a redesigned station forecourt are being built. The contract for the main batch of demolition/shell work was awarded in May 2020. Commissioning is planned for the end of 2025.
- The main construction works to modernize the Dortmund central station began in June 2018. The underpass is being widened and modernized and the platforms are also getting new surfaces, new equipment and modern platform roofs. After completion of the work, predicted in 2024, the station will be completely accessible and allow for barrier-free connectivity between all modes of transport. The capital expenditure for the modernization of the station is split between the Federal Government, the state of North Rhine-Westphalia and DB Group.

- Construction work to modernize and redesign the feeder levels under the station forecourt and the northern section at Frankfurt central station started in autumn 2020. In addition to new entrances, future visitors will also see a restructured underground infrastructure with expanded and completely redesigned retail and service spaces. It is being built in several construction phases. The measures will be under construction for a total of six years.
- In Hanover central station, additional construction preparations for the modernization of the station were carried out in August 2020. Over the course of the coming years, all the platforms, platform roofs and some bridge structures above the passenger tunnel level will be renovated. The conveyor systems will also be modernized. Because the construction work needs to be concentrated solely over the summer holiday period, the modernization of the entire station is expected to be completed in 2032.

Digitalization and innovation

PASSENGER INFORMATION OF THE FUTURE

As part of the renewal of the passenger information systems, a new central management and publication system (IRIS+) is currently being developed. In combination with the passenger information (Reisendeninformations; RI) platform, it will be used to provide passengers with information at the station. Following a successful pilot, the decision to launch it throughout Germany was reached in the fourth quarter of 2019. A comprehensive rollout went ahead in 2020. By the end of 2020, 295 stations had already been set up with the RI platform and IRIS+.

In most of the converted stations, text-to-speech technology is already in use for auditory passenger information. The new voice for the station was introduced in parallel in 2020. At these stations, all standard and individual announcements are made with the voice of an advertising voice-over and dubbing artist.

Many other functions were also implemented in the RI platform and IRIS+ in 2020. Among those worth highlighting is the product development of a multimodal display that shows the local scheduled connecting services.

The software development for the next generation of dynamic visual display (Dynamische Schriftanzeiger; DSA plus), the successor to the existing dynamic visual display, is moving forward. The renewal of the display media portfolio is also being accelerated. The successful field test of the ZIMwide model and the ongoing field test of ZIM200 mean that new, modern and flexible displays for stations will become available in 2021.

SMART CITY AT DB STATION & SERVICE

With Smart City, we aim to improve the daily lives of city residents, visitors to stations and passengers with intelligent and environmentally friendly offers.

- In 2020, various items of street furniture and event concepts were tested at Berlin-Charlottenburg S-Bahn (metro) station and Cologne-Mülheim station. The aim is to design stations in a way that is more attractive to passengers and visitors while also incorporating the surroundings.
- In late August 2020, Smart City opened its first coworking space at Berlin central station under the everyworks brand. Workstations can be booked using the everyworks app. The long-term aim is to open other central and mobile workplace locations directly at stations.
- At the beginning of 2020 the piloting of intelligent, cross-vendor locker systems in the Hamburg city area, called Hamburg Box, started. It is a joint project with ParcelLock and the Hamburger Hochbahn, and enables time-saving and convenient receipt of goods and products directly at the station.
- In September 2020, we extended the Smart City Memorandum of Understanding with the city of Hamburg by another five years. The shared objective is to make a contribution to sustainable and viable mobility and logistics and to strengthen the city of Hamburg as a place worth living and an environmentally friendly location.
- We implemented a number of projects with the city of Hamburg at Hamburg-Dammtor station. As well as Hamburg Box, these include redesigned showcases and an audiovisual art installation that provides a unique ambience.

NEW SERVICES AT FUTURE STATIONS

In 2020, we tested many new products and services together with our customers at a total of 16 future stations. We aimed to use a mix of measures to find out how we could improve quality of stay and comfort for customers. One of the areas of focus was the design of concourse buildings and forecourts as well as new, modern seating and waiting areas. Local motifs provided greater potential for residents to identify with the station. Passengers had the opportunity to test new retail options such as food trucks, sustainable snack machines and pop-up stores. We also developed innovative guidance systems to help visitors orient themselves better. New ideas have also been tested for onward travel, including e-scooter parking spaces, automatic bicycle parking towers and charging points for e-bikes.

Environmental measures

- The *Bike+Ride campaign* green. *no. 156* is currently in the process of implementation: there is already demand for the offer from over 400 municipalities, and 25 facilities with spaces for 20 to 850 bicycles have been set up so far. The aim is to promote sustainable onward travel. Financial support for municipalities is provided by the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety. We support the municipalities with space testing and rental-free permits. Starting in 2022, up to 100,000 additional bicycle parking spaces will be added to stations.
- With the new Rad+ app, we are supporting the interplay between cycling and rail travel. The app counts the number of kilometers cycled within an area of action, and these can be redeemed for discounts and rewards from retailers in the region and at the station. The app also rewards all cyclists by counting how many kilometers have been collected in total by all users. Rad+ was developed at the Ahrensburg future station. The second location was the Freising future station. Another 15 locations are coming in 2021.

Changes in the Group portfolio

- At the beginning of 2020, we increased our stake in Station Food GmbH to 100% by acquiring the shares previously held by the joint venture partner, and then sold it in full to SSP Deutschland GmbH.

Development in the year under review

- *The Covid-19 pandemic adversely impacted the development of demand and financial key figures.*
- *Additional burdens on profit development from hygiene, quality and capacity measures.*
- *Leasing business heavily impacted by the Covid-19 pandemic.*
- *Progress made with energy-saving measures.*

Facilities quality was slightly below the previous year's level.

Customer satisfaction among passengers improved significantly, particularly at the *16 future stations* → *145*. In 2020, 32,700 interviews were conducted with passengers and visitors. Customer satisfaction among the TOCs and public transport authorities also improved significantly. Almost all areas surveyed contributed positively to this development. Despite severe restrictions on tenants due to Covid-19, customer satisfaction among tenants was only slightly below the previous year's level.

The slight decline in station stops resulted mainly from lower traffic on regional and long-distance services due to Covid-19. This was offset in part by an increased demand from non-Group customers.

Economic development was weak: significant increases in expenses mainly for maintenance and personnel, together with a simultaneous decline in income due to Covid-19, led to a significant decrease in operating profit figures.

DB Netze Stations	2020	2019	Change absolute	Change %	2018
Passenger stations	5,397	5,384	+13	+0.2	5,368
Facilities quality (grade)	2.83 [1]	2.87 [1]	–	–	2.88
Customer satisfaction, traffic station (passengers/visitors) (SI)	72	69	–	–	68
Customer satisfaction, traffic station (TOCs and public transport authorities) (SI)	68	61	–	–	61
Customer satisfaction, tenants (SI)	77	79	–	–	76
Station stops (million)	152.2	153.3	-1.1	-0.7	150.9
thereof non-Group railways	44.0	40.0	+4.0	+10.0	36.8
Total revenues (€ million)	1,258	1,339	-81	-6.0	1,314
thereof station revenues (€ million)	917	905	+12	+1.3	880
thereof rental (€ million)	332	393	-61	-15.5	391
External revenues (€ million)	525	590	-65	-11.0	569
EBITDA adjusted (€ million)	171	349	-178	-51.0	362
EBIT adjusted (€ million)	24	210	-186	-88.6	221
Gross capital expenditures (€ million)	1,338	1,096	+242	+22.1	883
Net capital expenditures (€ million)	253	262	-9	-3.4	164
Employees as of Dec 31 (FTE)	6,525	6,216	+309	+5.0	5,804
Employee satisfaction (SI)	4.0	–	–	–	3.7
Share of women as of Dec 31 (%)	44.2	44.7	–	–	45.2
Absolute primary energy consumption (stations) to 2010 (%)	-25.7	-22.1	–	–	-20.5

[1] Preliminary figure.

- The decline in revenues is largely the result of lower revenues from rental due to Covid-19. Lower rental revenues due to renovation measures at stations placed an additional strain on development. The increase in station revenues partially compensated for this. The price effects were greater than the effects of the decrease in performance.
- Other operating income (−14.8 %/€ −33 million) declined, largely as a result of the absence of special items from the previous year.

On the expenses side, there were considerable additional burdens from the cost of materials and personnel expenses:

- Cost of materials (+8.5 %/€ +54 million) increased, in part because of additional hygiene and safety measures at our stations made necessary by Covid-19, and also because of the Federal Government's trade program stimulus package, though this did not affect profits overall. Moreover, additional measures to improve quality have had a negative impact on development.
- Personnel expenses (+7.5 %/€ +28 million) increased significantly as a result of a higher number of employees and collective bargaining agreements.
- Other operating expenses (+2.2 %/€ +6 million) also increased slightly, among other things in connection with the passenger information system project, the utilization of increased purchasing services and projects for demolition work.
- Depreciation (+5.8 %/€ +8 million) increased slightly as a result of capital expenditures.

The significantly higher capital expenditures were mainly made for the modernization of existing traffic stations as well as the construction of new ones.

The number of employees increased mainly due to more personnel particularly in the areas of construction and facilities management.

Employee satisfaction increased, particularly because of greater optimism about the future and approval for the Strong Rail strategy, and remains good. The *compass index* *→ 89* was in the average range at 61 %.

The share of women has decreased, but remains at a relatively high level.

The positive trend of the past years is continuing, with the further reduction of the stations' absolute primary energy consumption in comparison to 2010, for example through the use of energy-saving technologies.

DB NETZE ENERGY BUSINESS UNIT

Business model

DB Netze Energy offers industry-standard energy products related to traction energy and stationary energy supply. As well as traction current and diesel, these also include supply solutions for alternative drives and synthetic fuels in rail transport. Stations and other DB Group properties are supplied with electricity, gas and heat. Furthermore, DB Netze Energy supplies industrial customers throughout Germany with a broad array of electricity and gas products. Private customers throughout Germany are also offered a certified eco-power supply. The range of services is rounded out with energy economics-related and technical services.

The traction current grid is the technical backbone of traction power provision in Germany, for which DB Netze Energy as the network operator ensures a high level of supply reliability. The required current is generated in traction current power stations using fossil and renewable energy sources or fed via converters/transformers. In order to provide for diesel traction units, DB Netze Energy offers a network of filling stations across Germany, which can also be partially used by road vehicles. To enable carbon-neutral rail transport in future as an alternative to diesel operation even on sections without overhead lines, DB Netze Energy is implementing supply solutions for traction units with alternative drives and synthetic fuels. In addition, DB Netze Energy operates 50 Hz medium-voltage networks to supply energy to stations and provides a charging infrastructure for electric vehicles on the road. The infrastructure operated by DB Netze Energy is to a high degree and in varying forms subject to regulation by the BNetzA.

Markets and strategy

GRI 102-6

DB Netze Energy is responsible for economically and environmentally efficient energy procurement and for reliable energy provision for TOCs. DB Netze Energy also has a high-performance infrastructure for the provision of electricity and diesel to mobile and stationary consumers. To supply services that currently operate on diesel with carbon-neutral energy, an alternative drives or synthetic fuel infrastructure is being set up. The business unit strategy "Green energy for a strong rail system" has been implemented further during the year under review and integrated into the *Strong Rail strategy* *→ 68 ff.*

- *More robust:* DB Netze Energy is ensuring power supply while traffic volumes increase in the long term. The new *LuFV III* *→ 235 f.* forms the financial basis for this, for example in order to create additional power converter capacity.

GRI
102-6
102-7

DB Netze Energy

PRODUCTS

Traction current
› Supplying trains with energy. We supply 16.7 Hz traction current throughout Germany around the clock through our own interconnected power grid.

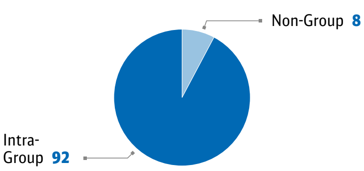
Traction current pass-through
› Pass-through of electricity purchased externally by TOCs within the DB Netze Energy grid in order to supply trains.

Stationary energy
› Supplying stations, plants, interlockings and office buildings with electricity and heating. Stationary train operation facilities, such as facilities for pre-heating trains or switch heaters, are supplied with electricity.

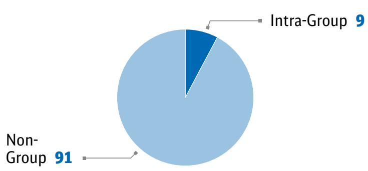
Diesel fuel
› Diesel fuel supply via rail filling stations in 24-hour self-service operation. The offer also includes consumables and supplies, heating and engine oil and AdBlue®.

STRUCTURE

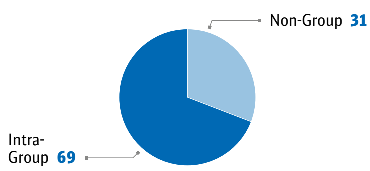
Traction current (%)



Stationary energy (%)



Diesel fuel (%)



Business model

INPUTS

Employees
› About 1,900

Networks and infrastructure
› About 7,900 km of traction current grid
› About 1,780 transformer stations
› 184 gas stations
› 52 power plants/converters/transformers

Additional production factors
› Electricity
› Fuel

BUSINESS ACTIVITIES

Customer segments
› Business customers
› Private customers

Value proposition
› DB Netze Energy offers customer-oriented and environmentally friendly access to products in the areas of traction current and diesel, as well as stationary energy.

Customer access and retention
› Key account management
› Regional sales
› Online customer platforms

Key activities
› Providing reliable infrastructure
› Procuring energy
› Selling energy
› Offering energy economics-related and technical services

OUTPUTS [1]

Traction current (16.7 Hz and direct current)
› 7,263 GWh

Stationary energy (50 Hz and 16.7 Hz)
› 14,063 GWh

Diesel fuel
› 386 million l

OUTCOMES [2]

EBIT adjusted
› € 5 million

Customer satisfaction
› SI of 77

Supply reliability
› 99.99 %

Employee satisfaction
› SI of 4.0

Share of renewable energies in the DB traction current mix
› 61.4 %

[1] Key products and services.
[2] Internal and external consequences and results from business activities and outputs along the entire value-added chain.

In addition, following a successful pilot, the rollout of sensors on traction current systems began during the year under review, driving digitalization forward.

- ***More powerful:*** In 2020, the regulatory organization was adapted in many business units to make it more powerful thanks to a simple setup and clear processes.
- ***More modern:*** As an energy provider to the TOCs in Germany, DB Netze Energy is a central driver of the energy transition. In order to completely switch DB traction current to renewable energies by 2038, existing fossil fuel power plant contracts will henceforth be replaced by renewable energies in an environmentally sustainable way. To enable carbon-neutral rail transport in future even on non-electrified lines, DB Netze Energy is working together with vehicle manufacturers, public transport authorities and Federal agencies to implement suitable supply solutions.

General framework

BNETZA OPENS A PROCEDURE FOR DEFINING TRACTION CURRENT GRID ACCESS

At the beginning of 2019, the BNetzA opened a procedure for the further development of business processes for access to the traction current grid with a market consultation. The procedure for defining should improve transparency and liability of the access rules, data formats and communication deadlines for all market partners (electricity suppliers, TOCs, vehicle owners and DB Netze Energy as the operator of the traction current grid). DB Netze Energy has introduced its own proposals to this end and welcomes this further development, which is expected to be adopted in spring 2021.

Environmental measures

EXPANSION OF RENEWABLE ENERGIES IN THE TRACTION CURRENT PORTFOLIO

Building a mixed portfolio for a secure energy supply while increasing the share of renewable energies under an economically sustainable general framework is a core element of our green strategy. This strategy continued to be consistently implemented in 2020 with the conclusion of new contracts.

By building a balanced and mixed renewable energy portfolio, we aim to spread the risk, ensure our ability to respond to market or regulatory changes, and take every opportunity to benefit from technological progress. In building this renewable energy portfolio, we take care to create a balanced mix with regard to energy sources, supply region, contractual partners, contractual terms, pricing and risk management.

In 2020, to begin with, three new renewable energy power purchase agreements (PPAs) were added to the package:

- PPA with Verbund AG to supply about 438 GWh p.a. from Egglfing-Obernberg ***hydroelectric power station*** green ***no. 16*** (on the German-Austrian border) during the period 2023–2027 (equivalent to about 6% of the annual traction current needs of DB Group).
- PPA with Enerparc AG to supply about 80 GWh p.a. from ***Gaarz photovoltaic power station*** green ***no. 30*** (Mecklenburg-Vorpommern) during the period 2021–2050 (equivalent to about 1% of the annual traction current needs of DB).
- PPA with RWE to supply about 263 GWh p.a. of wind energy during the period 2024–2039 from ***Amrumbank West offshore wind farm*** green ***no. 47*** (equivalent to about 4% of the annual traction current needs of DB Group).

These three new contracts alone provide a total CO_2 savings of up to 600,000 t CO_2 p.a. compared with supply from a coal-fired power plant.

ENERGY SUPPLY FOR ALTERNATIVE DRIVES

In addition to further line electrification measures, DB Netze Energy is also implementing solutions to supply rolling stock with alternative drives. The aim is to provide climate-neutral rail operation as an alternative to diesel operation in future, even on sections without overhead lines. To this end, DB Netze Energy is pursuing various technological approaches. These range from supplying battery-powered trains with energy to providing hydrogen for fuel cell trains or alternative fuels for conventional diesel trains.

With regard to the supply of energy to battery-powered trains, initial appointments have been made to set up a corresponding recharging infrastructure in Schleswig-Holstein and Rhineland-Palatinate. Battery-powered trains in Schleswig-Holstein will be supplied with traction current via innovative overhead wire island systems for the first time at three locations from the end of 2023.

DB Netze Energy is constructing a hydrogen filling station in Frankfurt am Main as a pilot facility to supply our fuel cell road vehicles. This facility, which is designed not only to supply hydrogen but also to generate it on-site, is scheduled for completion in mid-2021. Since November 2020, DB Netze Energy has also been involved in a joint funded project between DB Group and Siemens Mobility to authorize and test the new fuel cell drive train developed by Siemens Mobility, Mireo Plus H, with an ***innovative hydrogen supply infrastructure*** green ***no. 53***. A study has been developed under the leadership of DB Netze Energy together with industry partners for the transport of hydrogen by rail. The essential feasibility of transporting hydrogen by rail in a climate-friendly way has been developed in this study.

DB Netze Energy is also supporting the testing of alternative fuels within DB Group. This includes a field test of the *advanced TrainLab* green *no. 159,* in which C.A.R.E. Diesel© (made from 100% hydrogenated vegetable oil/HVO from plant and waste residues) is supplied through a mobile tank container in Halle/Saale. The use of C.A.R.E. Diesel and R33 BlueDiesel (made from 33% HVO and 7% biodiesel) in the Sylt shuttle (various series) is also being tested. DB Netze Energy also supplied some DB Regional Baden-Württemberg diesel trains with R33 BlueDiesel through an existing rail filling station until the end of 2020.

PROMOTING CLIMATE-FRIENDLY RAIL TRANSPORT

In September 2020, a letter of intent was agreed by the state of Thuringia and DB Group. It set out the intention to endeavor to electrify more lines on the rail network in Thuringia through overhead lines and to jointly prepare for and roll out the use of hydrogen fuel cell trains and battery-powered trains as soon as possible. Specifically, the intention is to execute a pilot project, subject to the requirements of procurement law, to convert the Schwarzatalbahn from Rottenbach to Katzhütte for the running of hydrogen fuel cell trains to be supplied with green hydrogen through a hydrogen filling station with an electrolyzer, which will be built as part of the project.

Development in the year under review

- *The Covid-19 pandemic adversely impacted the development of demand and financial key figures significantly.*
- *Increased capital expenditures and quality measures in the traction current supply.*
- *High supply reliability ensured even during the Covid-19 pandemic.*

The high level of supply reliability was maintained.

Customer satisfaction was roughly stable at a very good level. Competence and reliability were assessed positively across all product areas. There were improvements in the area of traction current as the delays in the settlement process during the previous year were rectified.

Volumes largely declined as a result of Covid-19:

- Sales of traction current fell due to lower demand from intra-Group customers in passenger and freight transport as well as from non-Group customers mainly due to Covid-19.
- The traction energy that was conducted for non-Group customers increased as a result of the shift away from full power supply. In addition, non-periodic effects that had arisen in the previous year did not take effect in 2020.
- In the area of stationary energy, electricity sales declined significantly. The main factors were declines in demand from industrial customers due to Covid-19 and a reduction in portfolio optimization measures on the energy market. In contrast, an increase in demand was seen in business with private customers.

			Change		
DB Netze Energy	**2020**	2019	absolute	%	2018
Supply reliability (%)	99.99 [1]	99.99 [1]	–	–	99.99 [1]
Customer satisfaction (SI)	77	78	–	–	78
Customer satisfaction, traction current and diesel (SI)	71	71	–	–	75
Customer satisfaction, electricity and gas plus (intra-Group customers) (SI)	76	78	–	–	79
Customer satisfaction, electricity and gas plus (non-Group customers) (SI)	85	86	–	–	81
Traction current (16.7 Hz and direct current) (GWh)	7,263	7,986	-723	-9.1	8,245
Traction current pass-through (16.7 Hz) (GWh)	1,985	1,566	+419	+26.8	1,576
Stationary energy (50 Hz and 16.7 Hz) (GWh)	14,063	14,932	-869	-5.8	18,196
Diesel fuel (million l)	385.7	410.6	-24.9	-6.1	429.6
Total revenues (€ million)	2,724	2,812	-88	-3.1	2,850
External revenues (€ million)	1,297	1,308	-11	-0.8	1,350
EBITDA adjusted (€ million)	91	128	-37	-28.9	87
EBIT adjusted (€ million)	5	43	-38	-88.4	21
Gross capital expenditures (€ million)	273	193	+80	+41.5	187
Net capital expenditures (€ million)	51	61	-10	-16.4	65
Employees as of Dec 31 (FTE)	1,861	1,772	+89	+5.0	1,734
Employee satisfaction (SI)	4.0	–	–	–	3.8
Share of women as of Dec 31 (%)	14.4	13.3	–	–	13.8
Share of renewable energies in the DB traction current mix (%)	61.4	60.1	–	–	57.2

[1] Preliminary figure (not rounded).

- The drop in demand for diesel fuels is primarily due to the development of intra-Group customers in regional transport.

Economic development was modest. The decline in volumes due to Covid-19 could only be partially offset by reduced energy procurement expenses. As a result, operating profit figures decreased as a result of the decline in income:

- Revenues declined mainly in the traction and stationary energy areas as a result of the volume development. Lower sales prices also had a negative impact on the diesel fuel area. The increase in demand in business with private customers had a slight positive effect.
- The decline in other operating income (–7.3%/€ –6 million) was primarily due to the absence of one-time effects from the previous year. Higher income from technical services to internal customers partly compensated for this decline.

  The negative effects of the Covid-19 pandemic on the revenue side contrasted with positive effects on the cost of materials:
  - The cost of materials fell (–2.5%/€ –63 million). Lower sales volumes and diesel fuel procurement prices in particular led to reduced energy expenses. In the areas of traction and stationary electricity, the decrease in energy expenses, which was largely due to lower volumes, was overshadowed by price effects.

However, the other expenses items moved in the opposite direction, partly offsetting the decreased cost of materials:

- Personnel expenses (+3.1%/€ +4 million) increased as a result of a higher number of employees and collective bargaining agreements.
- In other operating expenses (+4.8%/€ +6 million), higher IT services essentially led to an increase. On the other hand, lower impairments on receivables had the effect of reducing expenses.
- Depreciation (+1.2%/€ +1 million) was at the same level as in the previous year.

Gross capital expenditures rose significantly as a result of additional Federal funds from *LuFV III* *235 f.* Net capital expenditures decreased as a result of the hydroelectric projects and lower shares of DB funds in demolition work during the previous year.

The number of employees increased above all in order to handle the higher project volume arising from LuFV III as well as to allow quality assurance in network operations.

Employee satisfaction increased significantly. In particular, solidarity with DB Energie GmbH and overall satisfaction with it as an employer have improved significantly. A large majority would recommend DB Energie GmbH as an employer to their friends. The *compass index* *89* was in the upper average range at 64%.

The share of women increased significantly compared to the previous year.

The *share of renewable energies in the DB traction current mix* *83* increased further.

SUBSIDIARIES/OTHER

DB E.C.O. Group

The DB E.C.O. Group offers its customers the internationally sought-after engineering, consulting and operations know-how of DB Group from a single source. The group includes DB E&C and Deutsche Bahn International Operations (DB IO), among others.

DB ENGINEERING&CONSULTING

- The last of 28,000 "smart" switches has been connected to the DIANA digital platform. Sensors monitor whether the switch drive is functioning smoothly. If a fault occurs, DIANA promptly reports abnormalities. A new digital sensor for current and voltage measurement that enables even more extensive and precise diagnostics is currently in development; a pilot is underway with the state-owned rail company in Luxembourg. In March 2020, the DIANA Wayside Monitoring Hub for DB Netze Track was also commissioned, which combines all the results of the "train check in passing." The development of DIANA is a joint initiative of DB Netz AG and the IT service provider infraView, which is part of DB E&C. 13
- DB E&C is increasingly using multicopters equipped with cameras on construction sites to take advantage of digitalization in the construction supervision of infrastructure projects. Thousands of images are captured extremely quickly using precision technology and processed entirely automatically. The digital image can be efficiently compared against a reference, saves large amounts of time in coordination and approval processes, and increases the quality of documentation.
- In early 2020, the comprehensive modernization of the central station in Riga/Latvia was started. The aim is to turn it into an intermodal transport hub and the center of the Rail Baltica railway project. DB E&C and its partners are tasked with the project management, design review and construction supervision of the refurbishment of the existing track systems, platforms and buildings, and the construction of a new 1-km-long railway bridge.

- DB E&C has opened an office in Mexico and won its first contracts. DB E&C is carrying out a capacity study for a metro project in the state of Veracruz and acting as a shadow operator for the new S-Bahn (metro) line in Monterrey, which means that it is observing and supporting a project from the very beginning from an operator's perspective to optimize costs and benefits before commissioning. DB E&C handed over an initial infrastructure and operating concept for the 62-km-long line to the customer in July 2020.
- In July 2020, DB E&C was commissioned as the leader of a joint venture in Serbia to provide construction supervision services for the modernization and expansion of the Belgrade—Stara Pazova line section, which covers about 35 km. The section is part of the Belgrade—Subotica—Budapest railway project, which was agreed by Serbia, Hungary and China as part of the global "One Belt, One Road" initiative.

DB INTERNATIONAL OPERATIONS

- Following the completion of a 273-km-long freight transport line in Uruguay, which is expected to happen in 2022, DB IO, together with two partners, will take on the operation and maintenance of the line for 25 years. The formation and mobilization of the operating company began in October 2020.
- Etihad Rail DB is bringing its accumulated experience and expertise gained from the first phase to the preparation of operations for the phase 2 line in the United Arab Emirates, which covers about 600 km and is currently under construction.
- DB Engineering & Consulting USA, together with DB IO, is advising the California High-Speed Rail Authority in the US on preparing for operations.

DB NEW MOBILITY

DB New Mobility (NeMO) combines DB Group's new mobility offers. These include ioki, Mobimeo, Clever Shuttle, Call a Bike, Flinkster and Bonvoyo, as well as the DB Connect fleet business. NeMO is directing this integrated offer to public authorities such as municipalities and public transport authorities.

- Integrated on-demand mobility in Hamburg could save 100,000 t CO_2 per day, according to a mobility analysis conducted by ioki on behalf of the Hamburg Hochbahn. Based on the results of the study, ioki and the Hochbahn have developed an integrated concept for climate-friendly mobility in Hamburg for 2030, combining local public transport with new sharing offers.
- The ioki Hamburg Shuttle has been extended to the end of 2021 and also aims to enhance public transport in the surrounding area in future. As part of the RealLabHH funding project, shuttle fleets are starting in Ahrensburg, Stormarn and Winsen in December 2020. After all, this sustainable transport concept also reduces the burden on roads in rural areas, and is a flexible and environmentally friendly alternative to the car.
- The Rhine-Main transport association (Rhein-Main-Verkehrsverbund; RMV) and ioki are starting an on-demand project that is the only one of its kind in Europe. From 2021 it will be possible, in cooperation with nine local partners, to book electric or hydrogen-powered vehicles in

GRI 102-7

Subsidiaries/other

PORTFOLIO

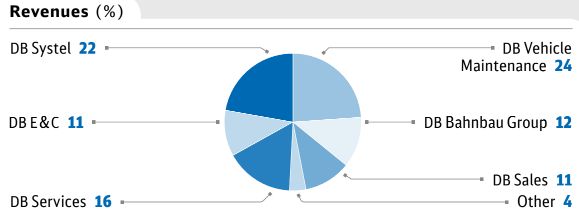
DB Business Services
- Legally independent entities (including DB Zeitarbeit GmbH, DB JobService GmbH and DB Digital Ventures GmbH)
- Legally dependent entities (including DB Real Estate, DB Training and DB Procurement)

DB Operational Services
- Legally independent operating service entities (including DB Fahrzeuginstandhaltung GmbH, DB Systel GmbH, DB Services GmbH, DB Bahnbau Gruppe GmbH, DB Vertrieb GmbH, DB E.C.O. Group, ioki GmbH)

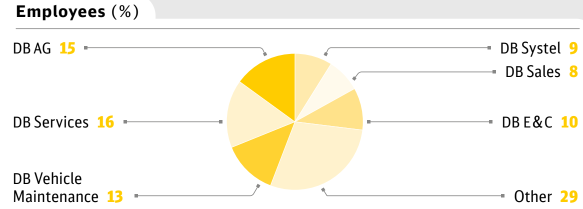
Other
- Corporate management governance functions (including Group development, finances, treasury and human resources)
- DB supporting functions (including Deutsche Bahn Finance GmbH and Deutsche Bahn Stiftung gGmbH)

STRUCTURE

Revenues (%)



Employees (%)



the area of the transport association to take passengers to their destination flexibly and with no fixed schedule. The on-demand platform comes from ioki and has won a Europe-wide tender.

- The S-Bahn (metro) Berlin Connect app shows passengers the fastest connection as well as suitable alternatives from sharing providers. Route search, ticket sales and an alarm function are all included in the app. It was developed by the DB subsidiary Mobimeo.

Changes in the Group portfolio

- In October 2020, DB E&C acquired 100% of shares in ESE Engineering&Software-Entwicklung GmbH (ESE). With its combination of railway, engineering and IT know-how, ESE is helping to strengthen the digital expertise of DB Group and DB E&C significantly, and thereby helping to implement *DSD* *132.*
- In the third quarter of 2020, Mobimeo acquired the business branch of moovel Group GmbH, which develops mobility platforms for municipalities and transport associations (B2B/B2G software solutions), from the BMW Group and Daimler Mobility. In doing so, we are strengthening our technological expertise to develop customer-friendly regional public transport apps that provide the full scope of functionality of public mobility offers from a single source.

Development in the year under review

- *Personnel expenses increased as a result of collective bargaining agreements and a higher number of employees.*
- *Digitalization and Group projects advanced.*
- *Covid-19 pandemic dampened development.*

			Change	
Subsidiaries/other	**2020**	2019	absolute	%
Total revenues (€ million)	5,375	5,192	+183	+3.5
DB Business Services	4	51	-47	-92.2
DB Operational Services	6,203	5,994	+209	+3.5
Other/consolidation	-832	-853	+21	-2.5
External revenues (€ million)	523	581	-58	-10.0
EBITDA adjusted (€ million)	-98	-62	-36	+58.1
EBIT adjusted (€ million)	-690	-575	-115	+20.0
DB Business Services	-85	-71	-14	+19.7
DB Operational Services	32	18	+14	+77.8
Other	-637	-522	-115	+22.0
Gross capital expenditures (€ million)	981	714	+267	+37.4
DB Business Services	5	5	–	–
DB Operational Services	390	429	-39	-9.1
Other	586	280	+306	+109
Net capital expenditures (€ million)	981	713	+268	+37.6
Employees as of Dec 31 (FTE)	57,878	55,497	+2,381	+4.3
DB Business Services	11,792	12,015	-223	-1.9
DB Operational Services	43,330	40,907	+2,423	+5.9
Other	2,756	2,575	+181	+7.0

The increase in total revenues was driven by higher revenues from intra-Group customers of DB Operational Services companies. This was mainly due to a higher demand for digitalization and cybersecurity solutions (DB Systel), DB Vehicle Maintenance projects and the increased project business of the DB Bahnbau Group.

Revenues from non-Group customers declined at a low level. This was largely due to declines in DB Sales caused by Covid-19.

The operating profit figures (adjusted EBITDA and adjusted EBIT) in the Other area were significantly affected by corporate management functions performed for the business units. There is no cost transfer to the business units by means of Group charges. In the year under review, the operating profit figures (adjusted EBITDA and adjusted EBIT) were weaker, primarily due to higher expenses for personnel overall. This was a result of collective bargaining agreements and an increase in the number of employees due to capacity and quality measures. Declines at DB Catering, DB Connect and DB Sales caused by Covid-19 also had an effect. The positive business development, particularly at DB Vehicle Maintenance, DB Service and DB Systel, in addition to countermeasures, compensated for some of the effects.

The higher capital expenditures largely resulted from extensions of existing rental and leasing agreements with DB Real Estate in the Other area.

The number of employees rose, largely driven by additional recruitment in DB Operational Services companies. The number of employees at DB E&C, DB Systel, DB Vehicle Maintenance, DB Services, DB Security and the DB Rail Construction Group in particular rose as a result of expanding digitalization and quality measures, additional hygiene and safety requirements due to the Covid-19 pandemic, and the increase in in-house production volumes.

DB ARRIVA BUSINESS UNIT

Development in the relevant markets

The environment for European passenger traffic deteriorated significantly in 2020 with the Covid-19 crisis. Contact and travel restrictions were more drastic and longer-lasting in many European countries than in Germany.

In addition, rising unemployment and declining wages and salaries had a negative impact on mobility demand and led to a significant reduction in volume sold.

Due to the unprecedented losses in the Covid-19 crisis, the transport industry and transport providers in numerous European countries received financial support. With the financial commitment, the Public Transport Authorities recognize the importance of local public transport even during the Covid-19 crisis.

Business model

With buses, coaches, trains, trams, water buses, car- and bike-sharing systems, and on-demand transport solutions, DB Arriva offers a wide range of transport services. The activities of DB Arriva are divided into three lines of business: UK Bus, UK Trains and Mainland Europe.

Volume sold and volume produced are important key performance figures. In addition to revenues from fares, subsidies are an important source of income. Commercial revenue is predominantly generated via ticket sales/fares; however, we also generate revenue from private hire in many markets that complement commercial operations.

Predefined terms of transport contracts, concessions and route concessions, combined with the complex production system, result in a cost structure with a high proportion of fixed or semi-fixed costs (for example related to production but need some time to adjust to production variance, such as personnel expenses). The major drivers are personnel, maintenance and energy as well as in rail transport track access expenses. Reacting quickly to bus and train capacity changes can be a challenge in many of the markets in which DB Arriva operates.

Throughout Europe, DB Arriva works with local, regional and national authorities to bring new and improved services to customers. DB Arriva's regional presence allows it to quickly respond to changes, especially new regulatory requirements and changing customer expectations. DB Arriva works closely with its customers to develop efficient, tailor-made and sustainable transport solutions.

Customers particularly appreciate the experience that DB Arriva has with operating various transport solutions and DB Arriva's commitment to providing high-quality, reliable, efficient and cost-effective services.

Markets and strategy

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Activities of DB Arriva (by country)	**Services offered**
Croatia	bus
Czech Republic	bus/rail
Denmark	bus/rail/water bus/car sharing
Hungary	bus
Italy	bus/rail/tram/water bus
Poland	bus/rail
Portugal	bus/rail/tram
Serbia	bus
Slovakia	bus/bike sharing
Slovenia	bus
Spain	bus
Sweden	bus/rail/tram
The Netherlands	bus/rail/water bus/bike sharing
United Kingdom	bus/rail

DB Arriva connects communities with operations in 14 European countries, and continuously invests in new vehicles, improving passenger information systems and developing new mobility solutions to complement traditional passenger modes. This in turn helps the company achieve sustainable positions across its core markets. Furthermore, DB Arriva continues to improve its position by participating in tenders across its markets. Some examples of such investment in technology, products and new tenders are:

- UK Bus has launched a new integrated journey planning and ticketing sales platform app allowing customers to access timetables, pay for travel and track their bus in real time through a single app.
- UK Train – *CrossCountry* *156* signed a new contract.
- Mainland Europe – DB Arriva started a new *ten-year bus contract in the Pilsen region* *156*, in the Czech Republic.
- Mainland Europe – DB Arriva worked closely with regional governments in the Netherlands to support the development of *MaaS (Mobility as a Service)* *157*, piloting two regional schemes.

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DB Arriva

LINES OF BUSINESS

UK Bus
- DB Arriva is the third-largest provider of bus services in regional markets in the United Kingdom, with rural, urban and inter-urban bus services as well as a major operator in London. Our buses operate across England and Wales.

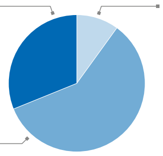
UK Trains
- DB Arriva runs three rail contracts (CrossCountry, Chiltern and London Overground) and an open access operation (Grand Central) in the United Kingdom.

Mainland Europe
- DB Arriva is the leading private player across most of its markets in 13 European countries. In addition to trains and buses, DB Arriva also operates water buses and car-sharing offerings.

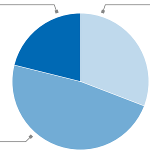
Other
- The lines of business are supported by central functions such as production, sales, finance, human resources and IT.

STRUCTURE

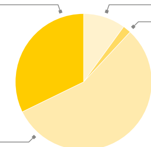
Passengers (%)



Revenues (%)



Employees (%)



Business model

INPUTS

Employees
- About 46,000

Vehicles
- 793 multiple units
- 18 locomotives
- 73 passenger cars
- 16,380 buses (including external)

Networks and infrastructure
- About 48,000 bus stops (United Kingdom)
- 117 operated stations (United Kingdom)

Electricity and fuel
- 440 million l fuel
- 250 million kWh electricity

BUSINESS ACTIVITIES

Customer segments
- Private customers
- Passenger Transport Authorities (PTAs)

Value proposition
- DB Arriva offers customer-oriented, efficient and affordable transport solutions.

Customer access and retention
- Local sales points, travel centers, agencies, ticket machines, online, call center, onboard sales
- Subscriptions, apps

Key activities
- Providing train and bus services
- Looking after customers
- Providing and maintaining vehicles
- Operation and optimization of local networks

OUTPUTS [1]

Passengers
- 1.2 billion (bus and rail)

Volume sold
- 4.5 billion pkm (rail)

Volume produced
- 0.9 billion bus km and
- 0.1 billion train-path km

OUTCOMES [2]

EBIT
- € –431 million

Customer satisfaction
- SI of 80

Punctuality
- 93.1%

Employee satisfaction
- SI of 3.8

Greenhouse gas emissions
- –12.2% (rail) and
- –16.2% (bus) compared to 2006 (specific)

[1] Key products and services.
[2] Internal and external consequences and results from business activities and outputs along the entire value-added chain.

Employees are a critical part to the success of DB Arriva. Ongoing programs of employee engagement ensure that employees have the opportunity to share their ideas and views. This feeds the development of action planning to continually develop employees and attract talent. In 2020 DB Arriva recorded an uplift in employee engagement and continues to strive to make DB Arriva an even better place to work.

Its employer attractiveness enables DB Arriva to attract and retain talent. That is why DB Arriva regularly conducts employee surveys and has developed an action plan to continually improve employee retention.

DB Arriva's commitment to the environment and to the wider sustainability agenda is an integral part of its corporate culture. Central to this is reducing fuel consumption, improving air quality and reducing carbon emissions. By introducing new telematics systems in 10,000 buses during 2020, DB Arriva expects to significantly reduce its greenhouse gas emissions. In addition, DB Arriva continues to deliver on its commitments to reduce waste, fuel, water and energy use.

In summer 2020, a review of DB Arriva's strategic alignment was initiated with the aim of reviewing the strategic business portfolio and identifying potential for improvement. In this context, capital expenditures priorities and cost-saving potential were also defined. In addition, the management team of DB Arriva was partially reorganized to provide the best possible support for the strategic realignment.

Development of order book

AWARDED TRANSPORT CONTRACTS

Transport contracts awarded (rail) 2020		Term	Volume (million train km) p. a. [1]	Total [1]
United Kingdom	CrossCountry	10/2020–10/2023	34.8	104.5
Other [1), 2)]		0.5–2 years	7.4	7.2
Total [1]			**42.2**	**111.7**

[1] Differences due to rounding are possible.
[2] Extension of the existing transport contract.

Transport contracts awarded (bus) 2020		Term	Volume (million bus km) p. a. [1]	Total [1]
Portugal	Lisbon Lot 3	01/2022–12/2028	19.0	133.0
Spain	Galicia Phase 1 and Phase 2 (nine packages)	10 years	6.0	60.5
United Kingdom	London (21 separate lines) [2]	2 years	28.3	56.6
Czech Republic	Zlin	01/2021–08/2030	4.1	39.4
Czech Republic	City of Prague	04/2021–03/2031	3.9	38.7
Denmark	MT34 (eight separate lines) [2]	1–4 years	12.4	35.2
Slovakia	Trnava region	01/2021–12/2023	11.0	33.0
Italy	SADEM [2]	01/2020–12/2022	10.5	21.9
Czech Republic	City of Kladno	09/2021–08/2031	2.2	21.9
Italy	SIA [2]	01/2020–12/2020	16.9	16.9
Italy	KM [2]	06/2021–06/2025	3.7	14.9
Other [1), 3)]		0.5–8 years	84.0	111.2
Total			**202.1**	**583.3**

[1] Differences due to rounding are possible.
[2] Extension of the existing transport contract.
[3] Including extensions of existing contracts.

- In June 2020, DB Arriva, as part of a consortium, mobilized the TPL FVG contract to operate public transport services in the Friuli Venezia Giulia region/Italy for ten years.

MAJOR COMMISSIONINGS

Major commissionings (rail) 2019–2020 [1]		Term	Million train km p. a.	thereof versus 2019
Czech Republic	MoT Trains (R21, R22, R24, R26)	12/2019–12/2022	2.0	+1.8
Czech Republic	Zlin region - package B	12/2019–12/2029	1.9	+1.7
Czech Republic	Liberec - Stara Paka	12/2019–12/2029	0.7	+0.6
Czech Republic	MoT Trains (R14)	12/2020–12/2022	1.8	+0.2
Total [2]			**6.4**	**+4.3**

[1] Services were previously not provided by DB Arriva.
[2] Differences due to rounding are possible.

- In December 2020, DB Arriva commenced operating the third consecutive rail contract in Mid- and Western Jutland/Denmark, adding in two new lines, including one on the island of Funen. With this new contract, DB Arriva is increasing volume sold by a third. The contract will run until 2028, with the option of a two-year extension.

Major commissionings (bus) 2019–2020 [1]		Term	Million bus km p. a.	thereof versus 2019
Sweden	Helsingborg City Traffic (Skånetrafiken)	06/2019–06/2027	6.4	+2.7
Poland	Warsaw II	09/2019–12/2026	4.0	+2.7
Czech Republic	Pilsen region South	06/2020–06/2030	10.0	+5.8
Czech Republic	Pilsen region North	03/2020–03/2030	8.2	+6.8
Total [2]			**28.6**	**+18.0**

[1] Services were previously not provided by DB Arriva.
[2] Differences due to rounding are possible.

MAJOR CONTRACT CESSATIONS

Major contract cessations (rail) 2019–2020 [1]		Cessation	Million train km p. a.	thereof versus 2019
United Kingdom	Rail North	02/2020	56.5	- 47.1
Total [2]			**56.5**	**- 47.1**

[1] Services were previously provided by DB Arriva.
[2] Differences due to rounding are possible.

- On March 1, 2020, the ARN franchise was transferred to the state-owned Operator of Last Resort (OLR). The settlement negotiations between ARN and its main creditors (DfT, DB Group and other suppliers) regarding a final economic settlement of open claims are ongoing.

Major contract cessations (bus) 2019–2020 [1]		Cessation	Million bus km p. a.	thereof versus 2019
Sweden	E31 Märsta (E16 Märsta)	06/2019	5.9	- 3.0
Denmark	Sydtrafik ST12	06/2019	3.8	- 1.9
Denmark	Movia A16 (seven packages)	04/2019	3.8	- 1.3
Denmark	Movia A17 (one package)	12/2019	3.6	- 3.6
Sweden	Halland South (Halmstad City)	06/2020	5.9	- 3.0
Total [2]			**23.0**	**- 12.8**

[1] Services were previously provided by DB Arriva.
[2] Differences due to rounding are possible.

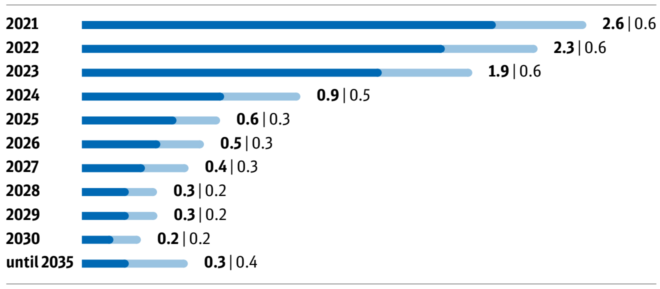
ORDER BOOK

Order book in passenger transport as of Dec 31 (€ billion)	2020	2019	Change absolute	Change %
DB Arriva	14.4	15.3	- 0.9	- 5.9
secured	10.2	8.6	+1.6	+18.6
unsecured	4.2	6.7	- 2.5	- 37.3

Revenues that are directly connected with transport contracts or concessions are either independent of (secured revenues, primarily concession fees) or dependent on (unsecured revenues, primarily revenues from fares) the number of passengers.

In the year under review, the order book declined in total. This was primarily due to the development in Mainland Europe (- 9 %) where future unsecured revenues have been impacted by the long-term impact of Covid-19 and lower volumes of contracts won. There has been tendency in many markets to defer competitions and extend existing contracts. In the United Kingdom, the UK Trains order book increased (+16 %) due to the CrossCountry direct award, partially offset by the UK Bus order book reduction (–11 %) due to timing within the contract portfolio.

Order book per year as of Dec 31, 2020 (€ billion) **secured** | unsecured



Digitalization and innovation

- MaaS (Mobility as a Service) is a growing development in the Netherlands and combines all types of transport on a single app to meet the needs of customers wanting to travel. DB Arriva Netherlands is working closely with regional governments and launched a pilot in the province of Limburg in the summer of 2020 providing cross-border mobility to Germany and Belgium and announced a second pilot in the provinces of Groningen and Drenthe. Through an app, customers can plan, book and pay for a trip at the same time.
- DB Arriva has been involved in trials of ATO (Automatic Train Operations) technology. In February 2020, 250 passengers tested a DB Arriva train with ATO level 2 automation. This was the first test with passengers in the Netherlands. The expectation is that ATO can improve punctuality, reduce fuel consumption and improve the comfort of travelers.

Environmental measures

- On May 1, 2020, DB Arriva put 16 biogas buses into operation following a public tender in Northern Jutland (Denmark). The new buses are the result of DB Arriva's dedication to deliver carbon-neutral public transport, while the region has announced an ambition to become fully carbon-neutral by the year 2030. Locally produced biogas is a major part in this strategy.
- The development of hydrogen as an alternative fuel continues apace. After its commercial success in Germany the world's first hydrogen-powered train was also operated in the Netherlands in March 2020. Together with Alstom, the Province of Groningen, the Dutch railway infrastructure manager ProRail and the energy company Engie, DB Arriva performed ten days of tests of the Coradia iLint hydrogen fuel cell train on the 65-km-line between Groningen and Leeuwarden in the north of the Netherlands.

- In September 2020, DB Arriva expanded the rollout of electric minibuses in Koper/Slovenia to support green mobility.

Development in the year under review

- *Performance development impacted by Covid-19.*
- *Decline in revenues, partially mitigated by government support.*
- *Cessation of the ARN franchise on March 1, 2020.*

The development in the year under review was influenced by two key factors:

- the impact of the Covid-19 pandemic, and
- the cessation of the ARN franchise on March 1, 2020.

Punctuality in rail passenger transport (United Kingdom, Denmark, Sweden, the Netherlands, Poland and the Czech Republic) increased significantly, mainly driven by the cessation of the ARN franchise as well as lower capacity utilization and lower passenger numbers due to the Covid-19 pandemic.

In the United Kingdom, DB Arriva operates services with continued high customer satisfaction ratings. The satisfaction index increased in 2020, primarily due to the impact of the cessation of the ARN franchise. UK Bus's satisfaction ratings continue to be high compared to industry norms (the industry satisfaction ratings in 2020 have been impacted by the Covid-19 pandemic).

Performance development was strongly negative due to the Covid-19 pandemic: the number of passengers (bus and rail) decreased significantly. The same is true for volume produced.

The economic development was significantly below the previous year primarily driven by lower overall income:

- Revenues declined strongly primarily due to the decrease in volumes as well as exchange rate effects. Government support measures and new transport contracts had a positive dampening effect.
- Other operating income (+27.7%/€ +86 million) increased in the opposite direction and had some dampening effects. The increase was driven by utilization of the provision for the impending losses for the ARN franchise and government support relating to the Covid-19 pandemic.

Total expenses were lower, driven by the development of cost of materials and personnel expenses:

- The significant decrease in cost of materials (–19.6%/ € –349 million) was particularly impacted by the cessation of the ARN franchise and the reduced fuel consumption due to the Covid-19 pandemic, partially offset by increased costs for track access at UK trains.
- The decrease in personnel expenses (–13.0%/€ –315 million) is the result of the cessation of the ARN franchise and exchange rate effects.

The development of the remaining expense items was negative, but only partly offsetting:

- Other operating expenses (+3.7%/€ +29 million) increased, particularly due to Covid-19 effects including provisions for future contract losses. This was partially offset by the cessation of the ARN franchise and reduced franchise payments due to the government support measures.
- Depreciation (+4.1%/€ +19 million) was higher, mainly characterized by reassessment effects and new contracts in Mainland Europe partially offset by the cessation of the ARN franchise.

			Change		
DB Arriva	**2020**	2019	absolute	%	2018
Punctuality (rail) (United Kingdom, Denmark, Sweden, the Netherlands, Poland and the Czech Republic) (%)	93.1	89.3	–	–	89.8
Customer satisfaction bus and rail in the United Kingdom (SI)	80	78	–	–	79
Passengers bus and rail (million)	1,179	2,214	–1,035	–46.7	1,998
Volume sold (rail) (million pkm)	4,494	12,617	–8,123	–64.4	12,999
Volume produced (bus) (million bus km)	927.7	1,065	–137.3	–12.9	1,074
Volume produced (rail) (million train-path km)	111.3	168.9	–57.6	–34.1	177.6
Total revenues (€ million)	3,990	5,410	–1,420	–26.2	5,441
External revenues (€ million)	3,988	5,405	–1,417	–26.2	5,433
EBITDA adjusted (€ million)	51	752	–701	–93.2	575
EBIT adjusted (€ million)	–431	289	–720	–	300
Gross capital expenditures (€ million)	457	718	–261	–36.4	326
Employees as of Dec 31 (FTE)	46,008	52,331	–6,323	–12.1	53,056
Employee satisfaction (SI)	3.8	–	–	–	3.6
Share of women as of Dec 31 (%)	14.7	14.9	–	–	16.9
Specific greenhouse gas emissions (rail) compared to 2006 (based on rail car units) (%)	–12.2	–9.7	–	–	–12.3
Specific greenhouse gas emissions (bus) compared to 2006 (based on bus km) (%)	–16.2	–10.1	–	–	–18.2

Capital expenditures decreased mainly as a result of the cessation of the ARN franchise and of vehicle projects being postponed due to the Covid-19 pandemic.

The number of employees fell, largely as a result of the cessation of the ARN franchise.

Employee satisfaction increased slightly, among other things due to the increased importance of occupational health and safety and the improved provision of necessary work equipment, and was on a good level. The *compass index* *89* was 58 %, rated as average.

The share of women decreasd slightly. DB Arriva is committed to strengthening workplace diversity to ensure it is fully representing the diverse communities it serves.

DB Arriva's specific greenhouse gas emissions fell in bus and train transport. Driver telematics made an important contribution to the reduction in emissions. This ensures a reduction in heavy acceleration and braking in both buses and trains. Our bus fleet is becoming more efficient and environmentally friendly every year thanks to an increasing proportion of Euro VI engines.

UK BUS LINE OF BUSINESS

- *Negative effects mainly due to the Covid-19 pandemic, partially mitigated by government support measures.*

			Change	
UK Bus line of business	**2020**	2019	absolute	%
Passengers (million)	366.9	716.5	- 349.6	- 48.8
Volume produced (million bus km)	298.0	345.9	- 47.9	- 13.8
Total revenues (€ million)	838	1,076	- 238	- 22.1
External revenues (€ million)	837	1,074	- 237	- 22.1
EBITDA adjusted (€ million)	29	134	- 105	- 78.4
EBIT adjusted (€ million)	- 69	44	- 113	-
Gross capital expenditures (€ million)	36	64	- 28	- 43.8
Employees as of Dec 31 (FTE)	14,806	15,130	- 324	- 2.1

The performance development at UK Bus declined strongly due to the Covid-19 effects.

The economic development also declined strongly and led to a significant deterioration in operating profit figures driven by revenue losses:

- The revenue development was strongly negative mainly due to declines in passenger numbers relating to the Covid-19 pandemic. Exchange rate effects had an additional negative effect.
- Other operating income increased significantly in the opposite direction, primarily due to the Covid-19 support measures such as the Covid-19 Bus Services Support Grant and the Coronavirus Job Retention Scheme (furlough support).

On the expenses side, there were almost no changes overall. Lower personnel expenses and cost of materials were partially offset by increased depreciation:

- The decrease in cost of materials was particularly the result of the weaker performance development. This was largely offset by higher expenses relating to the cessation of the bus sales business of Arriva Bus&Coach, as well as higher maintenance expenses.
- Personnel expenses decreased slightly as a result of performance development as well as exchange rate effects. Covid-19 support through furlough support is included in other operating income above.
- Other operating expenses decreased mainly due to exchange rate effects. Adjusted for this effect other operating expenses remained roughly unchanged.
- Depreciation increased in the opposite direction due to the 2019 capital expenditures and reassessment of assets.

The number of employees declined slightly.

UK TRAINS LINE OF BUSINESS

- *Negative effects mainly due to the Covid-19 pandemic, partially mitigated by government support measures.*
- *Hibernation of services in Grand Central and subsequent cancellation of the planned Grand Central Blackpool extension.*
- *Cessation of the ARN franchise on March 1, 2020.*
- *Direct award of the CrossCountry franchise for three years from October 18, 2020.*

			Change	
UK Trains line of business	**2020**	2019	absolute	%
Passengers (million)	120.5	354.8	- 234.3	- 66.0
Volume sold (million pkm)	2,943	10,264	- 7,321	- 71.3
Volume produced (million train-path km)	57.7	115.8	- 58.1	- 50.2
Total revenues (€ million)	1,286	2,190	- 904	- 41.3
External revenues (€ million)	1,255	2,137	- 882	- 41.3
EBITDA adjusted (€ million)	38	220	- 182	- 82.7
EBIT adjusted (€ million)	- 36	80	- 116	-
Gross capital expenditures (€ million)	47	277	- 230	- 83.0
Employees as of Dec 31 (FTE)	4,948	11,215	- 6,267	- 55.9

The performance development at UK Trains was negatively impacted by the patronage impact of the Covid-19 pandemic and the cessation of the ARN franchise on March 1, 2020.

The economic development was also characterized by these effects. As a result, the operating profit figures declined significantly due to a drop in revenues:

- Revenues decreased strongly mainly due to the negative volume development, which was partially mitigated by government Covid-19 support measures.
- Other operating income decreased as well, but only slightly, mainly due to exchange rate effects.

On the expenses side the declining performance development and the cessation of the ARN franchise resulted in a significant reduction in expenses:

- The significant decline in cost of materials resulted primarily from the cessation of the ARN franchise and Covid-19-related service reductions, partially offset by higher track access costs at CrossCountry.
- The decrease of personnel expenses resulted mainly from the cessation of the ARN franchise.
- Other operating expenses declined significantly, mainly due to the cessation of the ARN franchise as well as reduced franchise payments relating to the government Covid-19 support measures.
- Depreciation significantly decreased due to cessation of the ARN franchise.

The reduction of capital expenditures was also a result of the cessation of the ARN franchise.

The significant decrease in the number of employees was mainly driven by the cessation of the ARN franchise.

MAINLAND EUROPE LINE OF BUSINESS

- *Negative effects from the Covid-19 pandemic, partially mitigated by government support measures.*

Mainland Europe line of business	2020	2019	Change absolute	Change %
Passengers (bus) (million)	610.2	1,018	- 407.8	- 40.1
Passengers (rail) (million)	81.5	125.4	- 43.9	- 35.0
Volume sold (rail) (million pkm)	1,551	2,353	- 802	- 34.1
Volume produced (bus) (million bus km)	629.7	719.5	- 89.8	- 12.5
Volume produced (rail) (million train-path km)	53.6	53.2	+ 0.4	+ 0.8
Total revenues (€ million)	2,034	2,321	- 287	- 12.4
External revenues (€ million)	1,894	2,182	- 288	- 13.2
EBITDA adjusted (€ million)	50	402	- 352	- 87.6
EBIT adjusted (€ million)	- 220	174	- 394	-
Gross capital expenditures (€ million)	370	377	- 7	- 1.9
Employees as of Dec 31 (FTE)	25,897	25,572	+ 325	+ 1.3

The performance development at Mainland Europe was impacted by the Covid-19 pandemic:

- In rail transport the number of passengers and volume sold significantly decreased. Covid-19 pandemic reductions on volume produced were offset by positive effects from new transport contracts in the Czech Republic.
- In bus transport, passenger numbers and volume produced significantly decreased, mainly as a result of the Covid-19 pandemic with the impact variable across each country depending on the respective intensity of restrictions.

The economic development was negative:

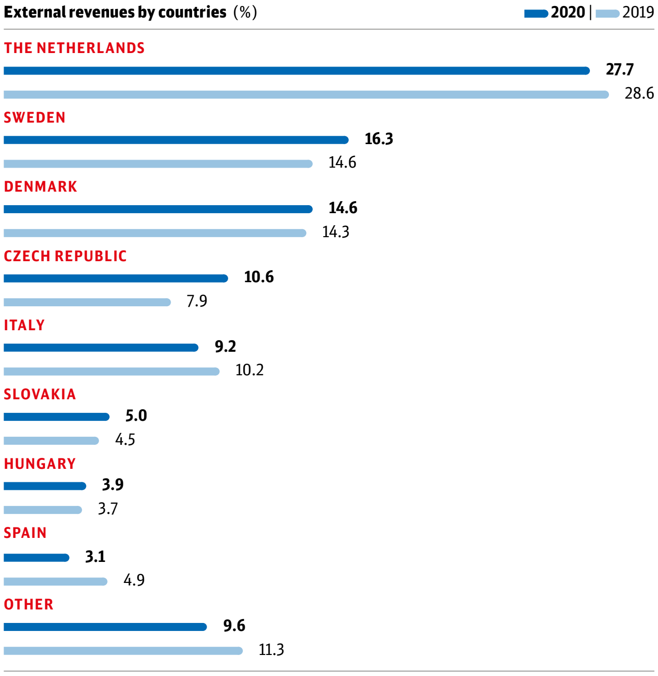
- The revenue development was significantly negative, mainly related to Covid-19 effects. Exchange rate effects had a negative effect as well. New services in the Czech Republic had a positive effect.
- In contrast, other operating income increased primarily due to the Covid-19 support measures.

On the expenses side, the relief from the performance reductions was more than offset by additional expenses:

- The significant decrease in cost of materials was mainly driven by lower fuel expenses due to the Covid-19-related service reductions. New transport contracts in the Czech Republic had an adverse effect.
- Personnel expenses remained roughly stable.
- Other operating expenses increased significantly, primarily due to Covid-19 effects including the creation of provisions for impending losses.
- Depreciation rose significantly, mainly due to effects from reassessment of assets in relation to Covid-19 pandemic as well as capital expenditure activities for new bus and rail contracts.

The number of employees increased slightly, mainly due to the new transport contracts in the Czech Republic.

External revenues by countries (%)



The external revenue structure changed only slightly, mainly due to effects from new transport contracts in the Czech Republic. The revenue share of Sweden increased as well. In contrast the revenue share of Spain declined.

DB SCHENKER BUSINESS UNIT

GRI 102-6

Development in the relevant markets

LAND TRANSPORT

Europe

- European land transport experienced a decline in 2020 due to the Covid-19 pandemic.
- After falling prices and falling demand between April and August 2020, prices rose to at least the previous year's level from October 2020, and there was a noticeable increase in demand.
- Investments in digital platforms for consolidating supply and demand of transport capacities added to the existing pressure on margins.
- Risks caused by various cost drivers remained: driver shortages led to rising salary costs. Fuel prices fell significantly due to the Covid-19 pandemic, but rose again slightly from mid-2020. Toll costs also increased.
- The need for adjustment grew as a result of increasing changes in the shipping structure and investments in digital structures.
- Human resources and legal expenses were also incurred as a result of Brexit preparations.

Americas

- There was very limited truck capacity in the USA from July 2020 due to the impact of the Covid-19 pandemic and the imbalance in port capacities on the west coast. Transport costs rose dramatically in a number of markets and in most cases with reduced profit margins.
- There were no significant capacity bottlenecks in Canada and Mexico.

Asia / Pacific

- Domestic business in Asia / Pacific countries was impacted by Covid-19 shutdowns from February to July 2020, with an average volume decline of 30 %, which gradually recovered from August 2020.
- International business in Asia and Eurasia saw a volume increase of 50 %, which is mainly due to the shift in volume caused by restrictions in international air and ocean transport.

AIR FREIGHT

- 2020 was heavily influenced by market factors related to Covid-19 on all trade routes. When the pandemic began and countries consequently shut down, all trade routes experienced double-digit percentage drops.
- This development was significantly exceeded by the decline in available air freight capacity on the market, which triggered a major shift in terms of rising freight prices.

OCEAN FREIGHT

- The global growth of container ocean freight declined sharply during 2020; the market experienced a historic low in May 2020 with a decline in volume of up to 20 %. There was a surprisingly quick recovery from the third quarter of 2020 onward, although the previous year's level was not reached again.
- Volume development was not uniform on the main trade routes, with intra-Asia and transpacific routes experiencing the strongest growth.
- Freight rates continued to rise sharply throughout 2020. Shipping companies limited the available capacity by cancelling empty runs. This approach remained even when freight volume began to recover.
- The bottlenecks in container capacity had an additional impact on ocean freight.

CONTRACT LOGISTICS

- Overall, the global contract logistics market again declined in 2020, mainly due to the impact of shutdowns, disruptions to supply chains, and the resulting lower volumes in existing networks.
- Delays with the new outsourcing projects due to Covid-19 also contributed to this downward trend.
- Developments in individual market sectors ranged from double-digit percentage growth in e-commerce and pharmaceuticals and moderate growth in mass consumer electronics and goods, to sharp declines in the general retail, aerospace, automotive and industrial industries.

Business model

DB Schenker serves established markets and emerging national economies as an integrated transport and logistics services provider with a global network. In land transport, the network connects the most important economic regions in Europe. Services include time- and cost-optimized services for transporting general cargo, partial and full load transport along with door-to-door solutions across Europe. Land transport in America is becoming an increasingly important area of activity. In addition to serving the North American markets,

GRI
102-4
102-6
102-7

DB Schenker

LINES OF BUSINESS

Land transport
- Parcel
- System freight (LTL)
- Direct freight (LTL and FTL)
- Multimodal solutions

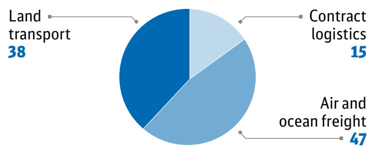
Air and ocean freight
- Air freight: general air freight products, charter services, intermodal solutions
- Ocean freight: less-than-container load (LCL), full container load (FCL), intermodal solutions
- Other: includes trade fair and art logistics, plant and project logistics, sports and event logistics, special transports

Contract logistics
- Procurement and production logistics
- Fulfillment logistics
- Service and individual part logistics
- E-commerce logistics
- Supply chain solutions

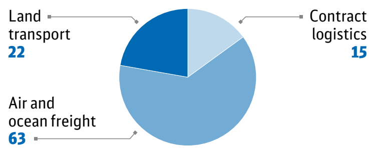
Other
- Supporting the lines of business through central functions such as production, sales, finance, HR and IT

STRUCTURE

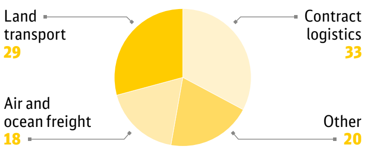
Revenues (%)



EBIT (%)



Employees (%)



Business model

INPUTS

Employees
- About 74,200

Vehicles
- About 33,400 vehicles used on a regular basis (including external, excluding spot market)

Networks and infrastructure
- More than 2,100 sites in over 130 countries,
- thereof about 430 sites in land transport and
- About 800 global sites in air/ocean freight
- 8.8 million m² of warehouse space in contract logistics worldwide

Additional production factors
- Fuel
- Electricity
- Water

BUSINESS ACTIVITIES

Customer segments
- Business customers with a focus on automotive, chemicals, consumer, electronics, healthcare, industrial, retail and semiconductors/solar

Value proposition
- DB Schenker offers customer-oriented, reliable and eco-friendly integrated solutions in transport and warehousing worldwide.

Customer access and retention
- Branch offices with territorial distribution
- Key account management
- E-services

Key activities
- Planning and operating global networks
- Implementing/organizing transport and warehousing services
- Purchasing cargo space
- Providing additional logistical services

OUTPUTS [1)]

Land transport shipments
- 108 million

Air freight volume (export)
- 1.1 million t

Ocean freight volume (export)
- 2.1 million TEU

OUTCOMES [2)]

EBIT adjusted
- € 711 million

Customer satisfaction
- SI of 74

Employee satisfaction
- SI of 3.9

Greenhouse gas emissions
- −26.0% (land transport)
- −15.9% (air freight)
- −67.6% (ocean freight) compared to 2006 (specific)

1) Key products and services.
2) Internal and external consequences and results from business activities and outputs along the entire value-added chain.

activities in South America are being expanded. DB Schenker is also continuously expanding its land transport business in the growth market of Asia.

As one of the global leaders in air and ocean freight, DB Schenker offers the entire range of services in this segment. In contract logistics, the services offered cover all stages of the value-added chain from supplier and producer/trade to end customers and spare parts service. The core area of expertise is the planning and handling of complex global supply chains, including sustainable logistics concepts.

DB Schenker has a global customer base in a wide range of industries and a focus on industrial customers. The vertical market approach is aimed at developing industry-specific solutions. Major customers are provided with tailored solutions as global accounts.

In air and ocean freight, we act solely as a freight forwarder without our own aircraft and ships. In some segments of land transport, we use our own vehicles and containers. Transshipment terminals and warehouses are generally our own property or are leased over the longer term. In addition to airlines and shipping companies in air and ocean freight, our major partners include land transport subcontractors for the supply of transport services.

Performance measurement depends on the line of business. For land transport, the key indicator is the number of shipments; for air freight, it is the tonnage billed; while in ocean freight, it is the freight volume, measured in TEU. There is no comparable volume measurement in the contract logistics segment. In this case, market comparisons are usually made on the basis of revenues. DB Schenker has a relatively low capital intensity and real net output ratio. About 70% of revenues in the transport business line come from procured intermediate input services. Therefore, optimizing these purchase relationships and balancing various influential success factors such as transport relations, volume, weight and mode of transport represents an important factor for success and a value driver. The same applies to managing fluctuations in freight rates and the specific surcharges to these freight rates. In particular, the effective and efficient use of personnel is a key driver below gross profit. This is of particular importance in the contract logistics line of business. Here, know-how and experience relevant to the industry are an essential success factor in the optimal design of intra-company logistics processes. Effective IT support is also especially important.

The most important sources of revenues are transport and logistics services, including added-value services such as the assembly of modules or assemblies in the automobile industry or putting together special sales packaging for the retail sector.

Markets and strategy

DB Schenker holds a leading market position in all market segments – land transport, global air and ocean freight, as well as contract logistics. Our vision is to be the leading integrated transport and logistics services provider with a global reach. In order to achieve this objective, DB Schenker intends to further strengthen and expand its leading market position. GRI 102-6

With *PRIMUS* *163 f.*, DB Schenker intends to increase its profitability and focus its portfolio more on international growth markets. A comprehensive transformation program is in place to drive change in the six dimensions (global market leader, customers' first choice, employer of choice, sustainability leader, digital value generator and relentless productivity driver). The individual business areas devise the measures and implement them. In addition, overarching issues are managed centrally. Examples include comprehensive programs to increase efficiency, which include implementing new management practices.

Digitalization is increasingly gaining in importance as a driver of disruption in the logistics industry. DB Schenker therefore has a dedicated digitalization unit. Initiatives such as data-driven business models, online platforms and technical innovations are promoted on a global scale.

PROGRESS IN IMPLEMENTATION OF PRIMUS

Numerous initiatives were implemented in 2020:

- Global market leader: During the Covid-19 pandemic, DB Schenker offered daily connections from China to Europe and the USA. Passenger aircraft were repurposed and used to transport *medical equipment and supplies* *11.*
- Customers' first choice: DB Schenker's short-term storage solution uses a digital platform that enables access to available storage space worldwide. During the Covid-19 pandemic, spaces were converted into temporary storage solutions to offer customers additional capacity.
- Employer of choice: The new Avature recruitment system improves recruitment efficiency and experience, simplifies the management process, and reduces administrative costs.

- Sustainability leader: DB Schenker opened the *Oslo City Hub* *164*.
- Digital value generator: DB Schenker's visibility platform offers cost-effective and scalable solutions for shipment transparency. We fit assets (trucks, trailers, ships, aircraft) with sensors and link them with shipment data.
- Relentless productivity driver: DB Schenker aims to achieve sustainable financial performance by constantly identifying opportunities for added value. These include a competitive cost structure based on a common cost culture and optimized cash flow management. This enables us to improve our financial competitiveness and be more successful than other logistics companies.

DEVELOPMENT OF THE NETWORK

- One of the world's leading integrated sites for air freight and contract logistics was opened: *Red Lion* *164*, a regional warehouse specializing in high-speed logistics, was built in the Airport Logistics Park Singapore (ALPS). Costing € 101 million, it is DB Schenker's largest single investment.
- A new sustainable regional distribution center was opened in Dubai and is now home to the regional headquarters. It is strategically located next to the Dubai South airport and can therefore offer solutions for the free trade zones.

Digitalization and innovation

- DB Schenker has launched the new Global Flight Operations Program. Exclusive charter flights create regular connections between Frankfurt am Main and leading economic areas, such as China, the USA, the Middle East and India. While general air freight capacity remains severely impacted due to a lack of passenger flights, this new service creates reliable freight options for customers exporting from Germany and all over Europe.
- A new IT solution developed in-house by DB Schenker allows goods deliveries to be reliably documented, even when observing social distancing. Named the "no-touch signature", it is already being used in many countries.

Environmental measures

- In a cooperation between DB Schenker and Lufthansa Cargo, a CO_2-neutral freight flight – the first in commercial aviation – took off on November 29, 2020. Sustainable aviation fuel (SAF) covers all of the flight's fuel requirements. DB Schenker and Lufthansa Cargo are working together to achieve sustainable air transport and have agreed to collaborate on environmental issues and to jointly advance solutions for them, including the phasing-out of fossil fuels in air freight transport.
- DB Schenker is bringing a total of 36 additional FUSO eCanter *electric trucks* green *no. 122* into operation in 11 European countries and 24 cities. This strengthens DB Schenker's sustainability strategy and further expands the use of electric vehicles in its mixed fleets. DB Schenker has already been using the FUSO eCanter since 2018 to transport general cargo shipments in the inner city area.
- Together with other major investors, DB Schenker invested in Volocopter, a pioneer in urban air mobility. The development of the *VoloDrone* green *no. 56* heavy-lift cargo drone is intended to help achieve emissions-neutral deliveries even in hard-to-reach locations.
- Together with the City of Helsinki and other partners, DB Schenker has opened a new parcel distribution center in the center of Helsinki on the Baana bicycle corridor. The main vehicles for delivery are electric bikes.
- DB Schenker is offering its customers a new special service for battery logistics. It is not just designed for transporting, returning and recycling products classified as hazardous materials, it also takes into account the strict and complex legal requirements associated with transporting and storing them.
- With the integration of the new Volvo FL electric truck into the *e-fleet* green *no. 122* at the sustainable Oslo City Hub distribution center, we are making progress toward our goal of running DB Schenker city logistics in Oslo with zero direct emissions.
- The number of *eco warehouses* green *no. 112* at DB Schenker is steadily increasing and more than doubled to a total of 38 in 2020. Thanks to integrated concepts, eco warehouses provide options for energy-efficient, low-emissions warehouse operations and feature state-of-the-art technology and sustainable construction.
- In 2020, the cutting-edge, highly automated Red Lion warehouse was opened in the Airport Logistics Park Singapore. The new building is based around the relevant sustainability and environmental protection standards. For example, the hub's 1,440 solar panels combined with other eco-features enable potential energy savings of up to 34 %.

Other events

- DB Schenker approved a stability package for customers of its competitor Damco. The package includes the offer for companies who have contracts with Damco to have DB Schenker take over short-term service agreements with a term of up to two months under the same conditions as agreed with Damco. The package is DB Schenker's response to the announcement from A.P. Moeller-Maersk that it is to retire the Damco brand and the full container load business (FCL) as a non-vessel operating common carrier (NVOCC).
- In September 2020, DB Schenker successfully delivered almost 200 components for the world's biggest rolling stock. They are to be used in the Western Australian desert region of Pilbara in the South Flank iron ore mine, with € 3.6 billion in investment from one of the largest mining projects in the world.

Development in the year under review

- *Efficient crisis management despite severe strain on the market environment caused by the Covid-19 pandemic.*
- *DB Schenker achieved the best result to date, with improvements in air freight and contract logistics in particular.*
- *Comprehensive measures for improving efficiency and digitalization.*

Customer satisfaction improved noticeably. Since 2017 we have been surveying between 12,000 and 15,000 customers annually in 28 countries on customer satisfaction.

Volume development reflected the weak macroeconomic development. With the exception of parcel carriage, volumes declined (in some cases significantly).

Economic development was very satisfactory overall: the operating profit figures developed positively as a result of an improvement in air freight, among other factors. By contrast, there was a downward trend in other areas, such as land transport. Gross profit was slightly above the previous year's level (+0.8%), which was driven by air freight. Adjusted for exchange rate effects, the increase was more significant.

Although income development was hampered by volume development, it was positive overall:

- Revenues increased. Positive effects from higher freight rates, especially in air freight, were partly offset by exchange rate effects and operating development, particularly in land transport.
- Other operating income (+5.9%/€ +15 million) increased significantly, partly as a result of higher income from Covid-19-related grants.

Development on the expenses side was primarily driven by freight rate development. In contrast, effects from Covid-19 countermeasures had a dampening effect:

- Cost of materials increased (+4.7%/€ +521 million), driven primarily by the freight rate development in air freight. Exchange rate effects and declines in other business areas, on the other hand, partially reduced expenses.
- Depreciation (+9.6%/€ +52 million) increased due to higher capital expenditures (including leasing).
- Personnel expenses (–0.8%/€ –28 million) fell slightly as a result of performance development and Covid-19 countermeasures.

			Change		
DB Schenker	**2020**	2019	absolute	%	2018
Customer satisfaction (SI)	74	71	–	–	71
Shipments in land transport (thousand)	108,166	107,132	+1,034	+1.0	106,468
Air freight volume (export) (thousand t)	1,094	1,186	-92	-7.8	1,304
Ocean freight volume (export) (thousand TEU)	2,052	2,294	-242	-10.5	2,203
Total revenues (€ million)	17,671	17,091	+580	+3.4	17,050
External revenues (€ million)	17,601	17,018	+583	+3.4	16,973
Gross profit margin (%)	35.2	36.1	–	–	34.8
EBITDA adjusted (€ million)	1,307	1,082	+225	+20.8	703
EBIT adjusted (€ million)	711	538	+173	+32.2	503
EBIT margin (adjusted) (%)	4.0	3.1	–	–	3.0
Gross capital expenditures (€ million)	817	662	+155	+23.4	273
Employees as of Dec 31 (FTE)	74,161	76,153	-1,992	-2.6	75,817
Employee satisfaction (SI)	3.9	–	–	–	3.8
Share of women as of Dec 31 (%)	36.3	36.1	–	–	35.7
Specific greenhouse gas emissions (land transport) compared to 2006 (based on tkm) (%)	-26.0	-24.0	–	–	-25.8
Specific greenhouse gas emissions (air freight) compared to 2006 (based on tkm) (%)	-15.9	-9.1	–	–	-9.3
Specific greenhouse gas emissions (ocean freight) compared to 2006 (based on tkm) (%)	-67.6	-64.3	–	–	-61.2

- In addition, the significant decline in other operating expenses (−7.2%/€ −126 million) had a positive effect and resulted primarily from lower rental and leasing expenses and lower expenses for travel, representation and temporary work due to Covid-19.

Capital expenditure activity has increased significantly. The increase was mainly due to leasing activities. Adjusted for this effect, the volume of capital expenditures increased only slightly. Capital expenditures continued to focus on Europe.

Due to the adjustments following the volume development, the number of employees was slightly below the level as of December 31, 2019.

Employee satisfaction increased slightly owing to the positive reception for the overall Covid-19 crisis management and the slight increase in the “My immediate superior” category. Satisfaction remained at a good level. The ratings for “One team for the customer” and “You can do it” were above average.

As of December 31, 2020, the share of women had increased slightly.

Over the course of the Covid-19 pandemic, the utilization efficiency for the modes of transport changed significantly. We were able to achieve slight improvements in specific emissions in land transport. Specific emissions in ocean freight and air transport have decreased significantly.

LAND TRANSPORT LINE OF BUSINESS

- *Covid-19 pandemic impacted profits.*
- *Further development of the product portfolio and quality improvements with positive effects.*
- *Increase in demand for the digital platform Connect4Land.*

Land transport line of business	2020	2019	Change absolute	Change %
Shipments in land transport (thousand)	108,166	107,132	+1,034	+1.0
Total revenues (€ million)	6,716	7,125	-409	-5.7
External revenues (€ million)	6,651	7,058	-407	-5.8
EBITDA adjusted (€ million)	339	341	-2	-0.6
EBIT adjusted (€ million)	158	172	-14	-8.1
Employees as of Dec 31 (FTE)	21,807	21,811	-4	-

Volume in land transport increased overall. Declines in system and direct freight due to Covid-19 were more than offset by growth in the parcel business. Development differentiated by region.

Economic development was weak. Operating profit figures developed less strongly due to a noticeable decline in income:

- Revenues fell; positive effects from volume growth in the parcel business were more than offset by declines in system and direct freight due to lower demand.
- Other operating income decreased due to the absence of one-time effects in the previous year.

On the expenses side, the decline in volumes in the cost-intensive system and direct freight business together with Covid-19 countermeasures had a particularly positive impact, although they were not able to fully offset the decline in income:

- Cost of materials fell noticeably in line with demand.
- Personnel expenses increased slightly due to reclassification measures within business units that did not affect profits. Countermeasures had a positive effect.
- Other operating expenses fell, mainly as a result of Covid-19 countermeasures.

The number of employees remained stable.

AIR AND OCEAN FREIGHT LINE OF BUSINESS

- *Impacted by the Covid-19 pandemic.*
- *Significant increase in freight rates, especially in air freight.*
- *Air freight: various measures to ensure transport operations, standardization, and productivity improvements being implemented.*
- *Ocean freight: projects to improve efficiency and optimize organization being implemented worldwide; transformation in Germany and the USA completed.*
- *Strong overall increase in profits.*

Air and ocean freight line of business	2020	2019	Change absolute	Change %
Air freight volume (export) (thousand t)	1,094	1,186	-92	-7.8
Ocean freight volume (export) (thousand TEU)	2,052	2,294	-242	-10.5
Total revenues (€ million)	8,228	7,218	+1,010	+14.0
External revenues (€ million)	8,223	7,213	+1,010	+14.0
EBITDA adjusted (€ million)	511	342	+169	+49.4
EBIT adjusted (€ million)	448	287	+161	+56.1
Employees as of Dec 31 (FTE)	13,185	13,964	-779	-5.6

Performance development in air and ocean freight declined noticeably as a result of global market developments caused by Covid-19:

- In air freight, higher demand for the transport of certain goods, such as from the medical industry, had a positive effect.
- The performance gains in ocean freight in the Asia/Pacific region and signs of recovery in the second half of 2020 were not able to offset performance losses.

Economic development, on the other hand, was noticeably positive: the adjusted profit figures improved due to the significant increase in income:

- Revenue development was driven by the air freight business and was highly positive due to price effects. Volume declines and negative exchange rate effects had a dampening effect.
- Other operating income noticeably increased at a low level due to Covid-19 support measures.

The freight rate development in air freight was particularly noticeable on the expenses side. Volume development had a dampening effect:

- Cost of materials increased significantly, mainly driven by the development in freight rates. In contrast, the decline in volumes and exchange rate effects reduced expenses.
- Personnel expenses increased slightly due to business unit internal reclassification measures that did not affect profits. Countermeasures implemented on account of the decline in volumes and exchange rate effects had a dampening effect.
- Other operating expenses decreased. Adjusted for exchange rate effects, there was a smaller decline, mainly as a result of Covid-19 countermeasures.

The number of employees fell as a result of the drop in volume.

CONTRACT LOGISTICS LINE OF BUSINESS

- *Production and supply chain disruptions caused by the Covid-19 pandemic are hampering income development.*
- *Declines in demand in the aerospace, industrial and automotive industries; healthcare and e-commerce, as well as new customer acquisitions above the previous year.*
- *Productivity improvement measures being implemented.*
- *Significant increase in profits.*

Contract logistics line of business	2020	2019	Change absolute	Change %
Warehouse space (million m²)	8.8	8.4	+0.4	+4.8
Total revenues (€ million)	2,715	2,734	-19	-0.7
External revenues (€ million)	2,714	2,733	-19	-0.7
EBITDA adjusted (€ million)	358	312	+46	+14.7
EBIT adjusted (€ million)	105	79	+26	+32.9
Employees as of Dec 31 (FTE)	24,382	24,625	-243	-1.0

The development in contract logistics followed the trend in the overall market thanks to the business line's portfolio that is diversified geographically and by market sector. There was a slight increase in market share overall (especially in the Asia/Pacific and Middle East and Africa regions). This was partly counteracted by the decline in market share in Europe due to a greater dependence on the automotive, aerospace and industrial markets.

The economic development in contract logistics was very satisfactory in a challenging market environment: adjusted profit figures rose, driven by the disproportionate reductions in expenses.

- Revenue declined slightly due to exchange rate effects. Effects from the recovery in the second half of 2020 exceeded the impact of the Covid-19 pandemic and the resulting disruptions to production and supply chains in the first half of 2020.
- Other operating income increased as a result of government Covid-19 support grants.

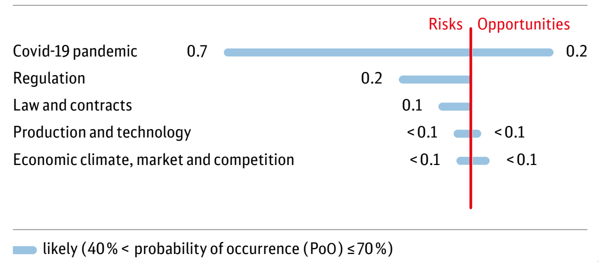
On the expense side, Covid-19 countermeasures in particular had a noticeable impact:

- Cost of materials was roughly at the previous year's level in line with revenue development.
- Personnel expenses fell slightly due to exchange rate effects. Positive effects from government Covid-19 support measures were offset by reclassification measures within the business unit that did not affect profits.
- Other operating expenses decreased noticeably. In addition to Covid-19 countermeasures, exchange rate effects reduced expenses.

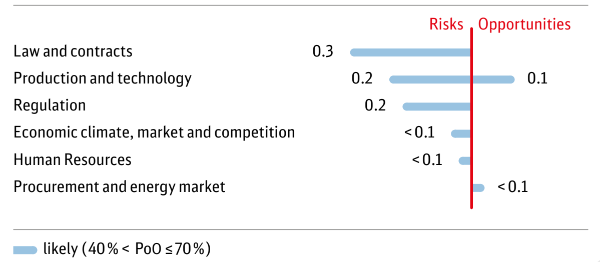
The number of employees fell slightly as a result of Covid-19 countermeasures.

Opportunity and risk report

Assessment of risk position by categories



Opportunity and risk portfolio for 2021 financial year as of Dec 31, 2020 (€ billion)



Opportunity and risk portfolio for 2020 financial year as of Dec 31, 2019 (€ billion)

As of December 31, 2019, excluding the impact from the Covid-19 pandemic.

GRI 102-11

OPPORTUNITY AND RISK MANAGEMENT WITHIN DB GROUP

Opportunity and risk management in DB Group comprises the systematic identification, assessment and management of opportunities and risks. The primary objective of opportunity and risk management is to ensure the long-term existence of DB Group.

The principles of opportunity and risk management are laid down by Group management and implemented on a Group-wide basis. Within the framework of our early-warning system, opportunity and risk reports are submitted to the Management Board and the Supervisory Board of DB AG three times a year. Due to the high level of uncertainty about the future development of the Covid-19 pandemic, we focused the risk reporting for the first two reports in 2020 on the Covid-19 pandemic. Major risks occurring outside of this reporting cycle must be reported immediately. Planned acquisitions are subject to additional specific monitoring.

Our risk management system (RMS) maps all of the opportunities and risks in an opportunity and risk portfolio and also individually in detail, factoring in materiality thresholds. The opportunities and risks considered within the risk report are categorized and classified according to probability of occurrence. Together with possible consequences, the analysis also takes into account the starting position and the costs of countermeasures. In organizational terms, Group controlling is the central coordination point for our opportunity and risk management.

Our strategic opportunity and risk management efforts are mainly derived from the targets and strategies of our business units. Operational management personnel are directly responsible primarily for the early and regular identification, analysis and management of strategic opportunities and risks. These activities are an integral element of the Group-wide planning and controlling systems. We focus intensely on detailed analyses of our markets and competitors, market scenarios, relevant cost drivers and critical factors for success, including those within our political and regulatory environment. Concrete opportunities are identified and analyzed from these.

DB Group's business environment is in a state of constant change. Only if we understand the change can we actively shape it. We use DB.Trend.Radar to monitor the most important external developments for DB Group so that we can take advantage of opportunities and react to risks in good time. The focus is on the issue of how changes in society, politics, technology and the global economy affect our markets. The individual topics are all highly interconnected and of great importance for the future of DB Group. DB.Trend.Radar helps DB Group to focus its business operations on the future and actively make use of opportunities.

In conjunction with Group financing, with its strict focus on the operating business, Group Treasury is responsible for limiting and monitoring the resulting credit, market price and liquidity risks. The centralized handling of the relevant transactions (money market, securities, foreign exchange and derivative transactions) means that potential risks can be managed and limited centrally. Group Treasury is organized in line with the Minimum Requirements for Risk Management for Banks (Mindestanforderungen an das Risikomanagement; MaRisk), which means that it complies with the resulting criteria of the Act on Supervision and Transparency in the Corporate Sector (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich; KonTraG).

GRI 102-11

Key characteristics of ICS and RMS with regard to the Group accounting process

Our RMS is complemented by a Group-wide internal control system (ICS) that also includes the accounting-related processes. To the extent that compliance is deemed to be appropriate, the components and principles of our ICS take into account the recommended conduct set out by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its publication “Internal Control – Integrated Framework” in the revised version from 2013. On that basis, our accounting-related ICS is a continuous process based on basic Group-wide principles and control mechanisms, such as system-based and manual reconciliations, the separation and clear definition of functions as well as the monitoring of compliance and further development of Group-wide guidelines and special work instructions.

The accounting-related control mechanisms we use beyond the instruments outlined above include, among other things, standardized reporting throughout DB Group and the regular updating of the relevant accounting directives and accounting-related systems.

Subject to a binding schedule, business transactions of the accounting-relevant units are processed in line with IFRS principles and in compliance with Group-wide, uniform procedures. These are then transmitted to the centralized consolidation system.

The auditing activities of the intra-Group auditors, which represent a key element of our control mechanisms, are focused on assessing the adequacy and effectiveness of our ICS. Audits are also conducted during the stocktaking of property, plant and equipment as well as inventories. In addition to these measures, the Audit and Compliance Committee and the Supervisory Board monitor the accounting process and the effectiveness of the ICS.

The management of the companies included in the scope of fully consolidated companies and of the individual business units of DB Group verifies the completeness and accuracy of the reporting data relevant to the financial statements among other aspects, using a quarterly internal reporting process. Confirmation is also given that the management responsible have implemented the centrally defined ICS minimum standards for reporting and, where appropriate, have supplemented these with their own documented management and monitoring tools.

Management assessment of the risk situation

GRI 102-11

At present, the main risks for DB Group arise in particular from the ongoing development of the Covid-19 pandemic as well as from the point at which recovery in demand for passenger transport resumes, and the speed and sustainability of that recovery. Recovery in demand is of fundamental importance for improving the economic situation. It is equally important to ensure that any planned countermeasures and mitigation measures as well as those that may be additionally required depending on the further development of the Covid-19 pandemic are fully implemented. These include, in particular, the measures for the *planned strenghtening of equity* → 62 f. and the conclusion of the current state aid procedures.

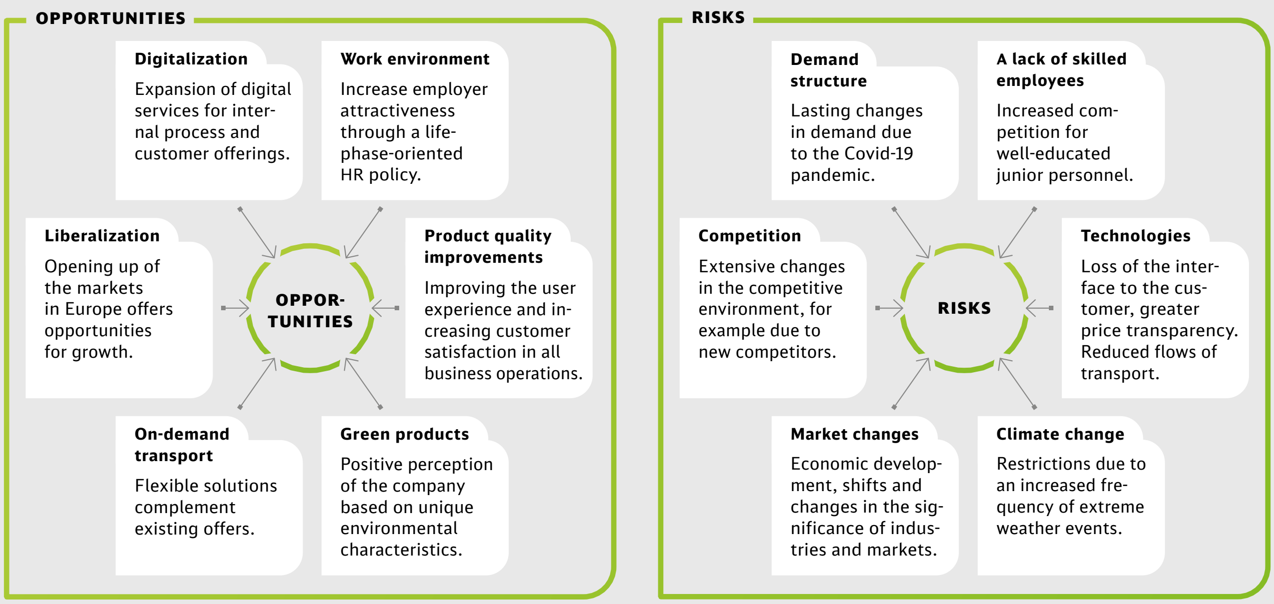
The current risk situation is assessed on the basis of our RMS. Opportunities and risks that are highly likely (PoO >70%) have been dealt with in the mid-term planning. The system is based on the requirements of the KonTraG and is continually evolving. During the year under review, there were no major methodological changes to that system.

In addition to the risks posed by the Covid-19 pandemic, as of December 31, 2020 DB Group's main risks (likely risks) were in the areas of law and contracts, and regulation.

Opportunities beyond the EBIT forecast (likely opportunities) exist primarily in additional public support measures for passenger transport in Germany and Europe as well as in the economic climate, market and competition area.

Third-party evaluation is also an important indicator for overall risk assessment. In addition to the internal risk assessment, DB Group's creditworthiness and its aggregated default risk are also assessed by the *credit ratings of Moody's and S&P* → 104. Their external assessments of DB Group's overall risk position are reflected in the good ratings. In the sustainability area, potential risks posed by *ESG rating agencies* → 47 f. such as MSCI and ISS ESG are assessed and evaluated externally.

Overview of opportunities and risks



In terms of organization, we have created all of the conditions necessary to enable the early identification of possible risks. Our continuous risk management and the active management of key risk categories contribute to limiting risks. Key strategic opportunities and risks were identified at the business unit level and recorded in the course of the strategic process for operationalization with measures. Our analyses of opportunities and risks, countermeasures, hedging and precautionary measures, together with the opinion of the Management Board based on the current risk assessment and our mid-term planning (MTP), indicate that there are no risks that, individually or jointly, could have an impact on the net assets, financial position and results of operations of DB Group and that would pose a threat to the Group as a going concern.

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MAJOR OPPORTUNITIES AND RISKS

Economic climate, market and competition

Demand for our mobility services and, in particular, for our transport and logistics services is dependent on overall economic development, among other things:

- Economic growth fuels the trends underlying our strategy in our markets.
- Macroeconomic shocks such as economic and financial crises, disruptions to supply chains or economic downturns resulting from, amongst other things, conflicts or epidemics can have a significant negative impact on our business.
- Risks arising from depleted public sector budgets in some European countries could have negative effects (particularly in the form of spending cuts), especially on DB Arriva activities. The market volume is greatly determined by the financial situation of the contracting organizations. However, this also creates the possibility that new markets or market segments will be opened for competition.
- Developments in the competitive environment are of particular importance for DB Group:
  - In long-distance transport, we are exposed to heavy intermodal competition, particularly with motorized individual transport as the dominant competitor, but also with long-distance bus services and air transport.
  - There is intense competition in regional transport throughout Europe for securing long-term transport contracts. There is a risk of performance losses. To be able to remain competitive in this market, we are constantly working to optimize our tender management and our cost structures. In addition, risks arise from the implementation of transport contracts if the parameters of the underlying calculation do not materialize as planned. In order to continuously increase quality and customer satisfaction and improve our efficiency, we have put together appropriate programs at DB Regional and DB Arriva.

- In rail freight transport, there is a high level of competitive pressure. Risks arise from the fact that, to some extent, competitors can operate with less expensive cost structures while enjoying greater flexibility. Further risks result from possible future efficiency gains of trucks, for example by digitalization. Several measures have been implemented to tackle these challenges.
- In the freight forwarding business, there is, on the one hand, intense competition with other providers and, on the other hand, a concentration of the market in the carrier sector that causes changes in the supply of cargo space with corresponding effects on the purchase and sales prices. We are responding to this by continuously optimizing our networks and improving our cost structures, services and IT infrastructure.

Overall, a general risk is a loss of competitiveness. A key component in facing the competition is improvements in service quality. For the integrated rail system, we are implementing the *Strong Rail strategy* *68 ff.*, in particular to significantly improve product quality.

Key opportunities for performance enhancements result from the trend towards digitalization:

- more efficient and customer-focused processes,
- improved and new digital services, and
- easier access through online portals and apps.

In the medium-term, changes in the competitive environment may result from the following developments:

- New competitors: In addition to established competitors, providers that have so far remained outside the industry, such as automobile manufacturers, IT groups and start-ups are increasingly active in our markets.
- New platforms/data-driven business models: Digital platform providers are increasing the intensity of competition and transparency, and are also changing the perception of prices. Start-ups in particular are the driving force behind the platform business and aim to occupy the digital customer interface.
- Shifts in added value: Added value in the mobility and logistics sector could shift towards additional services.
- Integrated on-demand mobility: MaaS (Mobility-as-a-Service) concepts are becoming a standard offer in the long term. The customer can order, book and pay for transport easily and in real time.
- The pressure on the public sector to make use of favorable offers is increasing. Ordering behavior could also change and tenders expand to include on-demand, minibus and shuttle services. This increases the cost pressure on established providers.
- Supply chain visibility: Transparency in the value-added chain is one of the top trends in logistics. Start-ups and established players see data and analysis solutions as a significant business opportunity.
- Goods structure effect: The production share of highly specialized goods such as pharmaceuticals and high-tech products is growing strongly. At the same time, types of goods with a generally lower weight and higher value density, such as electronic components, are growing at an above-average rate. Heavy, bulky goods, such as steel, paper and chemicals are becoming less important.

To adequately tackle the resulting risks and opportunities, we have developed, among other things, our *digitalization strategy* *78 f.*

We are also responding to opportunities and risks arising from changing demand patterns and from shifts in traffic patterns throughout the Group with intensive market observation and by continuously upgrading our portfolio and our products.

The demand for our products and services is partly dependent on the development of our customers' sales markets:

- Our customers' economic development dictates their need for storage and transport services, which in turn affects our freight forwarding and logistics businesses. In addition, there may be structural changes in the production structures of our customers. The rising costs and risks of globally distributed production make more regional production more efficient. Another reason for regionalization is the use of production innovations such as automation, modularization and 3D printing with the potential to relativize wage cost differences and economies of scale.
- Rail freight transport is partly dependent on industries that are stagnating. The decline of coal as an energy source, for example, is having an effect.
- The development of demand in track infrastructure is dependent on rail transport's ability to compete on the upstream transport markets.

Production and technology

If the production quality of passenger transport services suffers, this has an impact on service quality and can lead to the loss of customers. Postponed deliveries of new vehicles may result in revenue losses and additional expenses, for example, due to substitute transport services or penalty payments.

The availability and the condition of the track infrastructure are significant prerequisites for competitive rail transport. In order to maintain the future viability of rail in the long term, it is also necessary to modernize the infrastructure through digitalization and automation.

Intense construction work on the network affects schedules and the production quality of carriers to a different extent, depending on the region, some of which cannot be compensated for.

The range and quality of our services depend to a significant extent on the availability and reliability of the production resources used, intermediate services procured and the quality of our partners' services. We therefore keep up an intense dialog with our suppliers and business partners on the subject of quality. This is of particular importance in the vehicle industry.

Sufficient availability of our vehicle fleet is particularly critical. Significant restrictions endanger operating schedules. In regional transport, there is the additional risk of penalties if trains are canceled or punctuality is insufficient. We try to minimize this risk by taking preventative actions and also by minimizing the consequences should it happen, such as by providing replacement vehicles or by organizing substitute transport.

The technical production resources used in rail transport must comply with applicable standards and requirements, which are subject to change. As a result, we may receive technical complaints concerning our vehicles. This leads to the risk that we may not be permitted or only under certain conditions, such as limited speeds, shorter intervals between maintenance or reduced wheel set loads, to use individual series or rail car types. In addition, we cannot accept new vehicles that have flaws or for which the necessary vehicle certification has not been granted.

As a result of technical defects or conditions, there may be the need to refit vehicles that could lead to significant restrictions on availability or even temporary prohibition of use.

In regional transport, a risk can arise from the redundancy of vehicles following the expiry or re-tendering of a transport contract. As a countermeasure, alternative possible uses are checked.

Increasing digitalization means that dependence on secure IT that is available around the clock is increasing. This results in IT, telecommunications and cyber risks such as the interruption of the availability of IT systems, which can lead to serious business interruptions, or the unauthorized access of third parties to customer data.

We combat these risks through forward-thinking IT security management, which provides the necessary security for our IT-based business processes. A key instrument here is information, IT applications, and IT infrastructure and services risk management. The relevant risks are identified, analyzed, evaluated and reduced. The remaining risks are documented and, if necessary, reported to and monitored by suitable bodies. Our information security management system follows international standards in accordance with ISO 27001/27002:2013 and the NIST Cybersecurity Framework.

In order to minimize critical technical vulnerabilities, a range of countermeasures (such as firewalls, encryption and compartmentalized server areas, and prompt software updates) have been implemented. Appropriate redundancy of the IT systems (including across several locations) increases the overall resilience of critical business processes, applications and infrastructures. The network infrastructure also has a redundant design where required for the purposes of IT security and business continuity.

For the most important processes and IT applications, systematic and regular penetration tests and red-team stress tests are carried out in order to detect and eliminate weak points at an early stage.

Overall, these measures reduce the risk of attacks, the resulting outages of IT systems, the disruption of communication or the theft of confidential information, thereby avoiding damage to DB Group.

Punctuality *77 f.* is a key factor for our rail freight transport customers when selecting a mode of transport. In addition to this, irregularities can occur, such as customs offenses and theft. We combat these risks with measures such as engaging qualified customs coordinators and using an immediate reporting system for tax assessment notices.

Human Resources

To successfully implement the *Strong Rail strategy* *68 ff.*, we rely on adequate equipment and qualified, skilled employees.

- Due to demographic changes and the associated lack of skilled employees, it is becoming increasingly difficult to fill vacancies with qualified personnel. This in turn leads to risks such as loss of knowledge, which is particularly the case for rail-specific roles.
- We are counteracting these risks in particular by improving our employer attractiveness, implementing extensive recruiting measures, redesigning vocational and functional training (retraining), and expanding and digitalizing the qualification capacities and measures for strategic succession planning as well as for effective knowledge management.

- In addition, it is important to determine the extent to which potential for automation could be explored and maximized in order to counteract the risks associated with a lack of skilled employees.
- DB Group has a relatively high annual need for new employees, which is reinforced by the selection model agreed under collective bargaining agreements.
- Especially against the backdrop of an economic crisis with unclear prospects, the personnel cost structure plays an important role in recruitment. Our target is therefore to always conclude competitive collective bargaining agreements in terms of the labor market and the transport market.
- Ongoing collective bargaining negotiations with the GDL entail risks in relation to strike action and unscheduled wage increases, which may have an impact on negotiations with the EVG. The risks and consequences of this would need to be reevaluated depending on the progress made and the outcome.
- The crisis has affected the entire industry. This means that there is currently the opportunity to employ skilled workers who would otherwise not be on the labor market.

DB Group's digital transformation is critical for the successful implementation of the Strong Rail strategy.

- New technical possibilities, in particular from the area of digitalization, are leading to changing job content.
- We put a lot of effort into identifying job profiles of the future and try to determine in good time the resulting implications for qualifications and support.
- The Covid-19 crisis has shown the extent to which qualification and training processes must have robust central synergies and be organized in a decentralized manner (such as the train drivers academy). We are responding to this through the continuation of our comprehensive digitalization initiative.

Both the increasing digitalization of work together with new demands of the younger generations and the effects of the Covid-19 pandemic demonstrate the importance of modern working environments and new forms of cooperation for resilience and innovation.

- New work as a more modern approach to cooperation and leadership is being advanced as part of numerous initiatives and communities within DB Group, such as "People. Make. The Future.", Digital Transformation, H-Future Labs, Agile Islands Network, Office 365 Learning Support Community and many more.
- Targeted diversity management promotes intercultural cooperation and intergenerational communication as well as an appreciation of people's differences – the objectives are greater performance capability and creativity, better knowledge transfer and greater employer attractiveness, which can all have a positive impact on the capacity to innovate and the performance capability of DB Group in the long term.
- Our life-cycle-oriented HR policy gives us the opportunity to promote loyalty among employees in the long term. This includes flexible working time models and jobs designed specifically for the age of the employee, our employment security, new opportunities for participation and intensive work on the corporate culture.

Regulation

Changes to the legal framework at the national or European level could pose risks to our business. This general regulatory risk could therefore result in tangible negative effects on revenues and profit.

These regulations govern, among other things, the individual components of the pricing systems and general terms and conditions applied by our RIC. There are risks of complaints and intervention here. Measures that threaten or even prevent DB Group from attaining reasonable returns in our infrastructure business units (such as an intervention in pricing systems) make it more difficult to manage these activities from a business perspective and can therefore threaten financing contributions by DB Group to capital expenditures in infrastructure.

Political risks particularly relate to the strengthening of existing standards and regulations concerning the railway industry (for example passenger rights). The structure of DB Group may also be exposed to regulatory risks.

In order to respond to risks resulting from changing legal framework conditions on either a national or an international level, we take an active part in the discussions and debates that take place ahead of this type of change.

Opportunities result from the promotion of green mobility, including achieving state climate targets such as those in the *climate package* *62 f.*

Procurement and energy market

Depending on the market situation, the purchase prices for raw materials, energy, and transport and construction services may fluctuate.

We respond to the risk of increasing energy prices, among other things, by using appropriate *derivative financial instruments* 210 ff. and entering into long-term procurement contracts. However, these safeguards also limit opportunities arising from trends in energy prices. In the event of falling prices, we do not participate in the market development.

This means that depending on the market and competitive situation, it may not be possible or may only be possible to a very limited extent to pass increased costs on to the customer in the short term. This in turn has a negative impact on margins.

The pooling of demands and optimization of procurement processes create opportunities to leverage further potential in terms of procurement prices.

Noticeable train-path price increases outside of Germany cannot always be passed on to customers because of the competitive situation.

Capital markets and taxes

A currency risk arises from our international business. This risk, however, is largely limited to the so-called translation risk since there is usually a high regional congruence between the production and sales markets. We use primary and *derivative financial instruments* 210 ff. as one means of countering interest rate and currency risks from our operating business. Their use is only permitted for hedging purposes in DB Group. There is a risk that these hedging measures will not pay off, or not in the way expected.

To prevent counterparty default risk from financial and energy derivatives, we conclude credit support agreements (CSA) for all longer-term hedges.

Due to the long-term capital employed, we also use long-term, fixed-interest financial instruments. As a result, only new issues are exposed to the risk of rising interest rates. We apply a conservative planning approach to deal with risks arising from capital market performance or a deterioration in credit ratings.

Liabilities from pensions and similar retirement benefit obligations are partially covered by plan assets from stocks, real estate, fixed-interest securities and other investments. Losses of value in these assets reduce the cover of pension obligations by plan assets, potentially resulting in DB Group having to provide additional cover.

In addition, there are potential risks from back-tax payments from tax audits that are in progress and from amendments to tax laws. In order to minimize tax risks as much as possible, we pursue the prompt processing of tax audits and implement a tax compliance management system within DB Group.

Law and contracts

Due to delayed vehicle deliveries and vehicle defects, operating difficulties in regional and long-distance transport may occur. In regional transport, this may result in contractual violations or non-compliance with the contracting organizations. Higher expenses and penalty payments combined with lower fares are the result. Ensuing damage claims are asserted against the manufacturers.

Provisions have been made for existing legal and contractual risks based on an assessment of their probability of occurrence.

Compliance with current laws, company guidelines and recognized regulatory standards is the task and duty of every DB Group employee. It is the mission of our compliance department to ensure compliance with such criteria.

With its very high procurement volume and over 20,000 suppliers, DB Group is one of the largest purchasers in Germany. Large-scale capital expenditures mean that the infrastructure business units in particular are exposed to a significant risk of becoming the target and victim of corruption, cartel agreements or fraud. As a provider of grants, the Federal Government places high demands on DB Group with its anti-corruption guidelines.

Opportunities arise from the discovery of cartels that operated in the past and the enforcement of claims for damages against cartel members. DB Group is seeking compensation for damages in over ten cases. This relates, amongst other issues, to cartels in freight trucks, tracks, air freight, elevators and escalators, prestressing of steel, and girocard. In more than ten other cases, DB Group is still determining if damage has been caused.

Significant events

Our activities are based on a technologically complex, networked production system. In general, we try to combat the risk of potential operational disruptions through regular maintenance and by taking on qualified employees, coupled with continuous quality assurance and improvement of our processes. The nature of rail transport as an open system means that certain factors (such as natural disasters, accidents, sabotage and theft), over which we have only limited influence, could have a negative impact on operations. Our efforts in such cases focus on minimizing the potential effects. However, this could also result in cost risks from countermeasures.

Additional measures to increase public security, including at passenger stations, such as *upgrading video surveillance* 258, may lead to additional cost burdens.

Other issues

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PROJECT RISKS

Our measures involve not only some large capital expenditure volumes, but also a large number of highly complex projects. Changes to the legal framework, delays in implementation (due among other things to more extensive public participation), necessary adjustments during terms often lasting several years, deviations from the ramp-up curve of funds for capital expenditures agreed with the Federal Government or changes to purchase prices may lead to project and liquidity risks. The networked production structure means that these can often affect a number of business units. For example, in such cases planned shifts in the mode of transport from road to rail will not be feasible. We keep up to date with this by closely monitoring projects.

When implementing planned measures from various programs, such as the *Strong Rail strategy* 68 ff. for the integrated rail system or *Primus* 163 f. at DB Schenker, there is the risk that it will either not be possible to implement the planned effects at all, or only to a lesser extent and/or that these may be delayed. At the same time, however, there is also the opportunity to exceed the planned effects.

GRI 203-1

INFRASTRUCTURE FINANCING

At the beginning of 2020, we concluded an agreement with the Federal Government that sets out the financing of the existing network until 2029. The *LuFV III* 235 f. and the associated securing of infrastructure quality and availability in the long term improve the attractiveness of rail as a mode of transport, which also results in higher revenues for infrastructure companies due to more traffic. Risks result from a potential failure to achieve the contractual objectives set out in the LuFV and from a possible reclaim by the Federal Government following audits of applications of funds for the intended purposes.

The economic sustainability of capital expenditures or financial contributions to capital expenditure projects funded with DB funds is essential if we are to ensure DB Group's ability to invest in the long term.

POLITICAL RISKS

The European Company for the Financing of Railroad Rolling Stock (Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial; EUROFIMA), Basel/Switzerland has given loans to state-owned railways in states that now have poor credit ratings. If these state-owned railways fail to meet their financial obligations to EUROFIMA, this could have repercussions for the book value and, under certain circumstances, trigger further financial obligations.

ENVIRONMENTAL RISKS

Unique environmental features, such as climate-neutral transport services in passenger and freight transport on the basis of renewable energies, improve our positive perception among our customers. Our climate protection activities have a positive effect on reducing greenhouse gases. Nevertheless, our mobility services must be climate-neutral from end to end in order to secure an environmental advantage. Strengthening of environmental protection laws poses opportunities and risks for DB Group. Opportunities arise above all for rail transport. However, measures such as bans on diesel may also lead to negative impacts on our activities.

Damage to our infrastructure from extreme weather leads, among other things, to loss of revenue, penalties and increased funding requirements for fixing damage and preventive measures. In order to focus the means of production on extreme weather events and to avoid restricted operating quality due to restrictions resulting from extreme weather, DB Group is working with national and international experts on the adaptation of external technical regulations with regard to altered climatic conditions.

For us, managing extreme weather events also means having to deal with rapid changes and complex impacts. Present-day disruptions increasingly occur nationwide and last for longer periods. Furthermore, according to a study by GRI
the Potsdam Institute for Climate Impact Research that we 201-2
commissioned, we are more strongly affected by the consequences of climate change than any other large company in Germany. Against the backdrop of the expected future development of weather extremes and the simultaneous expansion of rail transport in Germany, we are also pursuing, in addition to active climate protection, the systematic development of resilience management in order to mitigate the consequences of climate change through the implementation of appropriate measures.

Events after the balance sheet date

THREE BOND ISSUES

Through DB Finance, we issued three senior bonds with a total volume of € 1.2 billion at the beginning of 2021:

ISIN	Issuer	Currency	Volume (million)	Volume (€ million)	Coupon (%)	Maturity	Term (years)
CH0581947808	DB Finance	CHF	400	370	0.100	Jan 2036	15.0
XS2295280411	DB Finance	GBP	300	339	0.375	Dec 2026	5.8
XS2299091186	DB Finance	SEK	5,000	494	0.478	Feb 2026	5.0

EXTENSION OF COVID-19 MEASURES IN GERMANY

On February 10, 2021, the Federal Government and the Federal states decided to extend the more restrictive Covid-19 rules, which had been in force since December 16, 2020, until March 7, 2021. The future development of the Covid-19 pandemic and of the Covid-19 measures adopted by the government is still not foreseeable. This means that the impact on DB Group for 2021 still cannot be reliably estimated at this time.

CHANGE TO THE MANAGEMENT BOARD OF DB AG

Board member Prof. Dr. Sabina Jeschke, responsible for the Digitalization and Technology division, is leaving DB AG and intends to prematurely terminate her Management Board contract with effect from May 31, 2021.

Outlook

OVERALL STATEMENT OF THE MANAGEMENT BOARD REGARDING THE ECONOMIC DEVELOPMENT

Economic development was significantly below expectations in 2020 due to the Covid-19 pandemic. Following the extremely difficult development in the year under review, the Management Board of DB AG assumes that the business development will continue to experience very challenging conditions in 2021. Uncertainty about future economic development is significantly higher than in previous years due to the Covid-19 pandemic.

The anticipated process of gradually overcoming the consequences of the pandemic will result in a slow recovery. Business performance is therefore expected to be better in 2021. However, the pre-pandemic figures for volume sold, volume produced and revenues will in all likelihood not be achieved across all business units in 2021.

With our *Strong Rail strategy* *68 ff.*, we have defined the strategic framework of our business operations and are focusing on our contribution to the transport and climate policy objectives of the Federal Government. Significant capital expenditures are required to implement it, particularly in the track infrastructure. Despite the economic slowdown, the Federal Government provided more financial support than ever before. The track infrastructure expansion necessary for the shift in the mode of transport to rail is underpinned by substantial financing contributions from the Federal Government in the period up to 2030. In addition, we are investing a record level of DB funds in the integrated rail system. The main focus of the additional expenditure is similarly on infrastructure, as this is the key to growth, the shift in the mode of transport and improved operational quality. This is because only high product quality and satisfied customers can increase revenues and profits in the long term. Our activities are subject to various risks, as described in the *Opportunity and risk report* *168*.

For the 2021 financial year, we see risks in particular from the continuing and lasting consequences of the Covid-19 pandemic on the demand for mobility and transport services. In the view of the Management Board, DB Group has introduced the measures necessary to protect itself against current risks and to take advantage of potential opportunities.

FUTURE DIRECTION OF DB GROUP

The Strong Rail strategy, presented in June 2019, continues to define the future direction of DB Group.

Future sales markets

Our opportunities for growth in the German passenger transport market are limited on the one hand due to the high level of competition and restrictions imposed by antitrust laws. On the other hand, there is growing support for promoting environmentally friendly modes of transport through targeted climate protection measures. Our focus is therefore still on expanding capacity, defending our strong market position and increasing the share of rail in intermodal competition. In the German passenger transport market, we expect a continued shift towards needs-oriented road transport in the medium term. For example, autonomous driving will lead to ever fewer people having to own their own car. Autonomous road transport also offers the potential to free certain elements of public transport from dependence on stops and schedules, thus making them more flexible.

In the area of rail freight transport, our focus continues to be on the European market. We are well positioned in all of the central European corridors and offer service connections to locations as far afield as China.

In the freight forwarding and logistics areas, we also expect a gradual revival in 2021 of the markets that experienced heavy slumps in 2020 due to the Covid-19 pandemic.

ECONOMIC OUTLOOK

- The forecasts for development in 2021 are based on the assumption that as vaccination programs progress, it will be possible to gradually return to essentially uninterrupted economic and social activities from early summer 2021.

Anticipated development (%)	2020	**2021**
World trade	- 5.9	+ 9.0
GDP world	- 3.7	+ 5.5
GDP Eurozone	- 6.9	+ 4.0
GDP Germany	- 5.3	+ 3.5

As of February 2021. Forecasts for 2021 rounded to half percentage points.
Source: Oxford Economics

A significant recovery of the global economy is expected for 2021, which will, however, not be sufficient in many regions to make up for the losses in the 2020 crisis year; this means that economic output is not expected to return to its 2019 level again until 2022. Delays in combating the Covid-19 pandemic could downgrade this forecast once again.

It is also possible that developments already existing prior to the Covid-19 crisis will continue to weigh down companies. These include trade conflicts, geopolitical conflicts and the consequences of Brexit, the extent of which remains difficult to assess. In addition, the Covid-19 crisis has increased government debt not only in Germany, but also in many other countries. If the financial markets lose confidence in the creditworthiness of these countries, there could be far-reaching consequences for the entire financial system.

For these reasons, we expect companies to continue to hold back on investments, which in turn will weaken further prospects for economic growth. Germany in particular, as an important producer of capital goods, is likely to be affected by this development.

TRANSPORT MARKETS

Passenger transport

Anticipated market development (%)	2020	**2021**
German passenger transport (based on pkm)	- 18.0	+ 12.0

As of February 2021. Forecast for 2021 rounded to half percentage points.

Following the Covid-19-related drop in performance in 2020, the German passenger transport market is expected to recover noticeably in 2021. Nevertheless, the performance volume will remain significantly below the pre-crisis level of 2019.

The development of demand for transport strongly depends on the infection situation, regulatory measures and the associated mobility behavior of the population. Commuter transport and business travel may be partially replaced by a permanent shift to home office and digital communication. Should the Covid-19 pandemic persist, individual forms of transportation with a low risk of infection – especially cars, bicycles or walking – will continue to be preferred over public means of transport.

- In these circumstances, motorized individual transport in particular is likely to return to close to its pre-crisis level of performance volume. The increases in fuel prices due to CO_2 pricing coming into force in 2021 remain of minor significance for the time being.
- Domestic air transport is facing a protracted recovery in view of decreased demand resulting from infection-prevention measures and a significantly more scarce supply. In 2021, it will likely recover only a fraction of the losses suffered in 2020.
- Public road passenger transport is expected to increase again, but will continue to suffer from substitution effects from cars and bicycles in local transport. Long-distance bus services are expected to develop comparatively weakly due to the reduced supply and strong competition from rail passenger transport.
- For rail passenger transport, we expect a noticeable recovery in local and long-distance transport. Long-distance transport is likely to benefit from gains from air and bus long-distance transport. The main assumptions underlying this development are a decline in infections, loosened or lifted social distancing restrictions and a regaining of confidence in public transport.

In European passenger transport, too, development will be specific to the mode of transport and will vary from region to region. Financial weaknesses and strategic realignment of individual providers make it probable that the mobility market will undergo consolidation. However, the progressive climate policy of the European Union and its member states remains the long-term motor for the development of climate-friendly public mobility – and therefore rail passenger transport in particular.

Freight transport and logistics

Anticipated market development (%)	2020	**2021**
German freight transport (based on tkm)	-4.2	+4.0
European rail freight transport (based on tkm)	-7.6	+6.0
European land transport (based on revenues)	-8.6	+6.0
Global air freight (based on t)	-11.0	+6.0
Global ocean freight (based on TEU)	-3.0	+5.0
Global contract logistics (based on revenues)	-4.5	+5.5

As of February 2021. Forecasts for 2021 rounded to half percentage points.

For 2021, it can be assumed that the weak economic stimulus evident in 2020 will initially continue beyond the end of the year. The outlook beyond that is marked by great uncertainty. Assuming that the Covid-19 crisis is contained and that there are no other crisis-like events, it is anticipated that there will be a tendency toward recovery over the course of 2021, although the performance level of 2019 is not expected to be reached again by the end of the year for the overall market. Following the further weakening of demand, the market will continue to be characterized by ongoing price and competition pressure.

After the slumps in 2020 in sectors predisposed to rail transport such as iron ore and steel and in the automotive and combined transport areas, a strong performance increase is expected for rail freight transport in Germany. The effects of improved competitiveness through quality improvements and additional stimulus from train-path price support are also likely to support growth. On the other hand, the continuing structural changes involved in the ongoing energy transition will have a negative impact.

Road freight transport, which recorded the lowest decline in 2020 compared to other modes of transport, is also expected to develop strongly, though slightly below average, in 2021. In addition to the assumed catch-up effects, robust consumer sentiment and construction demand will also support growth.

Following the decline in performance in 2020, inland waterway transport should also record a sharp increase in 2021. However, due to its dependence on the weather and the resulting increased restrictions due to low water in recent years, the outlook remains subject to additional risk.

Assuming that the Covid-19 crisis is contained and that there are no other crisis-like events, a strong increase in performance is also expected for the European rail freight transport market for 2021. This will likely be supported by the recovery of industrial production and European foreign and domestic trade, as well as various support programs and initiatives for rail freight transport. It can be assumed that combined transport will once again play a role in driving growth.

- In 2021, revenues for the European land transport market are expected to be higher than in the previous year, although below pre-crisis levels. The driver of this development is a strong economic recovery. For Eastern Europe, a faster recovery and, in some cases, growth above the level of 2019 is expected. In contrast, most Western European countries will not return to their 2019 volumes again in 2021.
- We expect freight levels to continue to improve for American land transport. In the third quarter, most of the major LTL companies in the US reported freight levels at or slightly above 2019. As the economy will recover slowly, it can be assumed that development will accelerate gradually in line with the vaccination rate.
- Asian land transport will benefit from the recovery of the economy once the Covid-19 crisis has been overcome. Based on current forecasts by Oxford Economics, GDP will rise by 6.4% in 2021 following a decline of 1.6% in 2020 (subject to the risks of geopolitical uncertainty and turbulence on the financial markets).

- Following the historic slump in 2020, the air freight market is expected to recover robustly, although this recovery will not be able to compensate for the slumps in 2020. As the worldwide access to a vaccine or medication against Covid-19 expands, the associated economic recovery will have a positive impact on air freight growth. The gradual return to (air) travel activities will affect the level of air freight rates, but it is still not expected that the pre-Covid-19 crisis level will be reached in 2021. Developments from political decisions will also influence market developments (reciprocal trade sanctions between the US and China, decisions by the new US administration, Brexit, etc.). The further development of the Covid-19 pandemic will have a significant impact on the markets.
- The outlook for the global ocean freight market depends heavily on the development of supply and demand, as well as any second wave of the pandemic. For the time being, it is expected that the market size will return to the level of 2019 by 2021 or the beginning of 2022.
- Taking into account the Covid-19 crisis, the market for contract logistics is expected to recover slowly in 2021 compared to the year under review and it is calculated that there will be subdued growth several percentage points below the level forecast before the Covid-19 pandemic. From a geographical perspective, global growth is expected, particularly in the Asia-Pacific region at a mid-single-digit percentage, while in America, Europe, and the Near/Middle East and Africa, only very low to stagnating growth rates will continue to be recorded. In the e-commerce, healthcare, electronics and some consumer goods market sectors, we continue to expect healthy business development, while the automotive, industrial and retail areas will see a slower and prolonged recovery. The aviation and space industry is expected to continue to experience subdued growth until 2022. We still see the greatest negative risk in the unpredictable development of major subsequent waves of the Covid-19 pandemic and their likely impact on the global macro economy.

Infrastructure

A positive development is forecast for train-path demand in 2021. In addition to catch-up effects after the Covid-19 pandemic, the increase in regionalization funds in regional rail passenger transport and the expansion of available offers in long-distance rail passenger transport following the long-distance transport campaign will lead to an increase in sales. In rail freight transport, volume growth is expected due to the macroeconomic environment, which will nevertheless be dampened by the Covid-19 pandemic.

The number of station stops will restabilize in 2021 and continue the positive trend of the years before 2020. The share of station stops of non-Group railways will continue to increase.

However, leasing income in stations will decline in 2021 due to the effects of Covid-19 and will be well below the level of 2020.

PROCUREMENT MARKETS

As a baseline scenario, we expect no shortages on the procurement side for 2021. The uncertainties regarding the further development of the Covid-19 pandemic and growing protectionism mean that no strong price boosts can be expected. The central factor for the oil market is likely to be the OPEC+ group's production discipline. In addition, shale oil production in the US is prepared to fill the gap, should there be corresponding price signals.

Through its *Green Deal* *→ 65* the EU intends to implement a climate-friendly conversion of the European economy to make it CO_2-neutral by 2050. It sets out an increase in the CO_2 reduction target for 2030 to at least 55% and an overhaul of the emissions trading system. The recovery plan to combat the Covid-19 pandemic *(Next Generation EU* *→ 65**)* also emphasizes sustainability aspects. This should further accelerate structural change in the energy sector. The expansion of renewable energies is expected to further strengthen price fluctuations on the electricity spot market due to their limited predictability. The simultaneous phase-out of nuclear power and coal could boost prices, particularly from 2023.

FINANCIAL MARKETS

In view of the effects of the global Covid-19 pandemic, we assume that, on the one hand, the relaxed monetary policy will persist and, on the other hand, the central banks will continue to purchase bonds to a great extent. Together, both will ensure continued low or negative interest rates.

DEVELOPMENT OF DB GROUP

- *Progress in implementing the Strong Rail strategy, capital expenditure activities continue to increase.*
- *High levels of uncertainty regarding the momentum of the recovery process in 2021.*
- *Profit development probably significantly above previous year's level.*

Our forecasts for the development of DB Group and the business units in the 2021 financial year are based on our expectations of developments in the market, competition and environment, and the implementation success of the planned measures.

The business development of DB Group is also expected to be significantly influenced in the 2021 financial year by the further development of the Covid-19 pandemic, the length and intensity of which are currently unforeseeable. Consequently, the following forecasts are subject to greater uncertainty than in previous years.

Top Targets Strong Rail

Anticipated development	2020	**2021**
Passengers (rail) long-distance transport (million)	81.3	> 100
Passengers (rail) local transport (million)	1,215	> 1,250
Volume sold rail freight transport (Germany) (billion tkm)	56.2	> 59
Train kilometers on track infrastructure (Germany) (million train-path km)	1,066	~1,100
Customer satisfaction DB Long-Distance (SI)	80.2	80
Customer satisfaction DB Regional (rail) (SI)	69.0	70
Customer satisfaction DB Cargo (SI)	68	65
Punctuality DB Long-Distance (%)	81.8	79
Punctuality DB Regional (rail) (%)	95.6	95
Punctuality DB Cargo (Germany) (%)	77.6	75
Share of renewable energies in the DB traction current mix (%)	61.4	62
Employee satisfaction (SI)	3.9	–
ROCE (%)	-7.0	↗
Debt coverage (%)	0.8	↗

↗ above previous year's figure
→ at previous year's level
↘ below previous year's figure

- Performance in local, long-distance and rail freight transport as well as train-path demand is expected to develop noticeably positively again in 2021. The exact extent of the recovery will be largely influenced by the further development of the Covid-19 pandemic.
- Following the significant improvement in customer satisfaction in 2020, we expect consolidation in 2021.
- For 2021, we also expect a consolidation in punctuality development as a result of the absence of the positive effects brought about by the noticeable decline in network utilization in 2020 following the effects of Covid-19.
- We will continue our measures to reduce the greenhouse gas intensity of the DB traction current in Germany through a gradual increase in the share of renewable energies.
- The Group-wide employee survey takes place every two years. As part of the follow-up process to the employee survey, cross-team cooperation workshops will be carried out in the first half of 2021. Building on the results of the survey, the aim of these workshops is to work on cooperation and on the five principles of the compass for a strong teamwork.
- Due to the expected significant improvement of adjusted EBIT, along with a simultaneous increase in capital employed, the ROCE is expected to improve.
- Debt coverage is also expected to increase noticeably as a result of the expected improvement in operating profit.

Additional key figures for income, financial and asset situation

Anticipated development (€ billion)	2020	**2021**
Revenues	39.9	> 41
EBIT adjusted	-2.9	~ -2
Gross capital expenditures	14.4	> 15
Net capital expenditures	5.9	> 6
Maturities	2.3	2.2
Bond issues (senior)	5.4	> 5
Net financial debt as of Dec 31	29.3	< 30

The economic development of DB Group in the 2021 financial year will be largely influenced by the momentum of the continuation of the demand recovery. We therefore expect revenue and income development to be significantly positive again, but the extent of this is fraught with uncertainty.

We will continue our quality and capital expenditures initiative for the integrated rail system with large capital expenditures. We thus intend to improve our quality and customer satisfaction, drive forward digitalization (including IT security improvements) and increase our performance capability. The capital expenditures in the 2021 financial year are expected to be above the level of the year under review. Increased vehicle capital expenditures at DB Long-Distance (ICE 4 and Intercity 2) and higher capital expenditures for track infrastructure as part of the *LuFV III* *235 f.* make an impact in this respect.

Efficient liquidity management is once again a top priority for us in the 2021 financial year. We are focusing on continually forecasting the cash flow from operating activities, as this is our main source of cash and cash equivalents. We produce liquidity forecasts every month on the basis of a 12-month liquidity plan. In 2021, we must redeem financial liabilities (excluding commercial paper and current bank liabilities) at about the same level as in the previous year. Funding needs for this are met by issuing public and non-public bonds. Roadshows are planned in Europe and Asia in conjunction with the bond issues.

We continue to have adequate financial leeway for our capital market activities from our *debt issuance programs* → 102 f. and our *commercial paper program* → 102 f. The *guaranteed credit facilities* → 102 f. serve as a fallback in the event of interrupted access to the capital market. At the beginning of 2021, we issued three *senior bonds* → 176 via DB Finance and continued to be active in the commercial paper market with seven issues. Our short- and medium-term liquidity supply is therefore also secure in 2021.

The majority of our gross capital expenditures in 2021 will again be covered by investment grants. In addition, Federal Government cash inflows are planned as part of its *climate package* → 62 f. and its *Covid-19 support* → 62. The net capital expenditures to be financed by DB Group are also unlikely to be fully covered by internal sources in the 2021 financial year.

We still plan to divest DB Arriva in the medium term. We assume that this will take place after 2021.

The net financial debt as of December 31, 2021 is not expected to increase any further, at least not significantly, taking into account the positive effects of the Federal Government's planned measures to strengthen DB AG's equity capital and the assumed development of the pandemic.

We will continue our M&A activities in a selective and focused manner in the 2021 financial year.

Additional environmental key figures

Anticipated development	2020	2021
Specific greenhouse gas emissions in comparison to 2006 (%)	-34.4	-33.6
Track kilometers noise remediated in total as of Dec 31 (km)	2,039	2,100
Recycling rate (%)	95.6	>95

- Due to the impact of the Covid-19 pandemic, we have adjusted our expectations for specific greenhouse gas emissions in comparison to 2006. The main reason for this is that there were hardly any restrictions to the schedule, as there were significantly fewer passengers on our trains. Our key measures for achieving the 2030 targets are to increase the share of renewable energies for our electricity-based transport and the ongoing modernization of our fleets and facilities.
- We will continue the noise remediation of lines as scheduled in 2021.
- We will keep the recycling rate at a high level in 2021.

Forward-looking statements

This management report contains statements and forecasts pertaining to the future development of DB Group, its business units and individual companies. These forecasts are estimates based on information that is available at the current time. Actual developments and profits may diverge from the current expectations as a result of the non-materialization of the assumptions upon which our forecasts are based or the materialization of risks such as those presented in the risk report.

DB Group does not assume any obligation to update the statements made within this management report.

Cross-references in the management report

This management report contains cross-references to additional information that is not part of this management report. The corresponding parts are marked in the report with the symbol *term* → and are not part of the management report.

Consolidated financial statements

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Consolidated statement of income

Jan 1 through Dec 31 (€ million)	Note	2020	2019
Revenues	(1)	39,901	44,430
Inventory changes and other internally produced and capitalized assets	(2)	3,564	3,166
Overall performance		43,465	47,596
Other operating income	(3)	3,439	3,030
Cost of materials	(4)	-22,757	-22,262
Personnel expenses	(5)	-18,297	-18,152
Depreciation and impairments	(6)	-5,372	-3,671
Other operating expenses	(7)	-5,235	-5,157
Operating income (EBIT)		**-4,757**	**1,384**
Result from investments accounted for using the equity method	(8)	-21	-12
Net interest income	(9)	-615	-655
Other financial result	(10)	-91	-36
Financial result		**-727**	**-703**
Profit / loss before taxes on income		**-5,484**	**681**
Taxes on income	(11)	-223	-1
Net profit / loss for the year		**-5,707**	**680**
Net profit / loss			
thereof net profit / loss attributable to shareholder of Deutsche Bahn AG		-5,710	662
thereof remuneration entitlement of hybrid capital investors		26	5
thereof net profit / loss for the year attributable to non-controlling interests		-23	13
Earnings per share (€ per share)	(12)		
Undiluted		-13.28	1.54
Diluted		-13.28	1.54

RECONCILIATION OF CONSOLIDATED COMPREHENSIVE INCOME

Jan 1 through Dec 31 (€ million)	2020	2019
Net profit / loss for the year	-5,707	680
Changes due to the revaluation of defined benefit plans	-1,067	-775
Change in items recognized directly in equity which are not reclassified to the income statement	-1,067	-775
Changes resulting from currency translation	-173	78
Changes resulting from market valuation of securities / reclassifications cash flow hedges	1	0
Changes resulting from market valuation of cash flow hedges	-23	-42
Share of profit items not recognized in the income statement due to investments accounted for using the equity method	–	2
Change in items recognized directly in equity, which are reclassified to the income statement	-195	38
Balance of profit items covered directly in equity (before taxes)	**-1,262**	**-737**
Revaluation of defined benefit plans	-21	65
Changes in deferred taxes on profit items recognized directly in equity, which are not reclassified to the income statement	**-21**	**65**
Deferred taxes relating to the change in the market valuation of cash flow hedges	1	-1
Changes in deferred taxes on profit items recognized directly in equity, which are reclassified to the income statement	**1**	**-1**
Balance of profit items recognized directly in equity (after taxes)	**-1,282**	**-673**
Comprehensive income	**-6,989**	**7**
Comprehensive income		
thereof comprehensive income attributable to shareholder of Deutsche Bahn AG	-6,987	-11
thereof remuneration entitlement of hybrid capital investors	26	5
thereof comprehensive income for the year attributable to non-controlling interests	-28	13

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Consolidated balance sheet

ASSETS

(€ million)	Note	Dec 31, 2020	Dec 31, 2019
NON-CURRENT ASSETS			
Property, plant and equipment	(13)	47,704	46,591
Intangible assets	(14)	2,290	3,894
Investments accounted for using the equity method	(15)	458	501
Other investments and securities	(17)	57	44
Receivables and other assets	(19)	1,140	756
Derivative financial instruments	(21)	151	181
Deferred tax assets	(16)	1,164	1,246
		52,964	**53,213**
CURRENT ASSETS			
Inventories	(18)	1,937	1,520
Other investments and securities	(17)	1	1
Trade receivables	(19)	4,849	4,871
Other receivables and other assets	(19)	2,205	2,036
Income tax receivables	(20)	55	60
Derivative financial instruments	(21)	13	134
Cash and cash equivalents	(22)	3,411	3,993
Held-for-sale assets	(23)	0	0
		12,471	**12,615**
Total assets		**65,435**	**65,828**

EQUITY AND LIABILITIES

(€ million)	Note	Dec 31, 2020	Dec 31, 2019
EQUITY			
Subscribed capital	(24)	2,150	2,150
Reserves	(25)	– 3,316	3,400
Generated profits	(26)	6,302	7,225
Equity attributable to shareholder of Deutsche Bahn AG		**5,136**	**12,775**
Non-controlling interests	(27)	132	155
Hybrid capital	(27)	2,002	1,997
		7,270	**14,927**
NON-CURRENT LIABILITIES			
Financial debt	(28)	27,070	23,977
Other liabilities	(29)	734	338
Derivative financial instruments	(21)	319	287
Pension obligations	(31)	6,517	5,354
Other provisions	(32)	2,576	2,246
Deferred items	(33)	316	455
Deferred tax liabilities	(16)	154	163
		37,686	**32,820**
CURRENT LIABILITIES			
Financial debt	(28)	6,254	4,716
Trade liabilities	(29)	6,312	5,789
Other liabilities	(29)	3,308	3,432
Income tax liabilities	(30)	191	190
Derivative financial instruments	(21)	60	79
Other provisions	(32)	3,465	2,852
Deferred items	(33)	889	1,023
		20,479	**18,081**
Total assets		**65,435**	**65,828**

Consolidated statement of cash flows

Jan 1 through Dec 31 (€ million)	Note	**2020**	2019
Profit / loss before taxes on income		- 5,484	681
Depreciation on property, plant and equipment and intangible assets		5,372	3,671
Write-ups / write-downs on non-current financial assets		56	5
Result of disposal of property, plant and equipment and intangible assets		96	- 145
Result of disposal of financial assets		- 1	1
Result of the sale of consolidated companies		- 3	-
Interest and dividend income		- 115	- 50
Interest expenses		729	703
Foreign currency result		25	18
Result of investments accounted for using the equity method		21	12
Other non-cash expenses and income		2,233	1,235
Changes in inventories, receivables and other assets		- 831	- 408
Changes in liabilities, provisions and deferred items		- 29	- 1,768
Cash generated from operating activities		2,069	3,955
Interest received		28	31
Received (+) / paid (-) dividends and capital distribution		0	- 2
Interest paid		- 519	- 556
Paid (-) / reimbursed (+) taxes on income		- 158	- 150
Cash flow from operating activities		**1,420**	**3,278**
Proceeds from the disposal of property, plant and equipment and intangible assets		228	473
Payments for capital expenditures in property, plant and equipment and intangible assets		- 13,284	- 11,661
Proceeds from investment grants		8,516	7,447
Payments for repaid investment grants		- 48	- 74
Proceeds from sale of financial assets		0	-
Payments for investments in financial assets		- 24	- 4
Proceeds from sale of shares in consolidated companies less net cash and cash equivalents sold		4	-
Payments for acquisition of shares in consolidated companies less net cash and cash equivalents acquired		- 40	- 23
Proceeds from disposal of investments accounted for using the equity method		0	-
Payments for additions of investments accounted for using the equity method		- 1	- 11
Cash flow from investing activities		**- 4,649**	**- 3,853**
Proceeds from capital injections		-	1,993
Payments for the acquisition of non-controlling interests		- 2	-
Distribution of profits to shareholder		- 650	- 650
Distribution of profits to non-controlling interests and hybrid capital investors		- 27	- 12
Payments for redemption leasing liabilities		- 995	- 954
Proceeds from issue of senior bonds		5,327	1,995
Payments for redemption of senior bonds		- 2,078	- 1,913
Proceeds from interest-free loans from the public sector		8	-
Payments for redemption and repayment of interest-free loans		- 163	- 178
Proceeds from borrowings and commercial paper		2,795	923
Payments for redemption of borrowings and commercial paper		- 1,509	- 211
Cash flow from financing activities		**2,706**	**993**
Net change in cash and cash equivalents		**- 523**	**418**
Cash and cash equivalents as of Jan 1	(22)	3,993	3,544
Changes in cash and cash equivalents due to changes in the scope of consolidation		4	-
Changes in cash and cash equivalents due to changes in exchange rates		- 63	31
Cash and cash equivalents as of Dec 31	**(22)**	**3,411**	**3,993**

Consolidated statement of changes in equity

(€ million)	Subscribed capital	Reserves: Capital reserves	Reserves: Currency translation	Reserves: Fair value valuation of securities	Reserves: Fair value valuation of cash flow hedges	Reserves: Revaluation of pensions	Reserves: Other movements	Reserves: **Total**	Generated profits	**Equity attributable to shareholder of Deutsche Bahn AG**	Hybrid capital	Non-controlling interests	**Equity**
As of Jan 1, 2019	2,150	6,310	16	- 1	- 106	- 2,133	- 12	**4,074**	7,211	**13,435**	–	157	**13,592**
+ Capital increase/injection	–	–	–	–	–	–	–	**–**	–	**–**	1,992	1	**1,993**
− Capital decrease	–	–	–	–	–	–	–	**–**	–	**–**	–	- 3	**- 3**
− Dividend payment/remuneration hybrid capital	–	–	–	–	–	–	–	**–**	- 650	**- 650**	–	- 12	**- 662**
± Withdrawal from capital reserve	–	–	–	–	–	–	–	**–**	–	**–**	–	–	**–**
± Other changes	–	–	–	–	–	–	- 1	**- 1**	2	**1**	–	- 1	**–**
± Comprehensive income	–	–	78	2	- 43	- 710	–	**- 673**	662	**- 11**	5	13	**7**
thereof net profit (after taxes)	–	–	–	–	–	–	–	**–**	662	**662**	5	13	**680**
thereof currency effects	–	–	78	–	–	–	–	**78**	–	**78**	–	0	**78**
thereof deferred taxes	–	–	–	–	- 1	65	–	**64**	–	**64**	–	–	**64**
thereof market valuation/reclassification	–	–	–	0	- 42	–	–	**- 42**	–	**- 42**	–	–	**- 42**
thereof revaluation of defined benefit plans	–	–	–	–	–	- 775	–	**- 775**	–	**- 775**	–	–	**- 775**
thereof share of items not recognized in the income statement from investments accounted for using the equity method	–	–	–	2	–	–	–	**2**	–	**2**	–	–	**2**
As of Dec 31, 2019	**2,150**	**6,310**	**94**	**1**	**- 149**	**- 2,843**	**- 13**	**3,400**	**7,225**	**12,775**	**1,997**	**155**	**14,927**

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(€ million)	Sub-scribed capital	Reserves: Capital reserves	Reserves: Currency trans-lation	Reserves: Fair value valuation of securities	Reserves: Fair value valuation of cash flow hedges	Reserves: Revalua-tion of pensions	Reserves: Other move-ments	Reserves: Total	Gener-ated profits	Equity attributable to share-holder of Deutsche Bahn AG	Hybrid capital	Non-con-trolling interests	Equity
As of Jan 1, 2020	2,150	6,310	94	1	- 149	- 2,843	- 13	**3,400**	7,225	**12,775**	1,997	155	**14,927**
+ Capital increase/injection	–	–	–	–	–	–	–	**–**	–	**–**	–	10	**10**
− Capital decrease	–	–	–	–	–	–	–	**–**	–	**–**	–	- 1	**- 1**
− Dividend payment/remuneration hybrid capital	–	–	–	–	–	–	–	**–**	- 650	**- 650**	- 21	- 6	**- 677**
± Withdrawal from capital reserve	–	- 5,439	–	–	–	–	–	**- 5,439**	5,439	**–**	–	–	**–**
± Other changes	–	–	–	–	–	–	0	**0**	- 2	**- 2**	–	2	**0**
± Comprehensive income	–	0	- 169	1	- 22	- 1,087	–	**- 1,277**	- 5,710	**- 6,987**	26	- 28	**- 6,989**
thereof net profit/loss (after taxes)	–	–	–	–	–	–	–	**–**	- 5,710	**- 5,710**	26	- 23	**- 5,707**
thereof currency effects	–	–	- 169	–	–	–	–	**- 169**	–	**- 169**	–	- 4	**- 173**
thereof deferred taxes	–	–	–	–	1	- 21	–	**- 20**	–	**- 20**	–	–	**- 20**
thereof market valuation/reclassification	–	–	–	1	- 23	–	–	**- 22**	–	**- 22**	–	–	**- 22**
thereof revaluation of defined benefit plans	–	–	–	–	–	- 1,066	–	**- 1,066**	–	**- 1,066**	–	- 1	**- 1,067**
thereof share of items not recognized in the income statement from investments accounted for using the equity method	–	–	–	–	–	–	–	**–**	–	**–**	–	–	**–**
As of Dec 31, 2020	**2,150**	**871**	**- 75**	**2**	**- 171**	**- 3,930**	**- 13**	**- 3,316**	**6,302**	**5,136**	**2,002**	**132**	**7,270**

Notes to the consolidated financial statements

SEGMENT INFORMATION ACCORDING TO SEGMENTS

Jan 1 through Dec 31 or respectively as of Dec 31 (€ million)	DB Long-Distance		DB Regional		DB Cargo		DB Netze Track		DB Netze Stations		DB Netze Energy	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
External revenues	2,753	4,824	7,553	8,830	3,854	4,188	1,808	1,687	525	590	1,297	1,308
Internal revenues	126	161	109	115	265	261	3,852	3,965	733	749	1,427	1,504
Total revenues	2,879	4,985	7,662	8,945	4,119	4,449	5,660	5,652	1,258	1,339	2,724	2,812
Other external income	140	162	850	288	386	420	713	822	160	196	36	48
Other internal income	68	57	114	105	45	52	265	265	30	27	40	34
Inventory changes and other internally produced and capitalized assets	15	12	47	82	40	40	1,192	1,009	89	65	24	20
Total income	3,102	5,216	8,673	9,420	4,590	4,961	7,830	7,748	1,537	1,627	2,824	2,914
Cost of materials	-2,711	-2,769	-5,394	-5,545	-2,527	-2,590	-2,155	-1,931	-691	-637	-2,468	-2,531
Personnel expenses	-1,119	-1,054	-2,172	-2,127	-1,771	-1,741	-3,306	-3,145	-401	-373	134	-130
Other operating expenses	-609	-604	-923	-692	-613	-617	-1,283	-1,229	-274	-268	-131	-125
EBITDA	-1,337	789	184	1,056	-321	13	1,086	1,443	171	349	91	128
Depreciation [2]	-344	-304	-631	-648	-363	-321	-685	-662	-147	-139	-84	-85
Impairments recognized / reversed [2]	–	–	-4	0	-44	0	8	26	–	–	-2	0
EBIT (operating profit / loss)	-1,681	485	-451	408	-728	-308	409	807	24	210	5	43
Operating interest balance [3]	-19	-6	-46	-48	-58	-63	-143	-179	-31	-39	-16	-20
Operating income after interest [3]	-1,700	479	-497	360	-786	-371	266	628	-7	171	-11	23
Property, plant and equipment	5,456	4,591	6,296	6,533	3,037	3,037	20,676	19,995	3,476	3,382	1,144	1,171
+ Intangible assets	48	23	37	35	185	190	160	147	48	35	10	18
thereof goodwill	0	0	6	6	1	1	–	–	–	–	–	–
+ Inventories	172	138	527	237	188	168	229	216	0	0	104	103
+ Trade receivables [4]	37	63	727	751	456	482	153	170	71	76	112	170
+ Receivables and other assets [4]	125	171	964	735	190	193	453	536	51	22	159	145
– Receivables from financing and earmarked bank deposits [4]	–	–	–	–	–	–	–	–	–	–	–	–
+ Income tax receivables	–	–	1	1	2	1	–	0	–	–	0	0
+ Held-for-sale assets [4]	–	–	–	–	–	–	–	–	–	–	–	–
– Trade liabilities [4]	-299	-355	-967	-607	-407	-452	-666	-530	-96	-91	-422	-283
– Miscellaneous and other liabilities [4]	-244	-281	-894	-789	-219	-246	-613	-615	-241	-195	-44	-67
– Income tax liabilities	0	0	-1	-1	-2	-8	–	–	0	0	–	–
– Other provisions	-31	-26	-2,200	-1,564	-197	-149	-482	-351	-41	-26	-28	-24
– Deferred items	-385	-476	-110	-126	-5	-7	-238	-379	-104	-115	-1	-2
– Deferred liabilities [4]	-74	-95	-158	-195	-172	-203	-235	-274	-15	-24	-8	-11
Capital employed [5]	4,805	3,753	4,222	5,010	3,056	3,006	19,437	18,915	3,149	3,064	1,026	1,220
Net financial debt	2,335	1,379	1,623	2,494	2,503	2,506	10,454	10,090	1,600	1,543	608	782
Investments accounted for using the equity method	1	1	4	4	33	38	2	1	0	0	0	0
Result from investments accounted for using the equity method	0	0	0	1	4	2	1	0	–	–	0	0
Gross capital expenditures	1,290	1,241	434	560	452	570	8,480	7,441	1,338	1,096	273	193
Investment grants received	-40	–	-16	-12	-14	-47	-7,117	-6,386	-1,085	-834	-222	-132
Net capital expenditures	1,250	1,241	418	548	438	523	1,363	1,055	253	262	51	61
Additions due to changes in the scope of consolidation (acquisition of companies)	–	–	–	–	16	–	1	–	–	–	–	–
Employees [6]	18,794	17,289	37,159	36,374	30,052	29,525	50,330	48,787	6,525	6,216	1,861	1,772

1) Relating to special items and reclassification PPA amortization of customer contracts as well as the reconciliation of capital employed to the external display.

2) The non-cash items are included in the segment result shown.

3) Key figure from internal reporting, no external figures.

4) Content allocation in accordance with management reporting.

5) Profit transfer agreements were not assigned to segment assets or liabilities.

6) The number of employees comprises the workforce, excluding vocational trainees, and dual degree students at the end of the reporting period (part-time employees have been converted to full-time employees).

Subsidiaries / Other		Consolidation		Integrated rail system		DB Arriva		DB Schenker		Consolidation other		DB Group adjusted		Reconciliation [1]		DB Group	
2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
523	581	–	–	18,313	22,008	3,988	5,405	17,601	17,018	–	–	39,902	44,431	-1	-1	39,901	44,430
4,852	4,611	-11,166	-11,154	198	212	2	5	70	73	-270	-290	–	–	–	–	–	–
5,375	5,192	-11,166	-11,154	18,511	22,220	3,990	5,410	17,671	17,091	-270	-290	39,902	44,431	-1	-1	39,901	44,430
450	514	–	–	2,735	2,450	395	311	261	247	–	–	3,391	3,008	48	22	3,439	3,030
1,270	1,224	-1,760	-1,693	72	71	1	-1	10	9	-83	-79	–	–	–	–	–	–
822	713	1,306	1,196	3,535	3,137	9	11	5	8	15	10	3,564	3,166	–	–	3,564	3,166
7,917	7,643	-11,620	-11,651	24,853	27,878	4,395	5,731	17,947	17,355	-338	-359	46,857	50,605	47	21	46,904	50,626
-3,132	-2,943	9,205	9,302	-9,873	-9,644	-1,430	-1,779	-11,579	-11,058	199	222	-22,683	-22,259	-74	-3	-22,757	-22,262
-3,718	-3,554	–	1	-12,621	-12,123	-2,109	-2,424	-3,437	-3,465	–	1	-18,167	-18,011	-130	-141	-18,297	-18,152
-1,165	-1,208	2,293	2,248	-2,705	-2,495	-805	-776	-1,624	-1,750	129	122	-5,005	-4,899	-230	-258	-5,235	-5,157
-98	-62	-122	-100	-346	3,616	51	752	1,307	1,082	-10	-14	1,002	5,436	-387	-381	615	5,055
-551	-513	59	53	-2,746	-2,619	-446	-462	-586	-544	2	1	-3,776	-3,624	-52	-64	-3,828	-3,688
-41	0	–	–	-83	26	-36	-1	-10	–	–	–	-129	25	-1,415	-8	-1,544	17
-690	-575	-63	-47	-3,175	1,023	-431	289	711	538	-8	-13	-2,903	1,837	-1,854	-453	-4,757	1,384
-133	-160	–	–	-446	-515	-37	-48	-58	-57	–	–	-541	-620	–	–	–	–
-823	-735	-63	-47	-3,621	508	-468	241	653	481	-8	-13	-3,444	1,217	–	–	–	–
3,026	2,679	-840	-788	42,271	40,600	2,518	3,197	2,938	2,811	-23	-17	47,704	46,591	–	–	47,704	46,591
288	287	-52	-43	724	692	215	1,756	1,352	1,448	-1	-2	2,290	3,894	–	–	2,290	3,894
27	14	–	–	34	21	0	1,435	1,111	1,164	–	–	1,145	2,620	–	–	1,145	2,620
570	496	-20	-17	1,770	1,341	88	103	79	76	–	–	1,937	1,520	–	–	1,937	1,520
314	465	–	–	1,870	2,177	294	450	2,677	2,248	–	–	4,841	4,875	8	-4	4,849	4,871
1,186	1,220	-1,447	-1,598	1,681	1,424	516	482	618	581	-88	-103	2,727	2,384	618	408	3,345	2,792
–	–	–	–	–	–	–	–	–	–	–	–	–	–	-625	-404	-625	-404
6	6	–	–	9	8	14	15	32	37	–	–	55	60	–	–	55	60
0	0	0	0	–	–	–	–	–	–	–	–	–	–	–	–	0	0
-621	-604	–	1	-3,478	-2,921	-563	-667	-2,435	-2,055	–	–	-6,476	-5,643	164	-146	-6,312	-5,789
-791	-901	1,446	1,597	-1,600	-1,497	-277	-221	-511	-547	88	104	-2,300	-2,161	-1,742	-1,609	-4,042	-3,770
-36	-38	–	–	-39	-47	-62	-76	-99	-72	9	5	-191	-190	–	–	-191	-190
-2,292	-2,250	–	–	-5,271	-4,390	-351	-334	-409	-363	-10	-11	-6,041	-5,098	–	–	-6,041	-5,098
-45	-107	–	–	-888	-1,212	-306	-256	-11	-11	–	1	-1,205	-1,478	–	–	-1,205	-1,478
-315	-361	–	–	-977	-1,163	-150	-173	-450	-419	–	–	-1,577	-1,755	1,577	1,755	–	–
1,290	892	-913	-848	36,072	35,012	1,936	4,276	3,781	3,734	-25	-23	41,764	42,999	–	–	41,764	42,999
7,315	1,798	–	–	26,438	20,592	1,208	1,760	1,699	1,823	–	–	29,345	24,175	–	–	29,345	24,175
353	347	–	–	393	391	54	99	11	11	–	–	458	501	–	–	458	501
-26	-24	–	–	-21	-21	-1	8	1	1	–	–	-21	-12	–	–	-21	-12
981	714	-120	-102	13,128	11,713	457	718	817	662	–	–	14,402	13,093	–	–	14,402	13,093
0	-1	–	–	-8,494	-7,412	-22	-35	–	–	–	–	-8,516	-7,447	–	–	-8,516	-7,447
981	713	-120	-102	4,634	4,301	435	683	817	662	–	–	5,886	5,646	–	–	5,886	5,646
16	0	–	–	33	0	–	-1	–	–	–	–	33	-1	–	–	33	-1
57,878	55,497	–	–	202,599	195,460	46,008	52,331	74,161	76,153	–	–	322,768	323,944	–	–	322,768	323,944

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INFORMATION BY REGIONS

	External revenues		Non-current assets [1]		Capital employed [1]		Gross capital expenditures		Net capital expenditures		Employees [1]	
Jan 1 to Dec 31 (€ million)	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Germany	21,568	25,165	43,811	42,013	36,671	35,483	13,282	11,826	4,788	4,414	207,996	202,328
Europe (excluding Germany)	12,031	13,653	5,799	7,953	4,472	6,863	1,012	1,186	990	1,151	85,699	92,106
Asia/Pacific	3,519	3,121	1,109	1,143	1,026	1,076	182	133	182	133	16,764	16,890
North America	2,236	1,924	243	263	483	389	38	37	38	37	9,027	9,285
Rest of world	548	568	36	45	60	66	8	13	8	13	3,282	3,335
Consolidation	-	-	-919	-849	-948	-878	-120	-102	-120	-102	-	-
DB Group adjusted	**39,902**	**44,431**	**50,079**	**50,568**	**41,764**	**42,999**	**14,402**	**13,093**	**5,886**	**5,646**	**322,768**	**323,944**
Reconciliation	-1	-1	-	-	-	-	-	-	-	-	-	-
DB Group	**39,901**	**44,430**	**50,079**	**50,568**	**41,764**	**42,999**	**14,402**	**13,093**	**5,886**	**5,646**	**322,768**	**323,944**

[1] As of balance sheet date.

BASIC PRINCIPLES AND METHODS

Fundamental information

Deutsche Bahn AG (DB AG), and its subsidiaries (together DB Group) provide services in the fields of passenger transport, freight transport and logistics, and operate an extensive rail infrastructure which is also available to non-Group users on a non-discriminatory basis. Whereas rail infrastructure activities are conducted primarily in the company's domestic market of Germany, business activities in passenger transport are conducted on a Europe-wide basis and freight transport and logistics activities are conducted on a worldwide basis.

DB AG, Potsdamer Platz 2, 10785 Berlin is an Aktiengesellschaft (joint stock corporation); its shares are held entirely by the Federal Republic of Germany (Federal Government). The company is maintained under the number HRB 50000 in the commercial register of the Amtsgericht (local court) Berlin-Charlottenburg. DB Group has issued securities in accordance with section 2 (1) clause 1 of the Securities Trading Act (Wertpapierhandelsgesetz; WpHG); these securities are traded on organized markets in accordance with section 2 (11) WpHG.

These consolidated financial statements have been prepared by the Management Board, and will be submitted to the Supervisory Board for the Supervisory Board meeting on March 24, 2021.

Principles of preparing financial statements

The consolidated financial statements are prepared on the basis of section 315e Commercial Code (Handelsgesetzbuch; HGB) and in accordance with the International Financial Reporting Standards (IFRS) as applied in the EU and their interpretation by the IFRS Interpretations Committee. The accounting standards have been consistently applied throughout the entire reporting period with no changes compared with the previous year.

The financial year of DB AG and its incorporated subsidiaries is the same as the calendar year. The consolidated financial statements are prepared in euros. Unless otherwise specified, all figures are stated in million euros (€ million).

A) STANDARDS, REVISIONS OF STANDARDS AND INTERPRETATIONS WHICH ARE THE SUBJECT OF MANDATORY FIRST-TIME ADOPTION FOR REPORTING PERIODS STARTING JANUARY 1, 2020 OR EARLY ADOPTION

In the year under review, the consolidated financial statements took account of all new and revised standards and interpretations which are the subject of mandatory first-time adoption starting on or after January 1, 2020, which are also relevant for DB Group and which have not been the subject of early adoption in previous periods. The changes to the standards have been recognized in accordance with the transitional regulations. The impact of the new regulations is considered to be of minor nature.

B) STANDARDS, REVISIONS OF STANDARDS AND INTERPRETATIONS WHICH HAD BEEN ADOPTED AS OF THE REPORTING DATE, BUT WHICH ARE NOT YET THE SUBJECT OF MANDATORY ADOPTION AND EARLY ADOPTION

Various new accounting standards and interpretations have been published, although they are not the subject of mandatory adoption for reporting periods up to December 31, 2020 and have not been the subject of early adoption by DB Group. The impact of the new regulations is considered to be of minor nature.

Structure of the balance sheet and the statement of income

Assets and liabilities are stated in the balance sheet either as current or non-current items. Assets and liabilities are classified as current if they are realized or due within 12 months after the end of the reporting year. The notes to the balance sheet take account of the requirements of the ordinance relating to the structure of the financial statements of transport companies. The statement of income uses the structure of total cost accounting.

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Principles underlying the consolidated financial statements

COMPARABILITY WITH THE PREVIOUS YEAR

After due consideration is given to the following issues (in particular the Covid-19 pandemic), the financial information presented for the year under review is comparable with the financial information for the previous year.

Information regarding major events and transactions, particularly in connection with the Covid-19 crisis

Particularly as a result of the impact of the Covid-19 crisis, revenues have declined in virtually all segments, significantly so in certain cases. In DB Group, revenues in the year under review declined to € 39,901 million (previous year: € 44,430 million).

Also due to the impact of the Covid-19, EBIT in the year under review declined to € –4,757 million (previous year: € 1,384 million). The cash flow from operating activities has also declined to € 1,420 million (previous year: € 3,278 million). Net capital expenditures increased in the year under review, and net financial debt also increased to € 29,345 million as of December 31, 2020 (as of December 31, 2019: € 24,175 million).

Major events and transactions, and the corresponding impact on the consolidated financial statements, are described in greater detail in the following.

INCOME FROM FEDERAL GRANTS

In conjunction with various government support programs, companies of DB Group have received Federal grants in connection with the Covid-19 crisis. If these grants are not concession fees, they are mainly shown under the other operating income in DB Group. See *Note (3) → 196 f.*

COST OF MATERIALS

As a result of the reduced volume of transport activities due to the Covid-19 crisis, there has also been a considerable decline in energy expenses, as well as in transport services purchased from third parties. This has been opposed by a one-off effect for energy expenses for electricity. See *Note (4) → 197.*

IMPAIRMENTS OF ASSETS

IAS 36 governs the impairment test for property, plant and equipment and intangible assets which is carried out using a so-called indicator-based asset impairment test. Such an asset impairment test has to be carried out when indicators (so-called triggering events) indicate a possible loss of value. For DB Group, the impact of the Covid-19 crisis represents such a triggering event, and impairment tests were accordingly carried out as of April 30, 2020. These were repeated as of September 30, 2020, including the observation as of the balance sheet date.

With regard to the methods, please also refer to *Note (6) → 198 ff.* In this connection, the forecast of the cash flows was extended to include assumptions regarding risks relating to the Covid-19 crisis which are subject to a high degree of uncertainty.

PROVISIONS RELATING TO ONEROUS CONTRACTS

Particularly in connection with the Covid-19 crisis, lower revenues from fares from transport contracts meant that it was necessary for additions to be made to provisions for onerous contracts. At DB Regional, the additions to provisions for pending losses amounted to € 280 million as of December 31, 2020 (as of December 31, 2019: € 64 million); at DB Arriva, the corresponding figure was € 118 million (as of December 31, 2019: € 141 million). See *Note (32) → 224 ff.*

IMPAIRMENT OF INVENTORIES

As of December 31, 2020, pandemic protection articles held in inventories were measured at the lower of cost or net realizable value. In view of the increased worldwide production and the decline in market prices, impairments of € 38 million have been recognized in relation to such protection articles. Please refer in this respect to *Note (18) → 208.*

IMPAIRMENTS AND RISK PROVISIONING RELATING TO RECEIVABLES

A total of € 96 million was recognized as of December 31, 2020 in relation to the derecognition of receivables or individual impairments recognized in relation to receivables (as of December 31, 2019: € 75 million). Also as a result of the Covid-19 crisis, the global risk provisioning for anticipated credit losses was increased to € 35 million (as of December 31, 2019: € 28 million). See *Note (19) → 208 ff.*

MEASUREMENT OF OTHER PARTICIPATIONS

As of December 31, 2020, the carrying amount of various other participations recognized at fair value was reduced (a total of € 11 million; previous year: € 5 million), resulting from necessary profit and cash flow planning updates due to the Covid-19 crisis. See *Note (17) → 207 f.*

Depreciation of € 43 million (previous year: none) was recognized in relation to the shares in the associated company Barraqueiro SGPS SA, Lisbon / Portugal. See *Note (15) → 206.*

ESTIMATION AND FORECAST UNCERTAINTY

In view of the Covid-19 crisis, and also because it is extremely difficult for the corresponding consequences to be foreseen as of the end of the year under review, any estimations and forecasts in the year under review are subject to a particular degree of uncertainty. We consider such estimation uncertainty in detail under the respective notes.

LIQUIDITY MANAGEMENT AND GOING-CONCERN ASSUMPTION

In view of the financial challenges resulting from the Covid-19 crisis, financial resources have been obtained particularly by way of issuing commercial paper during the year, the utilization of short-term bridging loans as well as the issuing of senior bonds *(Note (28) → 214 ff.)*. In this way, it was possible to guarantee the liquidity of DB Group at all times despite the exceptionally high financial challenges posed by the Covid-19 crisis. In view of the unrestricted access of DB Group to the capital market and the long-term financing commitments of the Federal Government which have been agreed, the going-concern assumption is applicable for DB Group for the foreseeable future without any restrictions.

CONSOLIDATION METHODS

a) Consolidation principles

In the consolidated financial statements of DB AG, DB AG and all companies (subsidiaries) are fully consolidated in accordance with IFRS 10 from the time at which DB AG acquires control.

For the purpose of uniform accounting, the affiliated companies have applied the accounting guidelines of the parent company.

Capital is consolidated in accordance with the acquisition method in line with IFRS 3.

The equity attributable to Group shareholders is shown separately from the non-controlling interests in the equity of subsidiaries. The amount is calculated based on the non-controlling interests at the time of the initial consolidation and the changes in equity attributable to this interest after that time.

Non-controlling interests are calculated on a pro rata basis from the assets, liabilities and contingent obligations valued with their fair value.

Intra-Group liabilities as well as expenses and income and intercompany results between fully consolidated companies are completely eliminated.

b) Business combinations

All subsidiaries acquired after December 31, 2002 have been consolidated using the acquisition method under IFRS 3.

Any difference between the purchase costs of the business combination and the acquired assets valued at fair value is shown as goodwill. If the purchase price is lower than the fair value of the acquired assets, the difference, following a further assessment, is shown immediately in the statement of income.

The acquisition and sale of shares in an already fully consolidated company which does not result in a change of control is shown directly in equity. There have accordingly been no changes to the carrying amounts of the assets and liabilities recognized from such transactions.

c) Joint ventures, joint operations and associated companies

Joint ventures are defined as companies which are managed by DB AG jointly with another party either directly or indirectly, and in which the partners own rights to the net assets of the company.

A joint operation is defined as agreements which are managed by DB AG jointly with another party either directly or indirectly, and in which the parties involved in the joint operation have rights relating to the assets and obligations or their liabilities attributable to the agreement.

Associated companies are defined as equity participations for which DB Group is able to exercise a major influence on the financial and business policy. Major influence is normally defined as a situation in which DB AG directly or indirectly holds 20 to 50 % of the voting rights in these companies and the related assumption of association is not refuted.

In exceptional cases, companies in which DB Group holds fewer than 20 % of the voting rights are also classified as associates. Despite such a low shareholding, a major influence is deemed to exist in such cases, for instance as a result of various rights of co-determination in major issues of business policy or because members of management are appointed by DB Group.

Joint ventures and associated companies are accounted for using the equity method in accordance with IAS 28 (Investments in Associates and Joint Ventures). Alternatively, they are valued in accordance with IFRS 5 if the shares are classified as held-for-sale.

Intercompany results attributable to transactions with associated companies or joint ventures are eliminated on a pro rata basis.

In the case of joint operations, the assets, liabilities, income and expenditures have to be recognized on a pro rata basis.

CHANGES IN DB GROUP

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a) Subsidiaries

According to IFRS 3, the acquisition cost of a business combination are measured as the aggregate of the fair values, at the date of the transaction, of assets given and liabilities incurred or assumed. The acquired identifiable assets, liabilities and contingent liabilities are valued under IFRS 3 with their fair value at the date of acquisition, irrespective of any non-controlling interests. Alternatively, acquired non-current assets or groups of assets which are classified as held-for-sale in accordance with IFRS 5 are shown with their fair value less costs to sell.

Movements in the scope of fully consolidated companies of DB Group are detailed in the following:

	Germany 2020	Rest of world 2020	Total 2020	Total 2019
FULLY CONSOLIDATED SUBSIDIARIES				
As of Jan 1	125	417	**542**	**555**
Additions	1	2	**3**	**13**
Additions due to changes in type of incorporation	1	2	**3**	**0**
Disposals	-12	-17	**-29**	**-25**
Disposals due to changes in type of incorporation	0	0	**0**	**-1**
As of Dec 31	**115**	**404**	**519**	**542**

ADDITIONS OF COMPANIES AND PARTS OF COMPANIES

The additions of companies to the scope of consolidation consist of two acquired companies as well as one newly established company, three companies which previously had been measured at equity, and one asset deal. From the portfolio point of view of DB Group, none of the acquisitions was significant.

Overall, a total figure of net € 16 million was spent on company acquisitions according to IFRS 3 in the year under review (previous year: no acquisitions). They are set out in the following:

Company	Activities	Segment
Sociedad de Estudios y Explotacion de Material Auxiliar de Transportes, S.A. ("SEMAT"), Madrid / Spain, and Pool Ibérico Ferroviario A.I.E., Madrid / Spain	Rail transport of vehicles and freight	DB Cargo
ESE Engineering und Software-Entwicklung GmbH, Brunswick	Engineering and software development for software- and safety-relevant components	Subsidiaries / Other
Operation in Germany (acquisition of a software platform and acquisition of employees) in return for the granting of new shares	Operation of a software platform	Subsidiaries / Other

The goodwill is calculated as follows:

(€ million)	2020	thereof SEMAT and Pool Iberico	thereof ESE	thereof Opera-tion	thereof other
PURCHASE PRICE					
Payments made	16	–	16	–	0
+ Rendering of shareholder rights	8	–	–	8	–
+ Outstanding purchase price payments	4	–	4	–	–
Total transferred equivalent	**29**	**1**	**20**	**8**	**0**
− Fair value of net assets acquired	16	1	10	5	0
Goodwill	**13**	**0**	**10**	**3**	**0**

The transferred equivalent of € 1 million (SEMAT and Pool Iberico) has resulted from the change in which these two companies are integrated.

DISPOSALS OF COMPANIES AND PARTS OF COMPANIES

The disposals from the scope of consolidation relate to 18 mergers, nine liquidations and two sales. The sales have generated a cash inflow of € 4 million (previous year: € 0 million).

As was the case in the previous year, there were no major effects on results due to the loss of control in the year under review.

The results are shown in the other operating expenses *(Note (7) → 201)* or other operating income *(Note (3) → 196 f.)*.

EFFECTS ON THE CONSOLIDATED STATEMENT OF INCOME

The following table shows a summary of the effects on the consolidated statement of income resulting from the changes in the scope of consolidation which have taken place compared with the previous year:

(€ million)	DB Group Jan 1 to Dec 31, 2020	thereof due to additions to scope of consoli-dation	Amounts due to dis-posals from scope of consoli-dation
Revenues	39,901	44	- 101
Inventory changes and internally produced and capitalized assets	3,564	0	- 1
Overall performance	43,465	44	- 102
Other operating income	3,439	0	- 2
Cost of materials	- 22,757	- 29	71
Personnel expenses	- 18,297	- 9	12
Depreciation and impairments	- 5,372	- 4	1
Other operating expenses	- 5,235	0	7
Operating profit / loss (EBIT)	**- 4,757**	**2**	**- 13**
Result from investments accounted for using the equity method	- 21	–	–
Net interest income / loss	- 615	0	0
Other financial result	- 91	0	- 24
Financial result	**- 727**	**0**	**- 24**
Profit / loss before taxes on income	**- 5,484**	**2**	**- 37**
Taxes on income	- 223	- 1	0
Net profit / loss for the year	**- 5,707**	**1**	**- 37**

The revenues attributable to changes in the scope of consolidation are as follows:

	Revenues due to	
Jan 1 to Dec 31, 2020 (€ million)	Additions to scope of consolidation	Disposals from scope of consolidation
Sociedad de Estudios y Explotacion de Material Auxiliar de Transportes, S. A. ("SEMAT"), Madrid / Spain and Pool Ibérico Ferroviaro A.I.E., Madrid / Spain	36	–
ESE Engineering und Software-Entwicklung GmbH	8	–
AMEROPA-REISEN GmbH	–	91
Station Food GmbH	–	10
Total	**44**	**101**

b) Joint ventures, associated companies and companies with joint operations

	Germany 2020	Rest of world 2020	Total 2020	Total 2019
JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD				
As of Jan 1	13	13	**26**	**26**
Additions	0	0	**0**	**1**
Additions due to changes in type of incorporation	0	0	**0**	**0**
Disposals	0	0	**0**	**- 1**
Disposals due to changes in type of incorporation	- 1	0	**- 1**	**0**
As of Dec 31	**12**	**13**	**25**	**26**
ASSOCIATED COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD				
As of Jan 1	47	41	**88**	**90**
Additions	3	0	**3**	**1**
Additions due to changes in type of incorporation	0	0	**0**	**1**
Disposals	- 1	- 2	**- 3**	**- 4**
Disposals due to changes in type of incorporation	0	- 2	**- 2**	**0**
As of Dec 31	**49**	**37**	**86**	**88**
COMPANIES WITH JOINT OPERATIONS				
As of Jan 1	0	1	**1**	**1**
Additions	0	0	**0**	**0**
Additions due to changes in type of incorporation	0	0	**0**	**0**
Disposals	0	0	**0**	**0**
Disposals due to changes in type of incorporation	0	0	**0**	**0**
As of Dec 31	**0**	**1**	**1**	**1**

From the perspective of DB Group, no joint venture, associated company or company with joint operations is significant, either individually or when viewed together.

CURRENCY TRANSLATION

Currency translation uses the concept of functional currency according to IAS 21 (The Effects of Changes in Foreign Exchange Rates) or IAS 29 (Financial Reporting in Hyperinflationary Economies) for annual financial statements of subsidiaries which are based in a hyperinflationary country.

No major subsidiary was domiciled in a hyperinflationary economy in the year under review or the previous year.

The consolidated financial statements are prepared in euros (reporting currency); in accordance with IAS 21, the financial statements of subsidiaries whose functional currency is not the euro are converted into the reporting currency.

The following exchange rates are some of the rates used for currency translation purposes:

	As of Dec 31		Annual average	
€ 1 equivalent to	2020	2019	2020	2019
Australian Dollar (AUD)	1.58960	1.59950	1.65541	1.61088
Canadian Dollar (AUD)	1.56330	1.45980	1.52961	1.48548
Swiss Franc (CHF)	1.08020	1.08540	1.07041	1.11245
Renminbi Yuan (CNY)	8.02250	7.82050	7.87213	7.73549
Danish Krona (DKK)	7.44090	7.47150	7.45438	7.46606
Pound Sterling (GBP)	0.89903	0.85080	0.88936	0.87777
Hong Kong Dollar (HKD)	9.51420	8.74730	8.85331	8.77150
Japanese Yen (JPY)	126.49000	121.94000	121.79628	122.00576
Norwegian Krone (NOK)	10.47030	9.86380	10.72502	9.85109
Polish Zloty (PLN)	4.55970	4.25680	4.44356	4.29762
Swedish Krona (SEK)	10.03430	10.44680	10.48882	10.58908
Singapore Dollar (SGD)	1.62180	1.51110	1.57364	1.52728
US Dollar (USD)	1.22710	1.12340	1.14148	1.11947

CAPITAL MANAGEMENT IN DB GROUP

The purpose of financial management of DB Group is not only to achieve sustainable growth in the enterprise value but also to comply with a capital structure which is adequate for maintaining a very good rating.

Based on adjusted EBIT, return on capital employed (ROCE) is calculated as a key component of the value management concept. The capital employed represents the use of capital provided by shareholders and providers of debt which is tied up in DB Group and which is associated with yield expectations. The parameter is derived on the basis of the closing balance sheet for the year under review. The following table shows the process of calculating capital employed, using the asset and liability items shown in the balance sheet.

			Change	
As of Dec 31 (€ million)	2020	2019	absolute	%
Property, plant and equipment	47,704	46,591	+ 1,113	+ 2.4
+ Intangible assets / goodwill	2,290	3,894	- 1,604	- 41.2
+ Inventories	1,937	1,520	+ 417	+ 27.4
+ Trade receivables	4,849	4,871	- 22	- 0.5
+ Receivables and other assets	3,345	2,792	+ 553	+ 19.8
− Financial receivables and earmarked bank deposits (excluding receivables from finance lease)	- 625	- 404	- 221	+ 54.7
+ Receivables from income taxes	55	60	- 5	- 8.3
+ Held-for-sale assets	0	0	0	-
− Trade liabilities	- 6,312	- 5,789	- 523	+ 9.0
− Miscellaneous and other liabilities	- 4,042	- 3,770	- 272	+ 7.2
− Income tax liabilities	- 191	- 190	- 1	+ 0.5
− Other provisions	- 6,041	- 5,098	- 943	+ 18.5
− Deferred items	- 1,205	- 1,478	+ 273	- 18.5
Capital employed	**41,764**	**42,999**	**- 1,235**	**- 2.9**

The decline in intangible assets/goodwill is mainly attributable to the write-down of the goodwill recognized by DB Arriva. For further calculation, the adjusted EBIT and adjusted EBITDA in the following table is derived from the operating result (EBIT) shown in the statement of income. The corresponding details at the segment level have been calculated using the same method.

			Change	
(€ million)	2020	2019	absolute	%
Operating profit / loss (EBIT)	- 4,757	1,384	- 6,141	-
Income from the disposal of financial instruments	- 4	0	- 4	-
Expenses from the disposal of financial instruments	0	1	- 1	- 100
Restructuring / contract obligations (personnel)	114	115	- 1	- 0.9
Potential losses (DB Arriva)	- 15	152	- 167	-
Adjustment for provisions for restoration obligations (DB Netze Track)	79	71	8	+ 11.3
Energy expenses attributable to other periods	72	-	72	-
Other risks	109	-	109	-
Impairment goodwill DB Arriva	1,411	-	1,411	-
Other	31	51	- 20	- 39.2
Operating profit / loss (EBIT) adjusted for special items	**- 2,958**	**1,775**	**- 4,733**	**-**
PPA amortization customer contracts (depreciation)	55	62	- 7	- 11.3
EBIT adjusted	**- 2,903**	**1,837**	**- 4,740**	**-**
Depreciation and impairments	5,372	3,671	+ 1,701	+ 46.3
PPA amortization customer contracts (depreciation)	- 55	- 62	+ 7	+ 11.3
Special items for depreciation, recognized impairments / recoveries	- 1,412	- 10	- 1,402	-
EBITDA adjusted	**1,002**	**5,436**	**- 4,434**	**- 81.6**

Special items totaling € 1,799 million (previous year: € 391 million) were adjusted in EBIT in the year under review. These are mainly attributable to the write-down of the goodwill recognized by DB Arriva, effects resulting from the creation of provisions for excess liabilities relating to employment relationships (Subsidiaries / Other) as well as the adjustment of provisions for restoration obligations (DB Netze Track). Further special items have resulted from additional energy expenses as well as other obligations. In addition, the amortization of customer and franchise agreements has been reclassified from EBIT; these will be written down essentially at DB Arriva over the remaining term of the respective contracts as a result of being capitalized as intangible assets as part of the process of purchase price allocations (PPA) (€ 55 million; previous year: € 62 million). This amount was mainly attributable to DB Arriva.

The capital employed and the adjusted EBIT have resulted in the following figures for ROCE:

			Change	
(€ million)	2020	2019	absolute	%
EBIT adjusted	- 2,903	1,837	- 4,740	-
/ Capital employed as of Dec 31	41,764	42,999	- 1,235	- 2.9
ROCE (%)	**- 7.0**	**4.3**	**-**	**-**

CRITICAL ASSESSMENTS AND APPRAISALS

The consolidated financial statements are based on assessments and assumptions relating to the future. Based on past experience and reasonable expectations of future events, the estimates and assessments which are derived are continuously reviewed and adjusted where appropriate. Nevertheless, the assessments will not always correspond to subsequent actual circumstances.

The assessments and assumptions which may involve a significant risk during the next year under review in the form of major adjustments to the carrying amounts of assets and liabilities are discussed under the relevant items.

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NOTES TO THE STATEMENT OF INCOME

Revenues generated in DB Group relate to the provision of passenger transport, freight transport and logistics services, the provision of rail infrastructure, the sale of goods and other services related particularly to rail operations, less value-added tax, discounts and any price reductions. They are recognized with their fair value.

Services provided by DB Group are normally completed within a few hours/days. Accordingly, with the exception of season tickets, revenues in regional and long-distance services are recognized at the time at which the tickets are sold. Exceptions in this respect are the segments DB Regional and DB Arriva, where order processing in the form of long-term transport contracts concluded with the contracting organizations of the Federal states in Germany and the franchisors in other European countries are very important for the development of business. Contractual relations with customers covering several years also exist in the contract logistics line of business in the DB Schenker segment, which accounts for about 7% of Group revenues.

Revenue recognition in accordance with IFRS 15 is based on the principle that revenues are recognized when control over a product or service is transferred to the customers. Revenues generated by the rendering of services are recognized with the amount which is expected as the consideration as soon as control over the services has been transferred.

All expense and income items are normally recognized without being netted, unless the accounting principles under IFRS permit or require netting.

Expenses are recognized in the income statement at the point at which the service is used or at the point at which the expenses are incurred.

The special items detailed at income and expenses ("Total") are issues which are considered to be unusual either in terms of the amount involved and/or the actual reason behind the issue. Irrespective of the amount involved, this item is used for disclosing book profits and losses arising from transactions with investments/financial investments as well as depreciation on long-term customer contracts, which have been capitalized as part of the purchase price allocation process in connection with company acquisitions. In addition, the special items recognize individual issues if they are of an exceptional nature, if they are definable for accounting purposes, if they can be measured and if the amount involved is material. In addition to the special items, effects from changes in the scope of consolidation and effects from changes in exchange rates are also disclosed separately. The item "Total – comparable" does not involve IFRS figures; instead, it involves additional disclosures in accordance with internal reporting.

(1) Revenues

(€ million)	2020	2019
Revenues from freight and passenger transport services [1]	35,058	39,472
thereof concession fees for rail transport	6,529	6,585
Revenues from operating rail infrastructure	2,050	1,907
Revenues from letting and leasing	374	444
Revenues from sales of products [1]	1,690	1,690
Other revenues	805	1,004
Revenue reductions	–76	–87
Total	**39,901**	**44,430**
± Special items	1	1
± Effects from changes in scope of consolidation	–44	–101
± Effects from changes in exchange rates	339	0
Total – comparable	**40,197**	**44,330**

[1] Previous year figure adjusted.

The revenues from freight and passenger transport services were generated mainly by companies operating in the segments DB Schenker, DB Regional, DB Arriva, DB Long-Distance and DB Cargo. They include a minor amount of revenues from sub-operating leases in the segment DB Schenker. Revenues from operating rail infrastructure related to the segments DB Netze Track and DB Netze Stations. Rental and leasing revenues were generated mainly in the segment DB Netze Stations, and revenues from product sales were mainly generated in the segments DB Netze Energy and DB Schenker. Other revenues related to virtually all segments.

In the year under review, revenues decreased by € 4,529 million (–10.2%) to € 39,901 million. The decline in revenues in DB Group is mainly attributable to lower numbers of passengers resulting from the Covid-19 crisis. The recommended Covid-19-related mobility restrictions have resulted in considerable declines in revenues particularly at DB Long-Distance, DB Regional and DB Arriva. A further decline in revenues (€ –719 million) is attributable to the transfer of the transport contract of Arriva Rail North to the Department for Transport (DfT) on March 1, 2020.

Revenues included negative exchange rate effects of € 339 million, mainly affecting DB Schenker. These exchange rate effects were mainly attributable to the currency regions responsible for generating strong revenues, namely the United Kingdom and the USA, as well as the weaker rates of the Norwegian krone.

Even when adjusted for special items, effects from changes in the scope of consolidation and exchange rates, the revenues were below the previous year figure (€ –4,133 million, –9.3%).

Movements in revenues broken down according to business segments and regions are set out in segment reporting.

As was the case in the previous year, revenue reductions of long-term transport contracts (contractual penalties) were netted directly with the revenues of freight and passenger services. The separately disclosed revenue reductions (€ 76 million) also related mainly to revenues of freight and passenger services (for instance passenger rights).

The order book of customer contracts with contractually agreed outstanding revenues (secured revenues) was broken down as follows:

Secured order book as of Dec 31 (€ million)	**2020**	2019
Passenger transport contracts	64,142	64,652
Logistics and freight transport contracts [1]	248	218
Other contracts [1]	197	139
Total	**64,587**	**65,009**

[1] Contracts with a duration of at least 12 months and a total volume of at least € 5 million.

Most of the secured order book will be fulfilled within a period of ten years, with percentages declining over a period of time. Further information can be found in the Group management report in the sections *Order book of DB Regional* → *122 f.* and *Order book of DB Arriva* → *156 f.*

The exemption regulation of IFRS 15.121 (a) has been used for the logistics contracts and the other contracts.

Variable considerations of transport contracts as well as price escalation clauses or contractual penalty are only taken into consideration for estimating the assured revenues if they are highly likely.

Claims relating to contractual assets[1] were recognized together with the other receivables and assets and developed as follows:

Contractual assets (€ million)	**2020**	2019
As of Jan 1	29	29
Additions	131	114
Fulfillment / payment	- 55	- 54
Other changes	- 70	- 60
As of Dec 31	**35**	**29**

A figure of € 15 million (as of December 31, 2019: € 10 million) was attributable to long-term contractual assets.

The contractual liabilities in DB Group include advance payments received as well as other payments received in advance in relation to revenues for subsequent periods (for example for season tickets). Obligations from contractual liabilities were shown under the trade liabilities and deferred items and have developed as follows:

Contractual liabilities (€ million)	**2020**	2019
As of Jan 1	1,308	1,266
Additions	2,353	3,161
Fulfillment of liabilities	- 2,509	- 3,118
Other changes	- 32	- 1
As of Dec 31	**1,120**	**1,308**
thereof long-term	111	164

(2) Inventory changes and other internally produced and capitalized assets

(€ million)	**2020**	2019
Inventory changes	1	- 29
Other internally produced and capitalized assets	3,563	3,195
Total	**3,564**	**3,166**
± Special items	-	-
± Effects from changes in scope of consolidation	0	- 1
± Effects from changes in exchange rates	1	-
Total - comparable	**3,565**	**3,165**

Own investments relate mainly to construction and project business in rail infrastructure and also the modernization of rolling stock as well as the processing of appropriate spare parts. The increase compared with the previous year was attributable to a higher construction volume in rail infrastructure.

(3) Other operating income

(€ million)	**2020**	2019
SERVICES FOR THIRD PARTIES AND SALE OF MATERIALS		
Income from maintenance and repair	3	4
Sale of materials and energy	98	98
Other services for third parties	527	509
	628	**611**
Leasing and rental income	176	188
Income from claims for damages and cost refunds	174	259
INCOME FROM FEDERAL GRANTS		
Federal compensation payments	94	115
Other investment grants	0	0
Income from release of deferred items	143	144
Other Federal grants	1,181	346
	1,418	**605**
Income from the disposal of property, plant and equipment and intangible assets	121	277
Income from the disposal of non-current financial instruments	4	0
Income from the reversal of provisions	130	267
OTHER INCOME		
Income from third-party fees	21	24
Income from remediation of ecological burdens	51	46
Utilization of provisions for potential losses	152	156
Miscellaneous other income	564	597
	788	**823**
Total	**3,439**	**3,030**
± Special items	- 48	- 22
± Effects from changes in scope of consolidation	0	- 2
± Effects from changes in exchange rates	8	-
Total - comparable	**3,399**	**3,006**

Adjusted by special items, effects from changes in scope of consolidation and in exchange rates, other operating income was higher than the previous year (€ +393 million).

This increase was almost entirely attributable to income from other Federal grants, which were paid out mainly in connection with the Covid-19 crisis. Covid-19-related grants were paid to individual subsidiaries of DB Group for instance for maintaining passenger transport services, particularly in the segments DB Regional and DB Arriva. Further Federal grants, for which the subsidy process had not been completed by the end of the year under review, have been recognized with the probable amount of the subsidy. Various factors have been taken into consideration in this respect, including the application and approval process up to the point at which Covid-19 support has been received. This is an estimation, which is subject to considerable uncertainty in view of the imponderable factors associated with the Covid-19 crisis.

The leasing and rental income included subletting income of € 23 million.

[1] The contractual assets also show claims relating to work-in-progress from long-term orders.

The decline in income from the disposal of property, plant and equipment and intangible assets compared with the previous year was mainly attributable to lower book profits of property sales in the segments DB Netze Stations, DB Regional and DB Netze Track.

The miscellaneous other income comprises the reversal of liabilities as well as a range of individual issues which individually are of a minor nature.

(4) Cost of materials

(€ million)	2020	2019
EXPENSES FOR RAW MATERIALS AND SUPPLIES AND OF PURCHASED PRODUCTS		
ENERGY EXPENSES		
Electricity	1,906	1,824
Electricity tax	145	155
Diesel, other fuel	961	1,120
Other energies	185	217
Energy price derivatives	- 78	- 2
	3,119	**3,314**
Other supplies and purchased goods	647	556
Price and value adjustment for materials	- 31	- 78
	3,735	**3,792**
EXPENSES FOR PURCHASED SERVICES		
Purchased transport services	12,470	11,980
Cleaning, security, disposal, winter service	410	401
Commissions	80	179
EXPENSES FOR UTILIZATION OF INFRASTRUCTURE		
Train-path usage	367	462
Station usage	63	84
Use of local installations	3	16
	433	**562**
Other purchased services	849	959
	14,242	**14,081**
Expenses for maintenance and production	4,780	4,389
Total	**22,757**	**22,262**
± Special items	- 74	- 3
± Effects from changes in scope of consolidation	- 29	- 71
± Effects from changes in exchange rates	233	-
Total - comparable	**22,887**	**22,188**

Adjusted by special items, effects from changes in scope of consolidation and in exchange rates, the cost of materials increased by € 699 million compared with the previous year (+3.2%).

The impairments on inventories recognized in cost of materials amount to € 87 million in the year under review (previous year: € 32 million); this was opposed by a one-off effect. The energy expenses declined in the year under review as a result of volume and price effects. The cessation of the Arriva Rail North franchise also had an impact.

The expenses for purchased services increased slightly by € 161 million compared with the previous year (+1.1%). The purchased transport services were higher than the corresponding previous year level mainly due to sharp Covid-19-related increases in airfreight rates at DB Schenker. This was opposed by lower expenses for commissions due to lower ticket sales as well as train-path and station usage due to the cessation of the Arriva Rail North franchise.

The expenses for maintenance and production increased by € 391.1 million (+8.9%), and were mainly attributable to the segments DB Netze Track and DB Long-Distance.

(5) Personnel expenses and employees

(€ million)	2020	2019
WAGES AND SALARIES		
Employees	13,836	13,714
Civil servants assigned	856	963
	14,692	**14,677**
SOCIAL SECURITY EXPENSES		
Employees	2,594	2,569
Civil servants assigned	204	221
Expenses for adjusting staffing levels	155	142
Retirement benefit expenses	652	543
	3,605	**3,475**
Total	**18,297**	**18,152**
± Special items	- 130	- 141
± Effects from changes in scope of consolidation	- 9	- 12
± Effects from changes in exchange rates	66	-
Total - comparable	**18,224**	**17,999**

The figure stated for personnel expenses (social security expenses) included expenses of € 1,238 million for defined contribution plans (previous year: € 1,215 million).

The amount shown for adjusting staffing levels mainly comprises expenses for restructuring costs, obligation surpluses relating to employment agreements as well as costs of severance payment and semi-retirement agreements.

The retirement benefit expenses related to active persons as well as persons who are no longer employed in DB Group or their surviving dependants. They were attributable primarily to service costs, employers' contributions to the company top-up benefit scheme as well as the contributions to Pensions-Sicherungs-Verein aG (pension backing association). The interest expense resulting from compounding the pension obligations and the expected income from plan assets is shown in financial result. For detailed explanations regarding the development of pension obligations, please refer to *Note (31) → 219 ff.* The increase in retirement benefit expenses was driven mainly by the increase in the employer's contribution to the company retirement benefit scheme as of January 1, 2020 due to collective bargaining agreements in Germany.

The activities of civil servants in DB Group are based on statutory allocation within the framework of the Rail Restructuring Act (Eisenbahnneuordnungsgesetz; ENeuOG), Art. 2 §12. For the work of the allocated civil servants, DB AG reimburses to the Federal Railroad Fund (Bundeseisenbahnvermögen; BEV) those costs which would be incurred if an employee covered by collective bargaining arrangements were to be employed instead of the allocated civil servant (pro forma calculation).

The increase of 2.6% in wages and salaries in Germany was mainly attributable to the collective bargaining agreements as of July 1, 2020. This was to a certain extent opposed by lower additions to personnel-related liabilities, such as director's fees, unused holiday entitlements and overtime.

In addition, the reduction of the number of employees abroad also resulted in a slight reduction in personnel expenses.

The development in the number of employees in DB Group, converted to full-time employees (FTE) in each case, is shown in the following:

	As of Dec 31		Annual average	
(FTE)	2020	2019	2020	2019
Employees	306,131	305,342	303,925	302,327
Civil servants	16,637	18,602	17,964	20,051
Employees	**322,768**	**323,944**	**321,889**	**322,378**
Trainees and dual degree students	12,796	11,962	11,201	10,296
Total	**335,564**	**335,906**	**333,090**	**332,674**

In the event of changes in the scope of consolidation, the employees are included on a pro rata basis up to the time of deconsolidation or after the date of initial consolidation.

At the end of the year under review, the number of persons employed in DB Group was slightly lower than at the end of the previous year. At the level of the segments, this decline was mainly attributable to the cessation of the Arriva Rail North franchise at DB Arriva as well as a downturn at DB Schenker due to economic factors. In the integrated rail system, however, the number of persons employed compared with the previous year increased in the DB Netze Track segment in the maintenance/construction project field and in the operational service as well as due to additional services at DB Fernverkehr AG and DB Regio AG. An increase in the number of employees in the segment Subsidiaries/Other was reported as a result of an increased order volume as well as the expansion of innovative topic areas mainly at DB Fahrzeuginstandhaltung GmbH, DB AG as well as DB Systel GmbH.

The development in the number of employees, based on the number of natural persons (NP), is shown in the following:

	As of Dec 31	
(NP)	2020	2019
Employees	319,185	318,809
Civil servants	17,093	19,102
Employees	**336,278**	**337,911**
Trainees and dual degree students	12,796	11,962
Total	**349,074**	**349,873**

(6) Depreciation and impairments

In the case of property, plant and equipment, depreciation is recognized using the straight-line method over the expected useful life of the assets or, in the case of leased assets, over the shorter contract duration. The following useful-service lives for the main groups of property, plant and equipment are taken as a basis:

	Years
Permanent way structures, tunnels, bridges, railway crossings	15–100
Track infrastructure	13–30
Buildings, halls, roofs	10–85
Other structures	5–60
Signaling equipment	7–40
Telecommunications equipment	5–20
Traction current installations	10–52
Rolling stock	10–30
Other technical equipment, machinery and vehicles	5–40
Fixtures and fittings	3–15

The appropriateness of the chosen depreciation method and the service lives is subject to an annual review. Our expectations regarding the residual value are also updated annually.

Intangible assets are depreciated using the straight-line method. The following useful lives are used as the basis for depreciation:

	Years
Franchises, rights, etc.	Duration of contract
Trademarks	Economic life
Brand names	Unlimited
Customer base	Economic life
Purchased software	3–10
Software produced in-house	3–25

Goodwill arises as a positive difference between the costs of purchasing the shares and the fair values of the individually acquired assets, absorbed liabilities and contingent liabilities. It is not depreciated; instead, it is subject to an annual impairment test. Impairment losses in relation to goodwill are not reversed.

The adequacy of the depreciation method and the service life are subject to an annual review.

IMPAIRMENTS OF ASSETS

IAS 36 governs the impairment test for property, plant and equipment and intangible assets with a certain economic life, which is carried out using a so-called indicator-based asset impairment test. Such an asset impairment test has to be carried out when indicators (so-called triggering events) indicate a possible loss of value. In addition, according to IAS 36, goodwill as well as intangible assets with an indefinite service life have to be subjected at least once a year to an impairment test.

Definition of cash-generating units

Goodwill impairment tests have to be carried out at the level of individual assets as part of the asset impairment test. If it is not possible to determine future cash flows, which are to a large extent independent, for an individual asset, so-called cash-generating units (CGUs) have to be formed as an aggregation of assets whose future cash flows depend on each other. The CGU structure is fully in line with the planning and reporting structure of DB Group. In the 2020 financial year, no adjustments were made to the CGU structure.

Due to the congruence between management structure and legal structure, the identified CGUs also always consist of at least one legal unit. This means that the data necessary for the asset impairment test can be derived from annual financial statements and planning data.

The impairment test for goodwill is carried out at the level of the CGU or group of CGUs to which the goodwill has been allocated. This is applicable for the operating segments. Significant goodwill currently exists exclusively in the CGU DB Schenker. With regard to the recognition of goodwill for each CGU, please also refer to the *Segment information according to segments → 188 f.*

Method

In the impairment test in accordance with IAS 36, the carrying amount of an asset or a CGU has to be compared with the corresponding recoverable amount. If the positive carrying amount is no longer covered by the recoverable amount, this results in a corresponding impairment requirement.

The carrying amount of a CGU is established by adding the carrying amounts of the assets less the liabilities which are related to the relevant assets (net position). In addition, for determining the carrying amount of a CGU, it is also necessary to recognize corporate assets and corporate liabilities jointly used by several CGUs, and the working capital necessary for the corresponding CGU must also be taken into consideration.

The recoverable amount is defined as the higher of the fair value less costs of disposal and the value in use. In the impairment tests carried out in DB Group, the recoverable amount is represented by the value in use. The value in use is established as the present value of the free cash flows before interest and after tax attributable to the continuation of a CGU. A global tax rate of 30.5% has again been used in relation to EBIT (unchanged compared with the previous year). The forecast of cash flows reflects previous experience, and takes account of management expectations with regard to future market developments. This cash flow forecast is based on the medium and long-term planning adopted by the Management Board of DB AG and which covers a planning horizon of five or ten years, respectively. If cash flow forecasts are necessary beyond the ten-year planning horizon, a sustainable free cash flow is derived from the forecast and is extrapolated on the basis of a growth rate related to the specific market development. As was the case in the previous year, a uniform average growth rate of 1% p.a. has been assumed in DB Group.

A weighted average cost of capital is used for discounting the free cash flows; this reflects the expectation of return on the capital market for providing debt capital and shareholders' equity to the relevant CGU. Because free cash flow after taxes has been calculated, a cost-of-capital rate after tax has also been used. Risks of free cash flows are recognized by a risk-equivalent capitalization rate.

The WACCs of the CGUs which are applicable for the 2019 and 2020 annual financial statements are detailed in the following table:

(%)	2020 Before taxes	2020 After taxes	2019 Before taxes	2019 After taxes
DB Long-Distance	6.7	4.7	5.5	3.8
DB Regional	5.6	3.9	4.5	3.1
DB Cargo	8.2	5.7	7.9	5.5
DB Netze Track	4.8	3.4	4.2	2.9
DB Netze Stations	5.8	4.0	5.6	3.9
DB Netze Energy	4.0	2.8	3.9	2.7
DB Arriva	6.1	4.2	4.5	3.1
DB Schenker	8.4	5.9	8.1	5.7

The changes in the WACCs compared with the previous year are attributable to current expectations of medium- to long-term developments of the capital market.

Asset impairment test

Processes which comply with the specific requirements of IAS 36 have been implemented in order to carry out the asset impairment test. The service lives of the individual CGUs used for the asset impairment test are based on the service life of the asset or a group of homogeneous assets which is (are) most significant for the particular CGU.

In addition, the process of establishing the service life disregards assets or future cash flows which result from major structural changes, disinvestment measures or extension capital expenditures. Resultant adjustments to the original plans relate mainly to the major new and expansion infrastructure projects, where it is assumed that the construction process will be completed beyond the observation period (beyond 2030) and for which most of the planned own funds have not yet been invested. The cash flow forecasts take account of internal transfer prices within DB Group on the basis of arm's length assessments of the companies involved. The published infrastructure prices are applicable for goods and services exchanged between transport and infrastructure segments; price increases in the period covered by the forecast have also been taken into consideration.

The calculation takes account of a long-term growth rate of 1.0% in relation to the capital employed. The purpose of growth retention is to present an inflation-adjusted reinvestment rate. This ensures that a steady state is reflected in the perpetual yield in the extrapolation of cash flows.

After completion of medium-term planning, a regular check is carried out to assess whether it is necessary for impairments to be recognized at the CGU level. In addition to this annual cycle, a test is also performed if current issues arising from the development in business or changes in assumptions indicate that there has been a major deterioration in the value in use.

DB Cargo is still facing major challenges from the market and the competition. At the CGU DB Cargo, there is a shortfall in the value in use compared with the carrying amount of the assets employed as of the balance sheet date. In this case, it is also necessary for the fair value less the costs to sell to be determined for the affected assets. If this figure is higher than the carrying amount of the assets, no impairment has to be recognized. In 2020, DB Cargo determined market values for most of its assets (in particular locomotives and freight cars). Overall, no shortfall of the carrying amounts was established, and no impairment therefore had to be recognized as of the balance sheet date.

In the observed period, all CGUs, with the exception of DB Cargo, were able to cover their carrying amounts with the value in use.

Independently of the impairment tests carried out in relation to the CGUs, impairments are recognized in relation to individual assets which are no longer capable of being used fully. These impairments are shown under the disclosures for the respective balance sheet item.

Goodwill impairment test

A goodwill impairment test must be carried out annually for all CGUs to which goodwill can be allocated. Because the goodwill which arises in DB Group as a result of acquisitions is always clearly allocated to a CGU, this goodwill impairment test is an integral part of the asset impairment test which is always carried out annually for all CGUs.

The goodwill impairment tests carried out for the segments which are carrying goodwill did not identify any impairment requirement for the CGUs. This is not applicable for the impairment recognized during the year at the CGU DB Arriva.

The respective recoverable amount is represented by the value in use of the CGU, which in turn has been derived from the planning of the relevant segments. The details relating to methods presented above are thus applicable correspondingly. At DB Arriva and DB Schenker it also has to be borne in mind that separate assumptions relating to the development of the economy, market and competition as well as currency relations have been made for the relevant international markets. These assumptions have been based on the external and internal expert assessments available at the time of the planning.

Critical assessments and appraisals

IMPAIRMENT OF CASH-GENERATING UNITS (CGUS)

The profit and cash flow planning in the segment DB Arriva has been reduced considerably, mainly in connection with the Covid-19 crisis; together with the much higher costs of capital in connection with the impairment test, this has meant that the net assets (carrying amount) shown in the balance sheet are no longer covered by future surpluses which are derived from medium-term planning (value-in-use). In consequence, this has resulted in an impairment requirement of € 1,411 million, which is attributable entirely to the write-down of the goodwill previously recognized by DB Arriva.

Within the framework of the impairment tests, the main assumptions which have an impact on the value of a CGU are reviewed in the form of standard sensitivity analyses. As was the case in the previous year, the sensitivity analysis at the CGU DB Cargo was carried out in relation to the market values established for the main assets. Similar to the situation in the previous year, it can be assumed that there is no impairment requirement even in conjunction with a reduction of 10 % in relation to the market value.

Infrastructure CGUs are also exposed to risks relating to the extent of long-term investment grants for replacement capital expenditures in the existing network and the related extent of own funds at the infrastructure companies. The investment grants included in the medium- and long-term planning are based on the Performance and Financing Agreement signed by the Federal Ministry of Transport and Digital Infrastructure (Bundesministerium für Verkehr und digitale Infrastruktur; BMVI) and DB Group as well as the project and financing concept agreed between the Federal Government and DB Group for setting out the objectives of the Climate Action Program 2030.

The sensitivities shown in the following relate merely to an impairment test on the basis of the value-in-use. If a shortfall is identified in the course of the scenario analyses, this does not necessarily result in an impairment requirement. If the assumption set out in the respective scenario analysis materializes, a second step would be to analyze the coverage of carrying amounts via the market values (fair value less costs of disposal). The scenario analyses detailed here do not make any statement regarding the development of the market values or a risk in the development of market values.

EBIT MARGIN

The risk of an EBIT margin reduced by 10 % has been considered for analyzing a scenario in which profits fail to perform in line with budget. This model calculation has identified an impairment requirement at the CGUs DB Long-Distance (€ −317 million), DB Regional (€ −309 million), DB Netze Track (€ −4,324 million), DB Netze Stations (€ −611 million) and DB Arriva (€ −772 million); this means that the value-in-use for these CGUs no longer provides adequate cover for the carrying amount of the capital employed. The CGU DB Long-Distance can withstand a reduction of up to 8.6 % in the EBIT margin; the corresponding figures applicable for other CGUs are up to 8.4 % (DB Regional), up to 1.7 % (DB Netze Track), up to 3.4 % (DB Netze Stations) and up to 1.6 % (DB Arriva). All other CGUs report stable surplus coverage even if the EBIT margin is reduced by 10 %.

AVERAGE REAL GROWTH RATE OF CASH FLOWS

A reduction of 10 % in the long-term growth rate has been simulated in order to assess the sensitivity of the impairment test result in relation to the assumed long-term growth of cash flow (1 %). As was the case in the previous year, no impairment requirement has been identified for any of the CGUs considered in this scenario.

WEIGHTED AVERAGE COST OF CAPITAL

Risks relating to the assumptions of the capitalization rate, which is normally used for calculating the present value of value in use, have been analyzed by simulating the value of each CGU in conjunction with a capital cost markup of 10 %. The currently used weighted costs of capital (after tax) have been used as the basis of this simulation: this model calculation has identified the following shortfalls for the CGUs DB Netze Track (€ −1,852 million), DB Netze Stations (€ −275 million) and DB Arriva (€ −178 million). The maximum cost of capital markup, up to which the above-mentioned CGUs covered the respective carrying amounts, amounted to 3.0 % at DB Netze Track, 5.0 % at DB Netze Stations and 4.3 % at DB Arriva.

USEFUL LIFE AND RESIDUAL VALUE

With regard to the assumptions relating to useful life and residual value, the effect of a 10 % reduction in the residual value at the end of useful life (terminal value) was analyzed. This model calculation identified shortfalls at the CGUs DB Netze Track (€ −1,056 million), DB Netze Stations (€ −99 million) and DB Arriva (€ −102 million). With a reduction in the residual value at the end of the useful life, DB Netze Track would report surplus cover of up to 4.6 %, DB Netze Stations would report surplus cover of up to 7.6 %, and DB Arriva would report a corresponding figure of up to 6.0 %. All other CGUs show stable surplus cover in the scenario analysis.

Depreciation was broken down as follows:

(€ million)	2020	2019
Depreciation	3,828	3,688
Recognized impairments	1,558	10
Recognized recoveries in value	-14	-27
Total	**5,372**	**3,671**
± Special items	-1,467	-72
± Effects from changes in scope of consolidation	-4	-1
± Effects from changes in exchange rates	10	-
Total - comparable	**3,911**	**3,598**

In the year under review, depreciation was higher than in the previous year, and related mainly to the property, plant and equipment used as rail infrastructure as well as the rolling stock. It is shown in the income statement less any recovery in value recognized in the reporting period. Of the figure recognized for impairments, € 1,411 million relates to the complete write-down of the goodwill previously recognized by DB Arriva.

For further explanations, please refer to the details concerning the development in property, plant and equipment or intangible assets under *Note (13)* → *203 ff.* and *(14)* → *205 f.*

(7) Other operating expenses

(€ million)	2020	2019
LEASING, RENTS AND LEASES		
Leasing expenses	758	903
Conditional leasing expenses	0	1
	758	**904**
Legal, consultancy and audit fees	219	271
Fees and contributions	221	242
Insurance expenses	159	151
Advertising and sales promotion expenses	115	174
Printing and stationery expenses	57	65
Travel and representation expenses	243	334
Research and non-capitalized development costs	40	28
OTHER PURCHASED SERVICES		
Purchased IT services	580	521
Other communication services	51	50
Other services	790	840
	1,421	**1,411**
Expenses from claims for damages	239	204
Impairments recognized in relation to receivables and other assets [1]	91	59
Losses from the disposal of property, plant and equipment and intangible assets	217	132
Expenses from disposal of non-current financial instruments	0	1
Other operating taxes	73	73
OTHER EXPENSES		
Grants for third-party facilities	127	93
Concession fees for passenger transport	24	114
Other personnel-related expenses	260	241
Miscellaneous other expenses	971	660
	1,382	**1,108**
Total	**5,235**	**5,157**
± Special items	-230	-258
± Effects from changes in scope of consolidation	0	-7
± Effects from changes in exchange rates	22	-
Total - comparable	**5,027**	**4,892**

[1] Including payments for receivables written down in the previous year.

The other operating expenses increased by a total of € 78 million (+1.5%), mainly as a result of higher miscellaneous other expenses as well as an increase in the losses resulting from the disposal of property, plant and equipment and intangible assets.

The increase in the miscellaneous other expenses is almost entirely attributable to the increase (compared with the previous year) in the expenses for the creation of provisions for pending losses in the segment DB Regional. The increase in the losses from the disposal of property, plant and equipment and intangible assets was essentially attributable to no longer usable modules of transport and logistics software in the segment DB Schenker as well as asset disposals in the Infrastructure segments.

This was opposed by a considerable reduction in the expenses for leasing, rents and leases mainly due to the cessation of the Arriva Rail North franchise. The other leasing expenses related to the service element of capitalized leasing arrangements as well as short-term leases (€ 233 million; previous year: € 320 million) and also leased assets of minor value (€ 48 million; previous year: € 41 million).

The travel and representation expenses also declined due to Covid-19-related factors as well as increased utilization of Web and video conferences. The advertising and sales promotion expenses in the year under review also declined as a result of the Covid-19 crisis.

In the other purchased services, purchased IT services increased in virtually all segments. On the other hand, the expenses for other services declined particularly in the segment DB Schenker as a result of a reduction in the use of temporary employees.

The concession fees for passenger transport declined because the transport authorities of The Chiltern Railway Company Limited, Sunderland/United Kingdom, and XC Trains Limited, Sunderland/United Kingdom (both segment DB Arriva) waived their entitlement to part of the concession fees as a result of contractual adjustments.

The legal, consultancy and audit fees comprise fees of € 20.9 million for the auditor of the consolidated financial statements (previous year: € 32.8 million); this figure comprised auditing services of € 8.8 million (previous year: € 14.7 million), other certification services of € 7.3 million (previous year: € 9.0 million), tax advice services of € 0.3 million (previous year: € 0.4 million) as well as other services of € 4.5 million (previous year: € 8.7 million). Of the figure shown for the other rendered services, € 2.8 million (previous year: € 6.6 million) were attributable to services of associates of the auditor of the consolidated financial statements.

(8) Result of investments accounted for using the equity method

The following contributions to profits are recognized in the income statement as a result of shares in companies over which significant influence can be exercised or which are managed as joint ventures:

(€ million)	2020	2019
JOINT VENTURES		
Trieste Trasporti S.P.A., Trieste/Italy	1	4
Intercambiador de Transportes Principe PIO S. A., Madrid/Spain	2	5
Other	1	2
	4	**11**
ASSOCIATED COMPANIES		
EUROFIMA European Company for the Financing of Railroad Rolling Stock (EUROFIMA), Basel/Switzerland	6	3
Barraqueiro SGPS SA, Lisbon/Portugal	-4	-3
GHT Mobility GmbH, Berlin [1]	-32	-27
Other	5	4
	-25	**-23**
Total	**-21**	**-12**

[1] In the year under review, the cumulative losses (€ 32 million) in excess of the purchased costs of the shares were deducted from the financial receivables due from GHT Mobility GmbH.

(9) Net interest income

(€ million)	2020	2019
INTEREST INCOME		
Net interest income from pension provisions	5	5
Other interest and similar income	25	32
Income from securities	1	0
Operating interest income	**31**	**37**
Interest income from the reversal of deferred items and other interest income	83	11
	114	**48**
INTEREST EXPENSES		
Other interest and similar expenses	-427	-472
Net interest expenses for pension provisions	-65	-92
Interest expenses for leasing liabilities	-81	-94
Operating interest expenses	**-573**	**-658**
Compounding of long-term provisions and liabilities	-156	-45
	-729	**-703**
Total	**-615**	**-655**
± Special items	1	2
± Effects from changes in scope of consolidation	0	0
± Effects from changes in exchange rates	-2	-
Total - comparable	**-616**	**-653**
For information only:		
Net operating interest income	-542	-621

Interest income and interest expenses are recognized in the income statement using the effective interest method in the period in which the income arises.

The increase in interest income from the reversal of deferred items and other interest income is mainly attributable to the adjustment of the discount rate for provisions for ecological burdens.

The expenses for other interest and similar expenses have declined as a result of the average lower interest rates for the senior bonds issued in the year under review compared with the senior bonds repaid in this period despite an overall increase in financial debt.

The increase in the expenses for the compounding of long-term provisions and liabilities was mainly attributable to the adjustment to the discount rate for the provision for the rectification of ecological burdens and a provision for the pro rata costs relating to the decommissioning of a joint power generation plant.

(10) Other financial result

(€ million)	2020	2019
Result from equity investment	1	2
Result from exchange rate effects	120	-128
Result from currency-related derivatives	-145	110
Result from other derivatives	-2	2
Result from disposal of financial instruments	0	0
Impairments on financial instruments	-56	-5
Other financial result	-9	-17
Total	**-91**	**-36**
± Special items	–	–
± Effects from changes in scope of consolidation	0	-24
± Effects from changes in exchange rates	18	–
Total – comparable	**-73**	**-60**

Dividend income is recognized at the point at which the right to receive the payment arises.

The result from exchange rate effects was attributable to the conversion of foreign currency liabilities and receivables with an impact on the income statement using the spot rate applicable on the reference date (IAS 21). The result from exchange rate effects has to be netted with the result from currency-related derivatives. The strong exchange rate fluctuations in the year under review are mainly attributable to the development of the exchange rate between the euro and the British pound, the Swiss franc and the Norwegian krone. The result from currency-related derivatives comprises reclassifications of currency-related changes in the market value of cash flow hedges recognized under shareholders' equity with no impact on the income statement. The result from other derivatives relates to the development in the market value of derivatives which are not classified as effective hedges in accordance with IFRS 9 (Financial Instruments).

Of the figure shown for impairments on financial instruments, the associated company Barraqueiro SGPS SA, Lisbon/Portugal accounted for € 43 million. See *Note (15) → 206.*

(11) Taxes on income

(€ million)	2020	2019
Actual tax expense	-213	-240
Income due to lapsing of tax obligations	33	103
Actual taxes on income	**-180**	**-137**
Deferred tax expense (previous year: deferred tax income)	-43	136
Taxes on income	**-223**	**-1**

The actual taxes on income in the year under review were incurred mainly at foreign Group companies. The increase compared with the previous year is attributable to higher contributions to profits made by some international Group companies as well as lower income from the lapsing of tax obligations. An expense (previous year: income) was reported for the deferred taxes. This is due to the lower anticipated future utilization of tax losses carried forward, whereas deferred tax income from the extension of the planning horizon was reported in the previous year.

Starting with the net profit/loss of DB Group before taxes on income and the theoretical taxes on income calculated using a theoretical tax rate of 30.5%, the following reconciles the calculated taxes with the actual taxes on income:

(€ million)	2020	2019
Profit/loss before taxes on income	-5,484	681
Group tax rate (%)	30.5	30.5
Deferred tax expense (-)/tax income (+)	**1,673**	**-208**
Adjustment of the expected future use of loss carry-forwards and new temporary differences which have arisen and loss carry-forwards	-1,398	151
Income not subject to tax	24	33
Tax effects related to IAS 12.33	40	48
Expenses not deductible for tax purposes	-372	-27
Differences in tax rates for foreign companies	-154	21
Other effects	-36	-19
Taxes on income as reported	**-223**	**-1**
Effective tax rate (%)	-4.1	0.1

In the year under review, there were considerable new tax losses carried forward as well as additional temporary differences in relation to which no deferred tax assets were created, because adequate taxable profit had not been expected for the losses carried forward in the previous year and temporary differences in the period of long-term planning.

The reconciliation amount as detailed in IAS 12.33 related exclusively to additional tax write-downs resulting from the fact that tax-free grants in the IFRS financial statements have been deducted directly from the costs of purchasing the assets. It is not permissible for deferred taxes to be created in relation to these temporary differences.

In the year under review, the other effects included in particular effects attributable to the difference in the assessment bases of different income tax bases, and additional local income taxes outside Germany.

(12) Earnings per share

Under IAS 33 (Earnings per Share), undiluted earnings per share are calculated by dividing the net profit/loss of DB Group attributable to the shareholders of DB AG by the weighted average number of shares in issue during the year under review. Undiluted earnings per share correspond to diluted earnings per share.

(€ million)	2020	2019
Net profit/loss for the year	-5,707	680
thereof due to shareholders of DB AG	-5,710	662
thereof attributable to providers of hybrid capital	26	5
thereof attributable to non-controlling interests	-23	13
Number of issued shares as of Dec 31	430,000,000	430,000,000
EARNINGS PER SHARE (€ PER SHARE)		
Undiluted	-13.28	1.54
Diluted	-13.28	1.54

NOTES TO THE BALANCE SHEET

(13) Property, plant and equipment

Property, plant and equipment is measured at cost of purchase and cost of production in accordance with IAS 16 (Property, Plant and Equipment). Cost of production comprises individual costs as well as overhead costs which are directly allocatable.

If at least two years are required for manufacturing an asset in order to place it in its intended state in which it is capable of being used or sold, any directly attributable borrowing costs are capitalized as costs of production of the asset. If a direct link cannot be established, the average borrowing cost rate of the year under review is used. Value-added tax incurred in connection with the purchase or production of property, plant and equipment is only capitalized if pre-tax is not permitted to be deducted.

Subsequent costs are capitalized if the expenses enhance the economic benefit of the property, plant and equipment and if the costs can be reliably measured. On the other hand, all other repairs or maintenance are expensed.

Components of property, plant and equipment which are significant in relation to the total costs of purchase and costs of production are recognized separately and written down over their useful life using the straight-line method.

Investment grants are deducted directly from the cost of purchase and cost of production of the assets for which the grants have been given.

RIGHTS OF USE FROM LEASES

In the case of rented or leased assets, if they fall under the scope of IFRS 16, a right of use (in accordance with IFRS 16.24) and a lease liability are shown as soon as the asset is available for use to DB Group. Depreciation is recognized using the straight-line method over the economic useful life of the asset or the shorter duration of the lease. This is not applicable for leases for minor-value assets (up to and including € 5,000) and short-term leases with a duration of 12 months or less, the costs of which are recognized on a linear basis in the income statement. Components of lease payments which do not relate to the use of the asset are not included in the measurement of the right of use and the lease liability.

CRITICAL ASSESSMENTS AND APPRAISALS

With regard to defining the duration of the lease, management takes account of all facts and circumstances which have an influence on the possible exercising of a prolongation option or termination option. This assessment is reviewed regularly.

LEASED ASSETS

DB Group classifies every lease for which it is the lessor either as an operating lease or as a finance lease. A lease is classified as a finance lease if it transfers essentially all risks and opportunities associated with the ownership. If this is not the case, the lease is classified as an operating lease.

Property, plant and equipment (€ million)	Land	Commercial, operating and other buildings	Permanent way structures	Track infrastructure, signaling and control equipment	Vehicles for passenger and freight transport	Technical equipment and machinery	Other operational and office equipment	Advance payments and assets under construction	Total
COST OF PURCHASE AND COST OF PRODUCTION									
As of Jan 1, 2020	4,511	11,575	15,690	16,962	35,670	2,220	5,613	4,693	**96,934**
Changes in the scope of consolidation	11	11	0	–	24	1	8	–	**55**
thereof additions	11	11	0	–	24	1	18	1	**66**
thereof disposals	–	0	–	–	–	–	-10	-1	**-11**
Additions	106	1,314	909	1,601	1,919	135	530	7,654	**14,168**
Addition borrowing costs	–	–	–	–	–	–	–	44	**44**
Investment grants	0	-167	-886	-1,459	-78	-39	-59	-5,825	**-8,513**
Transfers	4	183	89	151	316	55	96	-904	**-10**
Changes with no impact on the income statement	–	0	–	–	–	–	0	–	**0**
Disposals	-33	-102	-11	-247	-1,260	-145	-429	-34	**-2,261**
Currency translation differences	-20	-66	-3	-1	-160	-13	-36	-5	**-304**
As of Dec 31, 2020	**4,579**	**12,748**	**15,788**	**17,007**	**36,431**	**2,214**	**5,723**	**5,623**	**100,113**
ACCUMULATED DEPRECIATION									
As of Jan 1, 2020	-702	-4,413	-5,634	-12,797	-21,708	-1,404	-3,676	-9	**-50,343**
Changes in the scope of consolidation	-4	-5	0	–	-22	-1	-11	–	**-43**
thereof additions	-4	-5	0	–	-22	-1	-15	–	**-47**
thereof disposals	–	0	–	–	–	–	4	–	**4**
Depreciation	-42	-845	-201	-360	-1,569	-130	-472	-1	**-3,620**
Impairments	0	-6	-4	-2	-14	-1	0	0	**-27**
Recoveries in value	–	0	–	13	1	–	0	0	**14**
Transfers	12	-29	0	0	9	0	9	-6	**-5**
Disposals	13	59	6	233	707	86	371	0	**1,475**
Currency translation differences	6	21	2	0	79	8	24	0	**140**
As of Dec 31, 2020	**-717**	**-5,218**	**-5,831**	**-12,913**	**-22,517**	**-1,442**	**-3,755**	**-16**	**-52,409**
Carrying amount as of Dec 31, 2020	**3,862**	**7,530**	**9,957**	**4,094**	**13,914**	**772**	**1,968**	**5,607**	**47,704**
Carrying amount as of Dec 31, 2019	3,809	7,162	10,056	4,165	13,962	816	1,937	4,684	**46,591**

Property, plant and equipment (€ million)	Land	Commercial, operating and other buildings	Permanent way structures	Track infra-structure, signaling and control equipment	Vehicles for passenger and freight transport	Technical equipment and machinery	Other operational and office equipment	Advance payments and assets under construction	**Total**
COST OF PURCHASE AND COST OF PRODUCTION									
As of Jan 1, 2019	4,155	8,113	15,475	17,018	32,938	1,910	5,285	4,015	**88,909**
Initial application of IFRS 16	306	2,664	10	2	900	219	29	–	**4,130**
Changes in the scope of consolidation	–	-2	–	–	–	–	0	–	**-2**
thereof additions	–	–	–	–	–	–	–	–	**-**
thereof disposals	–	-2	–	–	–	–	0	–	**-2**
Additions	90	917	1,052	1,182	2,342	140	562	6,513	**12,798**
Addition borrowing costs	–	–	–	–	–	–	–	40	**40**
Investment grants	0	-141	-934	-1,111	-73	-31	-53	-5,103	**-7,446**
Transfers	30	103	99	125	291	27	118	-817	**-24**
Changes with no impact on the income statement	–	0	–	–	–	–	0	–	**0**
Disposals	-80	-101	-14	-254	-831	-54	-345	40	**-1,639**
Currency translation differences	10	22	2	0	103	9	17	5	**168**
As of Dec 31, 2019	**4,511**	**11,575**	**15,690**	**16,962**	**35,670**	**2,220**	**5,613**	**4,693**	**96,934**
ACCUMULATED DEPRECIATION									
As of Jan 1, 2019	-670	-3,679	-5,433	-12,712	-20,816	-1,312	-3,524	-6	**-48,152**
Changes in the scope of consolidation	–	2	–	–	-26	–	0	–	**-24**
thereof additions	–	–	–	–	-26	–	–	–	**-26**
thereof disposals	–	2	–	–	–	–	0	–	**2**
Depreciation	-36	-787	-206	-352	-1,537	-137	-449	–	**-3,504**
Impairments	–	0	-1	0	-3	0	0	0	**-4**
Recoveries in value	–	0	–	27	0	0	0	–	**27**
Transfers	-15	15	-1	0	4	0	14	-5	**12**
Disposals	22	41	9	240	718	49	295	2	**1,376**
Currency translation differences	-3	-5	-2	0	-48	-4	-12	0	**-74**
As of Dec 31, 2019	**-702**	**-4,413**	**-5,634**	**-12,797**	**-21,708**	**-1,404**	**-3,676**	**-9**	**-50,343**
Carrying amount as of Dec 31, 2019	**3,809**	**7,162**	**10,056**	**4,165**	**13,962**	**816**	**1,937**	**4,684**	**46,591**
Carrying amount as of Dec 31, 2018	3,485	4,434	10,042	4,306	12,122	598	1,761	4,009	**40,757**

The additions to the borrowing costs contain an average borrowing cost rate of 1.71% (previous year: 2.28%).

The impairments of € 27 million (previous year: € 4 million) mainly related to rolling stock for passenger and freight transport.

Recoveries in value of € 14 million (previous year: € 27 million) mainly related to track infrastructure, signaling and control equipment of DB Netz AG.

In the year under review, the carrying amount disposals for assets under construction included carrying amount disposals of € 20 million (previous year: € 52 million). These were attributable to the repayment of investment grants which had been received in previous years and deducted from assets.

As of December 31, 2020, restrictions to rights of disposal in relation to property, plant and equipment existed to the extent of € 35 million (as of December 31, 2019: € 38 million) mainly at S.I.A. Società Italiana Autoservizi S.P.A., Brescia/Italy and S.A.B. Autoservizi S.R.L., Bergamo/Italy.

RIGHTS OF USE FROM LEASES IFRS 16

Rental activities of DB Group mainly relate to real estate. Compared with a solution involving purchasing of such assets, leasing provides much greater flexibility and results in lower amounts of capital being tied up. DB Group simultaneously participates in positive market developments by way of regularly agreeing prolongation options. In addition, DB Group rents rolling stock particularly if the economic useful life considerably exceeds the duration of the service agreement for which the rolling stock is intended.

Property, plant and equipment contains rights-of-use from leases which are shown separately in the following overview.

(€ million)	Rights of use for: Land	Commercial, operating and other buildings	Permanent way structures	Track infra-structure, signaling and control equipment	Vehicles for passenger and freight transport	Technical equipment and machinery	Other operational and office equipment	Total
AS OF DEC 31, 2020								
Additions	58	988	1	0	239	14	16	**1,316**
Depreciation	- 33	- 630	- 3	- 1	- 230	- 36	- 18	**- 951**
Carrying amount	359	3,380	5	2	631	181	27	**4,585**
AS OF DEC 31, 2019								
Additions	44	578	0	2	487	24	18	**1,153**
Depreciation	- 28	- 587	- 3	- 1	- 267	- 35	- 16	**- 937**
Carrying amount	338	3,086	7	3	1,154	206	30	**4,824**

Further details of leasing-related liabilities, expenses and other financial obligations are set out in the *Notes (6) 198 ff., (7) 201, (9) 201 f., (28) 214 ff.* and *(35) 234,* as well as the *Notes to the statement of cash flows 227.*

The decline in the carrying amounts of vehicles for passenger and freight transport markets is essentially attributable to the cessation of the Arriva Rail North franchise. In the case of the commercial, operating and other buildings, higher additions as well as term prolongations in connection with real estate contracts resulted in an increase in the carrying amounts.

RENTED ASSETS

The rental activities of DB Group related mainly to premises in stations as well as the leasing of excess locomotive and rail car capacities. Agreements are normally not made with regard to assuring any residual values.

Subletting activities are carried out to a minor extent mainly at DB Schenker (€ 23 million; previous year: € 21 million). Where appropriate, storage facilities are rented only for the purpose of fulfilling a logistics contract with a specific customer. If these customers take on the economic opportunities and risks with regard to the leased premises, the subletting income is not recognized in the income statement; instead, this is recognized as a sub-financing lease.

The assets which in certain cases are determined on the basis of retrospective calculations and completed surveys and which are leased by way of operating leases have the following residual carrying amounts:

Rented assets classified as operating leases (€ million)	Properties	Mobile assets
Cost of purchase and cost of production	1,349	7,059
Accumulated depreciation	- 448	- 4,845
Carrying amount as of Dec 31, 2020	**901**	**2,214**
Cost of purchase and cost of production	1,408	6,504
Accumulated depreciation	- 447	- 4,790
Carrying amount as of Dec 31, 2019	**961**	**1,714**

In the case of properties which are leased on a pro rata basis, the carrying amounts are also recognized on a pro rata basis. The carrying amount of the leased mobile assets related to all assets leased in the year under review irrespective of the lease duration. The residual carrying amounts and the accumulated depreciation of the mobile assets (mainly rolling stock) have increased considerably, particularly at DB Long-Distance, due to capital expenditure in new rolling stock. The process of renting the assets is expected to generate rental and leasing inflows in future years as shown in the following overview:

Expected rental and leasing income (nominal values) (€ million)	Residual maturity: Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total more than 1 year	Total
AS OF DEC 31, 2020								
Minimum lease payments	356	184	158	143	129	594	**1,208**	**1,564**
AS OF DEC 31, 2019								
Minimum lease payments	361	197	158	145	127	619	**1,246**	**1,607**

(14) Intangible assets

Purchased intangible assets are shown with their cost of purchase in accordance with IAS 38 (Intangible Assets). Intangible assets manufactured in-house are recognized with their cost of production, and consist mainly of software.

Costs of production comprise mainly costs for material and services, wage and salary costs as well as relevant overhead costs.

Intangible assets (excluding goodwill and the Arriva brand) are subsequently valued at cost of purchase and cost of production less depreciation and impairments plus any reversals of previous impairments.

Intangible assets (€ million)	Capitalized development costs – products in use 2020	2019	Capitalized development costs – products under development 2020	2019	Purchased intangible assets 2020	2019	Goodwill 2020	2019	Intangible assets with indefinite useful life 2020	2019	Advance payments 2020	2019	**Total 2020**	**2019**
COST OF PURCHASE AND COST OF PRODUCTION														
As of Jan 1	564	277	447	296	2,255	2,426	3,106	3,025	5	5	0	0	**6,377**	**6,029**
Changes in the scope of consolidation	5	–	–	–	2	12	13	12	–	–	–	–	**20**	**24**
thereof additions	5	–	–	–	4	12	13	12	–	–	–	–	**22**	**24**
thereof disposals	–	–	–	–	-2	–	0	–	–	–	–	–	**-2**	**–**
Additions	54	53	162	211	17	31	–	–	–	–	1	0	**234**	**295**
Investment grants	-2	0	–	–	-1	-1	–	–	–	–	–	–	**-3**	**-1**
Transfers	222	231	-212	-52	0	-155	–	–	–	–	0	–	**10**	**24**
Changes with no impact on the income statement	–	–	–	–	–	1	–	–	–	–	–	–	**–**	**1**
Disposals	-73	–	-28	-7	-46	-76	–	–	–	–	–	0	**-147**	**-83**
Currency translation differences	-4	3	0	-1	-36	17	-116	69	–	–	0	0	**-156**	**88**
As of Dec 31	**766**	**564**	**369**	**447**	**2,191**	**2,255**	**3,003**	**3,106**	**5**	**5**	**1**	**0**	**6,335**	**6,377**
ACCUMULATED DEPRECIATION														
As of Jan 1	-178	-67	-1	-5	-1,818	-1,746	-486	-481	–	–	–	–	**-2,483**	**-2,299**
Changes in the scope of consolidation	–	–	–	–	–	–	–	–	–	–	–	–	**–**	**–**
thereof additions	–	–	–	–	-1	–	–	–	–	–	–	–	**-1**	**–**
thereof disposals	–	–	–	–	1	–	–	–	–	–	–	–	**1**	**–**
Depreciation	-76	-34	–	–	-132	-150	–	–	–	–	–	–	**-208**	**-184**
Impairments	-78	–	-27	–	-15	-6	-1,411	–	–	–	–	–	**-1,531**	**-6**
Recoveries in value	–	–	–	–	0	0	–	–	–	–	–	–	**0**	**0**
Transfers	-7	-76	–	–	12	64	–	–	–	–	–	–	**5**	**-12**
Disposals	40	–	28	4	36	37	–	–	–	–	–	–	**104**	**41**
Currency translation differences	1	-1	–	–	28	-17	39	-5	–	–	–	–	**68**	**-23**
As of Dec 31	**-298**	**-178**	**–**	**-1**	**-1,889**	**-1,818**	**-1,858**	**-486**	**–**	**–**	**–**	**–**	**-4,045**	**-2,483**
Carrying amount as of Dec 31	**468**	**386**	**369**	**446**	**302**	**437**	**1,145**	**2,620**	**5**	**5**	**1**	**0**	**2,290**	**3,894**
Carrying amount as of Dec 31 of previous year	386	210	446	291	437	680	2,620	2,544	5	5	0	0	**3,894**	**3,730**

The acquired intangible assets mainly comprise software (about € 129 million carrying amount), concessions and rights (about € 61 million carrying amount) and acquired customer and franchise contracts (about € 110 million carrying amount).

There are no other legal, regulatory, contractual, competition-related, economic or other factors which limit the useful life of the acquired Arriva brand (carrying amount € 31 million) which is shown under the purchased intangible assets.

In the year under review, impairments of € 1,531 million (previous year: € 6 million) were recognized in relation to intangible assets. This figure includes impairments of € 1,411 million in relation to the complete write-down of the goodwill allocated to the segment DB Arriva. This segment also accounts for impairments of € 32 million in relation to capitalized development services of software as well as € 5 million in relation to capitalized customer contracts.

In DB Group, impairments of about € 83 million were also recognized in relation to various software applications which essentially related to the segments of DB Cargo and Subsidiaries / Other.

The allocation of the reported goodwill to the segments is shown in the *Segment information according to segments* → 188 f.

(15) Investments accounted for using the equity method

Shares in associated companies and joint ventures are accounted for using the equity method in accordance with IAS 28. The carrying amount, based on the Group costs of purchase at the time of the purchase, is updated according to DB Group share of changes in equity position of the company accounted for using the equity method.

The shares in the investments accounted for using the equity method have developed as follows:

(€ million)	2020	2019
As of Jan 1	501	486
Additions	1	16
Disposals	-5	0
Share of DB Group in profit / loss	11	-12
Capital increase	–	11
Other movements in capital	0	0
Dividends received	-7	-14
Impairments	-44	–
Reclassifications	–	0
Currency translation differences	0	13
Other valuation	1	1
As of Dec 31	**458**	**501**

The figure shown in the balance sheet as of December 31, 2020 was mainly attributable to the shares held in the associated companies EUROFIMA European Company for the Financing of Railroad Rolling Stock (EUROFIMA), Basel / Switzerland and Trieste Trasporti S.P.A., Trieste / Italy. The shares in EUROFIMA are subject to restrictions in terms of being sold; new shareholders must be railway administration entities which additionally require a guarantee of their respective country guaranteeing their obligations.

Of the figure shown for the impairment, € 43 million related almost entirely to Barraqueiro SGPS SA, Lisbon / Portugal.

(16) Deferred taxes

Deferred taxes are calculated in accordance with IAS 12 (Income Taxes).

The theoretical income tax rate for corporations for domestic companies used as the basis for calculating deferred taxes is 30.5 %. The income tax rate comprises the corporation tax rate plus solidarity surcharge and an average trade tax rate. Foreign subsidiaries use their relevant local tax rates for calculating deferred taxes.

A deferred tax asset is recognized in accordance with IAS 12.24 or IAS 12.34 if, after corresponding deferred tax liabilities have been deducted, it is likely that adequate taxable income is available. The long-term planning with additional estimates is used for the domestic companies as the basis of this process. The international companies use medium-term planning as the basis. Deferred tax assets relating to income which can be generated after the long-term period are not recognized, on the grounds that they cannot be reliably determined.

Deferred taxes are established on the basis of the tax rates which can be expected for the period in which the deferred tax is realized on the basis of existing laws or laws which have in essence been adopted.

CRITICAL ASSESSMENTS AND APPRAISALS

The calculation of deferred tax assets is based on the medium- and long-term planning. If the sum of net profits planned were to decline by 10 % in conjunction with otherwise unchanged tax parameters, deferred tax assets would have to be reduced by € 97 million (previous year: € 96 million).

Deferred tax assets are broken down as follows:

As of Dec 31 (€ million)	**2020**	2019
Deferred tax assets in respect of temporary differences	412	481
Deferred tax assets in respect of losses carried forward	752	765
Total	**1,164**	**1,246**

No deferred tax assets have been created in relation to the following losses carried forward and temporary differences:

As of Dec 31 (€ million)	**2020**	2019
Tax loss carry-forwards for which no deferred tax asset has been created	18,735	14,425
Temporary differences for which no deferred tax asset has been created	5,998	5,166
Temporary differences which are not permitted to be recognized in accordance with IAS 12.24b in conjunction with 12.33	1,981	2,116
Total	**26,714**	**21,707**

The losses carried forward are mainly attributable to the tax law treatment of Federal Government grants paid in the past to DB AG in accordance with section 21 (5) and section 22 (1) Deutsche Bahn Foundation Act (Deutsche Bahn Gründungsgesetz; DBGrG) as a contribution as well as the tax losses of the year under review which were incurred as a consequence of the impact of the Covid-19 pandemic.

On the basis of current law, the domestic losses carried forward are fully allowable in accordance with current legislation (in terms of the actual amount and justification).

The temporary differences which are not permitted to be recognized in accordance with IAS 12.33 relate exclusively to additional tax depreciation from previously received tax-free investment grants.

The following deferred tax assets and deferred tax liabilities shown in the balance sheet were due to statement and valuation differences for the individual balance sheet items and tax losses carried forward:

	Deferred tax assets		Deferred tax liabilities	
As of Dec 31 (€ million)	**2020**	2019	**2020**	2019
NON-CURRENT ASSETS				
Property, plant and equipment	61	89	148	179
Intangible assets	0	0	29	37
Investment property	0	0	14	0
Other financial assets	0	0	0	5
CURRENT ASSETS				
Inventories	0	3	0	1
Trade receivables	8	9	6	4
Derivative financial instruments	0	1	0	5
Other financial assets	0	2	0	7
NON-CURRENT LIABILITIES				
Financial debt	0	3	0	4
Other liabilities	0	59	0	0
Derivative financial instruments	9	17	0	0
Retirement benefit obligations	190	272	0	3
Other provisions	125	103	68	41
Deferred items	0	0	7	5
CURRENT LIABILITIES				
Trade accounts payable	50	0	0	1
Other liabilities	75	49	18	9
Other provisions	30	29	0	17
Losses carried forward	752	765	0	0
Total	**1,300**	**1,401**	**290**	**318**
Netting [1]	-136	-155	-136	-155
Amount stated in the balance sheet	**1,164**	**1,246**	**154**	**163**

[1] To the extent permitted by IAS 12 (Income Taxes).

Tax assets and liabilities are netted if they exist in relation to the same tax authority, if they are of identical maturity and if they relate to the same tax subject.

Of the deferred tax assets of € 1,300 million (as of December 31, 2019: € 1,401 million), a figure of € 163 million (as of December 31, 2019: € 93 million) will probably be realized in the course of the next 12 months. Of the deferred tax liabilities of € 290 million (as of December 31, 2019: € 318 million), a figure of € 24 million (as of December 31, 2019: € 44 million) will probably be realized in the course of the next 12 months.

Deferred tax assets of € 183 million (as of December 31, 2019: € 166 million) shown directly in equity and deferred tax liabilities of € 10 million (as of December 31, 2019: € 15 million) shown directly in equity are included in the deferred taxes shown in the balance sheet.

(17) Other investments and securities

Other investments are shown with their fair value.

Long- or short-term securities are recognized with their market values as of the balance sheet date – where such values exist. Changes in fair value are recognized with no impact on the income statement in the reserve attributable to the marking-to-market of securities.

Other investments and securities have developed as follows:

	Other investments		Securities		**Total**	
€ million	**2020**	2019	**2020**	2019	**2020**	**2019**
As of Jan 1	42	44	3	2	**45**	**46**
Currency translation differences	0	0	0	0	**0**	**0**
Changes in scope of consolidation	–	–	–	–	**–**	**-**
Additions	24	3	–	–	**24**	**3**
Disposals through sale	0	0	–	–	**0**	**0**
Fair value changes [1]	-11	-5	0	1	**-11**	**-4**
Reclassifications [1]	–	0	–	–	**–**	**0**
Total	0	–	–	–	**0**	**-**
As of Dec 31	**55**	**42**	**3**	**3**	**58**	**45**
thereof at cost / cost of purchase	–	–	0	0	**0**	**0**
thereof fair value (recognized directly in equity)	25	31	3	3	**28**	**34**
thereof fair value (recognized in the income statement)	30	11	–	–	**30**	**11**
Non-current portion	55	42	2	2	**57**	**44**
Current portion	–	–	1	1	**1**	**1**

[1] Previous year figure adjusted for the other investments.

As of December 31, 2020, the carrying amount of various other participations recognized at fair value was reduced (a total of € 11 million), as profit and cash flow planning had to be updated due to the Covid-19 crisis.

Of the figure shown for the additions, € 22 million related to the acquisition of shares in Volocopter GmbH, Bruchsal.

(18) Inventories

All costs which are directly related to the procurement process are capitalized as the costs of purchase of the inventories. The average method is used as the basis for establishing the cost of purchase of fungible and homogeneous raw materials and supplies. The costs of production comprise the individual costs and also the directly attributable overheads; borrowing costs and idle costs are not capitalized, and instead are recognized as expense in the period in which they are incurred.

As of the balance sheet date, inventories are measured with the lower of cost or net realizable value.

Inventories are broken down as follows:

As of Dec 31 (€ million)	**2020**	2019
Raw materials, consumables and supplies	1,849	1,592
Unfinished products, unfinished services	122	117
Finished products and goods	365	105
Advance payments	41	41
Impairments	-440	-335
Total	**1,937**	**1,520**

The increase in finished products and goods mainly related to rolling stock which had only been provisionally accepted and which had not yet been transferred to the customer and transport authorities as of the balance sheet date. Corresponding long-term trade liabilities were also shown.

As of December 31, 2020, inventories of pandemic protective equipment were valued with the lower of cost or net realizable value. In view of the increased worldwide production and lower market prices, impairments of € 38 million were recognized in relation to such protective equipment.

(19) Receivables and other assets

In general, receivables and other financial assets are measured at amortized cost of purchase. Finance lease receivables, advance payments made and plan assets in accordance with IAS 19 (Employee Benefits) are not allocated to any category of IFRS 9. With regard to the measurement categories according to IFRS 9, please refer to the section *Additional disclosures relating to the financial instruments → 233 f.*

Receivables for which there are substantial objective indications of an impairment are adjusted appropriately. Portfolio-based allowances are recognized in relation to groups of assets also on the basis of historical default rates. In DB Group, the maturities of the receivables and default risks are monitored constantly.

Some transport contracts include a handing over obligation specifying that the deployed assets owned by DB Group have to be handed over at the end of the contract. Other transport contracts include a clause specifying that the deployed assets have to be rented from the contracting organization or a capital service guarantee to be provided by the contracting organization for leasing from independent financial service providers. In accordance with IFRIC 12 (Service Concession Arrangements), the corresponding capital expenditures are capitalized as receivables from transport concession arrangements at the end of the contract, with the guaranteed residual values being separated. The receivables are redeemed out of the concession fees, which means that not all of the concession fees result in revenues. The residual value receivables are disclosed at their present value under the financing receivables.

CRITICAL ASSESSMENTS AND APPRAISALS

The impairment of doubtful receivables to a considerable extent comprises assessments and appraisals of individual receivables which are based on the creditworthiness of the particular customer, current economic developments as well as an analysis of historical bad debts at the portfolio level. If the impairment is derived on the basis of historical default rates at the portfolio level, any decline in the overall volume of receivables results in a corresponding reduction of such provisions (and vice versa).

The receivables and other assets are broken down as follows:

(€ million)	Trade receivables	Financial receivables and earmarked cash at banks	Receivables from transport concessions	Advance payments	Other assets	Total
AS OF DEC 31, 2020						
Gross value	5,045	867	626	270	1,608	**8,416**
Impairments	-164	-11	–	–	-47	**-222**
Net value	**4,881**	**856**	**626**	**270**	**1,561**	**8,194**
thereof due to related parties	37	2	–	–	305	**344**
AS OF DEC 31, 2019						
Gross value	5,062	413	352	290	1,746	**7,863**
Impairments	-145	-9	0	–	-46	**-200**
Net value	**4,917**	**404**	**352**	**290**	**1,700**	**7,663**
thereof due to related parties	37	9	–	–	476	**522**

DB Group concluded factoring agreements with a bank; according to the terms of this agreement, the bank is obliged to purchase on a revolving basis current trade receivables (denominated in euro and Swedish krona) in certain companies of the DB Schenker segment up to a maximum volume of € 705 million. Criteria for defining the receivables include the following: legal enforceability, the invoice falling due within 180 days of the invoice date, as well as the fact that the debtor is not an intra-Group debtor. The agreement has been concluded for an indefinite period of time. DB Group will continue to be responsible for sales ledger accounting and the dunning system on behalf of the bank until further notice. The risks relating to the receivables which are sold and which are relevant for the risk assessment are the credit risk and the risk of late payment. The purchase price is equivalent to the nominal amount. DB Group bears bad debt related to credit risks from the various tranches as well as late-payment risks up to a maximum amount of € 160 million. The other bad debts related to the credit risk are borne by the bank. Virtually none of the opportunities and risks associated with the receivables have been transferred or retained (breakdown of major risks between DB Group and bank). For some of the receivables, the right of disposal over the receivables which have been sold has been transferred to the bank as the bank has the actual ability to sell on the receivables. These receivables have been completely derecognized. As of December 31, 2020, outstanding receivables with a volume of € 613 million had been sold (as of December 31, 2019: € 685 million); of this figure, € 224 million (as of December 31, 2019: € 260 million) had been completely derecognized, and € 389 million (as of December 31, 2019: € 425 million) had been derecognized in the amount of the transferred risk. Purchase price payments received by the bank increased the cash flow from operating activities.

The financial receivables and earmarked bank deposits include residual values of € 257 million (as of December 31, 2019: € 156 million) agreed with the public transport authorities for transport contracts. These residual value receivables mainly relate to rolling stock which are sold for a fixed price at the end of the transport contract to the public transport authority or to a third party designated by the public transport authority. In addition, financial receivables and earmarked bank deposits also disclosed a figure of € 231 million for receivables from sub-lease contracts (as of December 31, 2019: € 106 million) as well as a figure of € 38 million for earmarked funds (as of December 31, 2019: € 46 million) which can be used only for contributions for certain retirement benefit plans. A further figure of € 271 million (as of December 31, 2019: € 211 million) relates to cash securities in the form of credit support agreements which in the previous year had been shown under cash and cash equivalents.

The other assets incheck contract fulfillment costs of € 16 million (December 31, 2019: € 21 million).

The recognized impairments for the financial instruments classified in accordance with IFRS 7 have developed as follows:

(€ million)	Trade receivables	Financial receivables and earmarked bank deposits	Receivables from transport concessions	Other assets	Total
As of Jan 1, 2020	-145	-9	0	-46	**-200**
Additions	-42	-2	–	-7	**-51**
Reversals	17	–	0	3	**20**
Amounts used	3	0	–	2	**5**
Changes in the scope of consolidation	1	0	–	0	**1**
Currency translation differences	2	0	–	1	**3**
As of Dec 31, 2020	**-164**	**-11**	**–**	**-47**	**-222**
As of Jan 1, 2019	-142	-10	–	-31	**-183**
Additions	-28	–	0	-20	**-48**
Reversals	20	–	–	4	**24**
Amounts used	5	0	–	1	**6**
Changes in the scope of consolidation	0	–	–	0	**0**
Currency translation differences	0	1	–	0	**1**
As of Dec 31, 2019	**-145**	**-9**	**0**	**-46**	**-200**

Receivables for which there are substantial objective indications of an impairment are adjusted appropriately. Risk provisioning for anticipated credit losses is also created for equivalent receivables (portfolios of receivables) which cannot individually be identified as impaired. Any impairments which are recognized are deducted from financial assets on the assets side of the balance sheet. Previous impairments are reversed if the reasons for the original impairments are no longer applicable.

Expenses increased to € 66 million in the year under review for the complete derecognition of receivables and other assets (previous year: € 51 million).

Income of € 5 million was reported for amounts received in relation to previously derecognized receivables and other assets (previous year: € 4 million).

For trade receivables, DB Group uses the simplified approach according to IFRS 9 in order to measure the expected loan losses. Accordingly, for all trade receivables, the loan losses expected over the life of the receivables are used for this purpose. For measuring the expected loan losses, trade receivables are pooled on the basis of common credit risk features. The expected loan losses are determined on a collective basis using impairment matrices. These are determined on the basis of the individual segments within DB Group. Within the framework of the Covid-19 crisis, the credit risk markups traded on the market have been updated. The expected loan losses amounted to € 29 million as of December 31, 2020 (as of December 31, 2019: € 22 million).

As of Dec 31, 2020 (€ million)	Net carrying amount	Expected loss rate (%)	Risk provisioning	thereof risk provisioning for past due receivables	thereof risk provisioning for receivables not past due
Trade receivables	4,881	0.59	29	13	16

For financial receivables as well as other financial receivables, the expected impairment requirement for major items was determined in relation to specific receivables. Risk provisioning totaling € 6 million was created for this purpose as of December 31, 2020 (as of December 31, 2019: € 5 million).

As a result of the Covid-19 crisis, the general risk provisioning for anticipated credit losses has been increased overall to € 35 million (as of December 31, 2019: € 28 million).

The following overview shows the maturity structure of the receivables for the financial instruments classified in accordance with IFRS 7 and the advance payments which have been made:

	Residual maturity							
(€ million)	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total more than 1 year	Total
AS OF DEC 31, 2020								
Trade receivables	4,849	13	10	5	4	0	**32**	**4,881**
Financial receivables and earmarked bank deposits	426	86	56	12	8	268	**430**	**856**
Receivables from transport concessions	76	56	54	53	52	335	**550**	**626**
Advance payments	212	58	–	–	–	–	**58**	**270**
Other assets	1,491	17	21	1	2	29	**70**	**1,561**
Total	**7,054**	**230**	**141**	**71**	**66**	**632**	**1,140**	**8,194**
thereof non-financial assets	584	73	1	1	1	29	**105**	**689**
AS OF DEC 31, 2019								
Trade receivables	4,871	16	13	9	4	4	**46**	**4,917**
Financial receivables and earmarked bank deposits	152	26	31	13	8	174	**252**	**404**
Receivables from transport concessions	37	31	30	29	29	196	**315**	**352**
Advance payments	235	55	–	–	–	–	**55**	**290**
Other assets	1,612	22	8	22	1	35	**88**	**1,700**
Total	**6,907**	**150**	**82**	**73**	**42**	**409**	**756**	**7,663**
thereof non-financial assets	530	64	7	1	1	34	**107**	**637**

The trade receivables were virtually unchanged compared with the previous year. The substantial increase at DB Schenker almost fully compensated for the decline in all other segments.

The current other assets also comprised the customs receivables of the DB Schenker segment. The decline in the other assets was reported particularly in the segment DB Netze Track; an increase was reported in the segment Subsidiaries/Other.

As a result of the large number of customers in the various operating segments, there is no evidence of any concentration of credit risks with trade receivables.

The fair values of the balance sheet items receivables and other assets, trade receivables as well as other receivables and assets essentially correspond to the carrying amounts.

The maximum default risk is essentially equivalent to the carrying amount in each case. No collateral is normally held.

As of the balance sheet date, there were no indications that debtors of the receivables which are neither impaired nor overdue will not meet their payment obligations.

(20) Income tax receivables

The income tax receivables relate to advance payments which have been made as well as allowable withholding taxes.

(21) Derivative financial instruments

Upon conclusion of a contract, derivative financial instruments are generally classified as hedging instruments for hedging the cash flows from contractual obligations or anticipated transactions (cash flow hedge).

CASH FLOW HEDGES

Cash flow hedges are used to provide protection against fluctuations in the cash flows of financial assets or liabilities or anticipated transactions. When future cash flows are hedged, the hedging instruments are also recognized with their fair value. Changes in value are initially recognized in *shareholders' equity with no impact on the income statement, and are only recognized in the income statement at the point at which the corresponding losses or profits from the underlying have an impact on the income statement or the transactions expire. Any ineffectiveness is recognized in the income statement in accordance with IFRS 9.*

DERIVATIVE FINANCIAL INSTRUMENTS WHICH DO NOT SATISFY THE REQUIREMENTS FOR RECOGNIZING HEDGES IN ACCORDANCE WITH IFRS 9

If hedges which in economic terms are used for interest, currency or price hedging do not satisfy the requirements of IFRS 9 for being recognized as a hedge, the changes in value are immediately recognized in the income statement.

CALCULATION OF THE FAIR VALUE

The fair value of financial instruments which are traded in an active market is derived from the market price applicable on the balance sheet reporting date. Common valuation methods such as option price or present-value models are used for determining the fair value of financial instruments which are not traded in an active market. If valuation-relevant parameters are not directly observable on the market, forecasts are used based on comparable financial instruments which are traded in an active market; these forecasts are then adjusted by premiums or discounts on the basis of historical data. The mean value of bid and offer rates are used. Trades for which no premium has been paid have a fair value of zero upon conclusion. DB AG operates with long-dated financial derivatives on a hedged basis, and does not perform any credit risk adjustment for the present value for hedged transactions. For considerations of materiality, no credit risk adjustment is used for short-term derivatives. If credit risk adjustment is used, the relevant discounts are derived from the credit default swap (CDS) figures observable on the market.

All derivatives used in DB Group are measured using common methods such as option price or present value models, because their fair values are not traded on an active market. No parameters from non-observable markets are used for measurement purposes.

The volume of hedges which have been taken out is shown in the following overview of nominal values:

As of Dec 31 (€ million)	Nominal value of hedging instrument 2020	2019	Residual maturity up to 1 year 2020	2019	Residual maturity more than 1 year 2020	2019
INTEREST-BASED CONTRACTS						
Interest swaps	74	84	74	0	0	84
	74	**84**	**74**	**0**	**0**	**84**
CURRENCY-BASED CONTRACTS						
Currency swaps	592	1,149	585	1,149	7	0
Currency forwards	1,762	2,408	1,722	2,335	40	73
Cross-currency swaps	6,290	6,836	230	1,063	6,060	5,773
	8,644	**10,393**	**2,537**	**4,547**	**6,107**	**5,846**

As of Dec 31 (1,000 t)	Volume 2020	2019	Residual maturity up to 1 year 2020	2019	Residual maturity more than 1 year 2020	2019
OTHER CONTRACTS						
Diesel	638	849	78	66	561	783
Hard coal	2,782	3,384	1,054	1,322	1,728	2,062

The volume of interest swaps declined as of December 31, 2020. No new transactions were carried out. The changes in holdings of currency swaps and forwards vary in line with the corresponding hedging requirements of the subsidiaries. The nominal value of the cross-currency swaps declined by € 546 million because, in the year under review, the nominal values of the expiring transactions exceeded the corresponding values of the new transactions which were concluded.

The volume of diesel hedges declined by 0.2 million t to 0.6 million t. The reduced hedging volume for diesel was mainly attributable to the reversal of hedges after the cessation of the Arriva Rail North franchise. The volume of coal hedges declined as of December 31, 2020 by 0.6 million t to 2.8 million t, and reflects a declining consumption forecast.

The following table shows the average hedging prices/hedging rates for the main derivative hedging instruments of DB Group (per currency):

	Hedging price per 1,000 t		Hedging rate			
Currency	Diesel	Hard coal	Cross-currency swaps (CCS)	Interest rate swaps (IRS)	Currency swaps	Currency forward
EUR	448.72	60.35	–	0.04	–	–
USD	–	–	1.18	–	1.19	1.21
GBP	409.27	–	0.87	–	0.92	0.91
CHF	–	–	1.17	–	–	1.08
JPY	–	–	119.66	–	–	126.04
AUD	–	–	1.54	–	–	1.62
HKD	–	–	–	–	–	9.45
NOK	–	–	8.84	–	10.54	10.59
SEK	–	–	9.53	–	–	10.12
DKK	3,010.00	–	7.45	–	–	7.44
SGD	–	–	1.56	–	1.62	1.62
NZD	–	–	1.65	–	–	1.72
PLN	1,491.22	–	4.30	–	–	4.45
CZK	10,147.24	–	26.09	–	–	26.25
HUF	–	–	300.20	–	–	357.40
RON	–	–	4.51	–	–	4.89
HRK	–	–	7.44	–	–	7.55
CNY	–	–	–	–	–	8.15
ILS	–	–	–	–	–	3.96
SAR	–	–	4.29	–	–	4.57
AED	–	–	–	–	–	4.46
RUB	–	–	–	–	–	90.42

All derivative financial instruments are marked-to-market on the reporting date. The following overview shows the structure of the item stated in the balance sheet depending on the type of underlying hedge:

As of Dec 31 (€ million)	Assets 2020	Assets 2019	Liabilities 2020	Liabilities 2019
INTEREST-BASED CONTRACTS				
Interest swaps	–	–	0	5
Interest forwards	0	0	–	–
	0	**0**	**0**	**5**
CURRENCY-BASED CONTRACTS				
Currency swaps	0	1	13	16
Currency forwards	9	10	11	9
Other currency derivatives	0	0	0	0
Cross-currency swaps	150	265	283	280
thereof effects from currency hedges	85	294	142	173
	159	**276**	**307**	**305**
OTHER CONTRACTS				
Energy price derivatives	5	39	72	56
	5	**39**	**72**	**56**
Total	**164**	**315**	**379**	**366**
Non-current portion	151	181	319	287
Interest-based contracts	–	–	0	5
Currency-based contracts	148	146	263	248
Other contracts	3	35	56	34
Current portion	13	134	60	79

CASH FLOW HEDGES

In order to minimize the interest rate and exchange rate risk, foreign currency issues as well as intra-Group foreign currency loans are in principle translated into euros, and floating-rate financial liabilities are generally converted into fixed-income financial liabilities. Energy price hedging was intended to reduce price fluctuations attributable to energy sourcing.

The negative valuation of the interest rate swaps were still due to a continuous decline in the level of interest rates since the transactions were concluded. The development in the value of the cross-currency swaps was attributable mainly to the strengthening of the euro against the British pound sterling and the Norwegian krone as well as the expiry of old transactions.

The negative market value of the energy price derivatives reflected the development on the underlying raw materials markets.

The market values of the cash flow hedges are shown as follows under assets and liabilities:

As of Dec 31 (€ million)	Assets 2020	Assets 2019	Liabilities 2020	Liabilities 2019
INTEREST-BASED CONTRACTS				
Interest swaps	–	–	0	5
	–	**–**	**0**	**5**
CURRENCY-BASED CONTRACTS				
Currency swaps	0	1	13	16
Cross-currency swaps	150	265	258	250
	150	**266**	**271**	**266**
OTHER CONTRACTS				
Energy price derivatives	5	39	72	56
Miscellaneous/other derivatives	–	–	0	0
	5	**39**	**72**	**56**
Total	**155**	**305**	**343**	**327**
Non-current portion	151	180	292	257
Interest-based contracts	–	–	0	5
Currency-based contracts	148	145	236	218
Other contracts	3	35	56	34
Current portion	4	125	51	70

Cash flow hedges are not classified under any category of IFRS 9.

The hedged cash flows of the underlyings will probably materialize, and have an impact on the income statement, in the years 2021 to 2039 (interest payments and payments of principal) or in the years 2021 to 2025 (payments for energy).

DETAILS FOR HEDGES AND UNDERLYINGS IN ACCORDANCE WITH IFRS 9

(€ million)	2020 Changes in hedges and underlyings	2020 thereof ineffective (with impact on income statement)	As of Dec 31, 2020 Hedging reserve cash flow hedges	2019 Changes in hedges and underlyings	2019 thereof ineffective (with impact on income statement)	As of Dec 31, 2019 Hedging reserve cash flow hedges
INTEREST-BASED CONTRACTS						
Interest swaps	+5	–	+1	+4	–	-3
CURRENCY-BASED CONTRACTS						
Currency swaps	+2	–	–	-11	–	+5
Cross-currency swaps	-123	-6	-107	+104	+3	-135
OTHER CONTRACTS						
Energy price hedges	-50	–	-71	-27	–	-22

In the case of interest and cross-currency hedges, the effectiveness of the hedge is assessed using the critical terms match method. This method is used because the major valuation parameters of the underlying and hedges are identical. Ineffectiveness is measured as of every balance sheet date by means of the hypothetical derivative method. In this method, the development in value of the hedge which is actually taken out is compared with the development in value of a theoretical hedge in which all valuation-relevant parameters are identical to those of the underlying. In the case of energy price derivatives, the effectiveness of the hedge is assessed using the linear regression. The ineffectiveness is calculated using the dollar-offset method. Under this method, the changes in the market values of the underlying are compared with the changes in the market value of the hedging instrument. The resultant quotient determines the inefficiency.

As in the previous year, the inefficiencies of cash flow hedges of the energy price derivatives recognized in the income statement were of minor significance.

NON-HEDGE DERIVATIVES

Currency forwards taken out to hedge operations are normally classified as non-hedge derivatives.

The market values of the non-hedge derivatives are shown under assets and liabilities as follows:

As of Dec 31 (€ million)	Assets 2020	Assets 2019	Liabilities 2020	Liabilities 2019
INTEREST-BASED CONTRACTS				
Interest forwards	0	0	–	–
	0	**0**	**–**	**–**
CURRENCY-BASED CONTRACTS				
Currency forwards	9	10	11	9
Other currency derivatives	0	0	0	0
Cross-currency swaps	–	–	25	30
	9	**10**	**36**	**39**
OTHER CONTRACTS				
Energy price derivatives	0	0	–	–
	0	**0**	**–**	**–**
Total	**9**	**10**	**36**	**39**
Non-current portion	0	1	27	30
Currency-based contracts	0	1	27	30
Current portion	9	9	9	9

The cross-currency swaps are based on a redesignation of hedges as a result of the transfer of transactions between banks. The conditions including the cash flows of the derivatives were unchanged and the economic hedge is thus still in place. The decline was attributable to the reversal of the redesignated amounts in line with the remaining maturities of the swaps.

The non-hedge derivatives are classified under the category held-for-trading of IFRS 9.

The financial instruments recognized at fair value are classified under valuation level 2 and to a lesser extent under valuation level 1.

As of Dec 31 (€ million)	2020 Level 1	2020 Level 2	2020 Level 3	2020 Total	2019 Level 1	2019 Level 2	2019 Level 3	2019 Total
ASSETS								
Financial assets (securities at fair value)	3	–	–	**3**	3	–	–	**3**
Derivatives – non-hedging	–	9	–	**9**	–	10	–	**10**
Derivatives – hedging	–	155	–	**155**	–	305	–	**305**
Total	**3**	**164**	**–**	**167**	**3**	**315**	**–**	**318**
LIABILITIES								
Derivatives – non-hedging	–	36	–	**36**	–	39	–	**39**
Derivatives – hedging	–	343	–	**343**	–	327	–	**327**
Total	**–**	**379**	**–**	**379**	**–**	**366**	**–**	**366**

There have been no reclassifications between the valuation levels in the year under review.

For establishing the fair values of the derivative financial instruments, contractually agreed or most probable cash flows are discounted using the appropriate market interest rate, whereby due consideration is given to the credit risk by means of credit spreads. No credit risk markdowns have been recognized in the case of secured exposures. The credit risk resulting from the derivative portfolio is treated on a net basis. Credit support annexes, which are subject to daily security settlement with a threshold value of € 0, were concluded to minimize the credit risk of long-term interest and cross-currency transactions.

(22) Cash and cash equivalents

This item comprises cash in hand and checks, deposits at banks which are due on sight, as well as time deposits with a term of up to three months.

Cash and cash equivalents are recognized with their nominal value (at amortized cost).

Cash and cash equivalents are broken down as follows:

As of Dec 31 (€ million)	2020	2019
Cash in hand and bank deposits	3,411	3,992
Cash equivalents	0	1
Total	**3,411**	**3,993**

The interest rates for short-term bank deposits were in a range of between −0.60% and −0.05% (previous year: −0.55% to −0.17%) and relate to euro-denominated investments. The terms of the investments are between one day and three months.

With regard to cash and cash equivalents, please refer to section *Notes to the statement of cash flows* → 227.

(23) Held-for-sale assets

Under IFRS 5, non-current assets are classified as held-for-sale non-current assets if their carrying amount is to be realized by way of sale and not by way of continued use. This can be an individual asset, a disposal group or part of a company. Non-current held-for-sale assets are stated with the lower of carrying amount or market value less costs which are incurred.

As of December 31, 2020, no held-for-sale assets were shown in the balance sheet.

(24) Subscribed capital

The share capital of DB AG is € 2,150 million. It consists of 430,000,000 no-par-value bearer shares. All shares are held by the Federal Republic of Germany.

(25) Reserves

A) CAPITAL RESERVES

Capital reserves comprise reserves which have not been part of profits. In order to compensate for the loss which was incurred in the year under review, a figure of € 5,439 million (commercial law loss of DB AG) was withdrawn and recognized in the generated profits.

B) RESERVE RESULTING FROM VALUATION WITH NO IMPACT ON PROFIT OR LOSS

Reserve for currency translation differences

The currency translation differences resulting from the method of functional currency (IAS 21) are shown separately as part of consolidated shareholders' equity.

Reserve for market valuation of securities

The reserve includes the changes in the market value of financial instruments to be recognized directly in equity. The reserve has to be reversed to the income statement or eliminated when a financial instrument is sold, became due or was reclassified.

Reserve attributable to the market valuation of cash flow hedges

The development in the reserve is shown in the following:

(€ million)	**2020**	2019
As of Jan 1	-149	-106
Change in market value	-244	64
RECLASSIFICATIONS		
Financial result	145	-110
Net interest income / loss	-2	2
Cost of materials	78	2
Changes in deferred taxes	1	-1
As of Dec 31	**-171**	**-149**

Reserve for the revaluation of pensions

The effects resulting from the revaluation of defined benefit plans in accordance with IAS 19 (Employee Benefits) are recognized directly in equity.

Other changes in the reserves

This item mainly shows amounts resulting from transactions in relation to reductions or increases in non-controlling interests between the shareholders of DB AG and the non-controlling interests.

(26) Generated profits

The generated shareholders' equity comprises the entire net profits generated since January 1, 1994 less the goodwill offset under HGB up to December 31, 2002 as well as the dividends paid to the shareholder.

In order to compensate for the loss which was incurred in the year under review, a figure of € 5,439 million (commercial law loss of DB AG) was withdrawn from the capital reserve.

This item also shows the impact on shareholders' equity attributable to the first-time adoption of IFRS if they are not included in the reserves attributable to valuation with no impact on the income statement.

(27) Non-controlling interests and hybrid capital

Non-controlling interests comprise the share of third parties in the net assets of consolidated subsidiaries. Third-party interests in the currency reserve amounted to € −12 million (as of December 31, 2019: € −8 million).

In October 2019, Deutsche Bahn Finance GmbH (DB Finance) issued two junior hybrid bonds with a total volume of € 2 billion. The hybrid bonds have undated durations with an initial termination right for the issuer after 5.5 years (coupon: 0.95%) and ten years (coupon: 1.6%) respectively; the issue proceeds amounted to € 997 million and € 995 million respectively. The two hybrid bonds do not have a repayment obligation and do not have a termination right for the holder. In addition, any retained interest payments only have to be made when a dividend is paid. According to IAS 32 (Financial Instruments), the hybrid bonds have to be classified entirely as equity as there is no regular repayment obligation of the hybrid bonds, nor is there any termination right of the bond holders. Interest payments to be made to the bond holders (less the taxes on income) are recognized directly in equity. Interest payments of € 21 million were made in the year under review (previous year: none).

(28) Financial debt

Liabilities are normally recognized in accordance with IFRS 9 with their nominal amount, which corresponds to the fair value at the point at which the liability is initially recognized and the amortized costs of purchase up to the date at which the liability is settled. Financial debt and other non-current liabilities, when initially recognized, are stated with the amount which corresponds to the fair value of the received assets, where appropriate less transaction costs. Subsequently, they are stated using amortized costs of purchase using the effective interest method. The differences between the amount paid out less transaction costs and the amount repaid are recognized in the income statement over the life of the liability.

Interest-free loans which are related to infrastructure capital expenditures are recognized with the present value of the amounts to be repaid, and are adjusted to their nominal repayment amount over their life. The difference between the nominal amount of the loan and the present value is recognized as an interest benefit under deferred items. The income from pro rata reversal of these accruals is shown as other operating income.

Liabilities from leases for which a right of use has to be recognized in accordance with IFRS 16 are shown as liabilities at the beginning of the contract duration with the lower of fair value and the present value of the following lease payments: fixed payments less payments of the lessor which are received, variable payments based on an index, expected payments for residual value guarantees, the purchase price for probably exercised purchase options, probable compensation payments in the event of early termination. The measurement of the lease liability also includes lease payments in relation to adequately certain utilization of prolongation options. The leasing installments are broken down into an interest component and a repayment component. The interest component of the leasing installment is recognized in the income statement. The interest rate which is used corresponds to the implied interest rate of the lease or, if this is not known, the maturity-related marginal borrowing rate. Liabilities arising from leases are not classified under any category of IFRS 9.

Some transport contracts comprise the leasing particularly of rail vehicles from transport authorities or from independent financial service providers, whereby the latter receive a capital service guarantee, a redeployment guarantee or similar from the public transport authority. The present value of these payment obligations is shown under the financing liabilities from transport concessions.

The financial debt comprises all interest-bearing liabilities including the interest-free loans stated with their present values. The maturity structure of financial debt is as follows:

(€ million)	Residual maturity: Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total more than 1 year	Total
AS OF DEC 31, 2020								
Interest-free loans	153	147	139	136	–	5	**427**	**580**
Senior bonds	1,809	1,543	1,937	1,925	1,942	14,865	**22,212**	**24,021**
Commercial paper	–	–	–	–	–	–	**–**	**–**
Bank borrowings	2,900	402	0	0	0	2	**404**	**3,304**
EUROFIMA loan	200	–	–	–	–	–	**–**	**200**
Leasing liabilities	1,078	739	611	434	356	1,713	**3,853**	**4,931**
Financing liabilities from transport concessions	27	27	27	26	25	59	**164**	**191**
Other financial liabilities	87	2	6	0	0	2	**10**	**97**
Total	**6,254**	**2,860**	**2,720**	**2,521**	**2,323**	**16,646**	**27,070**	**33,324**
thereof due to related companies	360	147	139	136	–	5	**427**	**787**
AS OF DEC 31, 2019								
Interest-free loans	159	147	140	133	128	–	**548**	**707**
Senior bonds	2,176	1,802	1,568	1,933	1,529	11,958	**18,790**	**20,966**
Commercial paper	890	–	–	–	–	–	**–**	**890**
Bank borrowings	221	3	401	0	0	1	**405**	**626**
EUROFIMA loan	–	200	–	–	–	–	**200**	**200**
Finance leasing liabilities	1,053	871	630	541	425	1,495	**3,962**	**5,015**
Financing liabilities from transport concessions	13	12	13	13	13	13	**64**	**77**
Other financial liabilities	204	1	0	6	0	1	**8**	**212**
Total	**4,716**	**3,036**	**2,752**	**2,626**	**2,095**	**13,468**	**23,977**	**28,693**
thereof due to related companies	167	348	140	133	128	–	**749**	**916**

The following fair values are summarized compared with the carrying amounts:

As of Dec 31 (€ million)	2020 Carrying amount	2020 Fair value	2019 Carrying amount	2019 Fair value
Interest-free loans	580	633	707	784
Senior bonds	24,021	26,113	20,966	22,498
Commercial paper	–	–	890	890
Bank borrowings	3,304	3,305	626	627
EUROFIMA loan	200	207	200	216
Leasing liabilities	4,931	5,349	5,015	5,408
Financing liabilities from transport concessions	191	208	77	78
Other financial liabilities	97	97	212	213
Total	**33,324**	**35,912**	**28,693**	**30,714**

The differences between the carrying amounts and the fair values of the financial debt are due to the usually changed market interest rates for financial debt with a comparable risk profile. In view of the short maturities involved and also in view of the fact that interest charged is closely linked to market rates, there are no significant differences between the carrying amounts and the fair values of other financial liabilities.

Interest-free loans were also attributable almost exclusively to financing provided by the Federal Government for capital expenditures in expanding and replacing track infrastructure. This is based on the responsibility for the transport needs of the public which is anchored in section 87e (4) of the Basic Law (Grundgesetz; GG) and specified in the Federal Rail Infrastructure Extension Act (Bundesschienenwegeausbaugesetz; BSWAG).

The arrangements for repaying the loans are detailed in individual and collective financing agreements. In general, the loans are repaid in equal annual installments, which are based on the corresponding annual depreciation applicable for the financed assets.

Interest-free loans have developed as follows:

(€ million)	2020	2019
As of Jan 1	707	851
Addition	8	–
Redemption	– 163	– 178
Compounding	28	34
As of Dec 31	**580**	**707**

The issued senior bonds consist of the following transactions:

Senior bonds as of Dec 31 (€ million)	Issue volume	Issue currency	Residual maturity (years)	Effective interest rate (%)	2020 Carrying amount	2020 Fair value	2019 Carrying amount	2019 Fair value
UNLISTED SENIOR BONDS								
DB Finance	1,185	AUD, JPY, EUR	3.4 – 11.8		1,178	1,318	953	1,070
Total					**1,178**	**1,318**	**953**	**1,070**
LISTED SENIOR BONDS OF DB FINANCE								
Bond 2009 – 2021	600	EUR	0.7	4.445	600	621	599	647
Bond 2010 – 2020	500	EUR	0.0	3.572	–	–	499	508
Bond 2010 – 2025	500	EUR	4.5	3.870	498	589	497	602
Bond 2010 – 2020	410	JPY	0.0	1.150	–	–	386	389
Bond 2010 – 2022	500	EUR	1.8	3.464	499	533	499	551
Bond 2010 – 2020	567	CHF	0.0	1.924	–	–	690	698
Bond 2011 – 2021	700	EUR	0.4	3.797	700	712	700	740
Bond 2012 – 2022	496	GBP	1.5	2.821	444	462	469	490
Bond 2012 – 2023	400	EUR	2.1	2.116	399	419	399	425
Bond 2012 – 2024	83	CHF	3.1	1.586	92	98	92	99
Bond 2012 – 2024	500	EUR	3.2	3.119	498	550	498	562
Bond 2012 – 2072	75	GBP	51.9	4.524	66	130	70	118
Bond 2013 – 2028	50	EUR	7.1	2.707	50	59	50	59
Bond 2013 – 2025	202	NOK	4.2	4.017	143	156	152	163
Bond 2013 – 2023	386	CHF	2.6	1.425	439	462	437	466
Bond 2013 – 2026	497	GBP	5.6	3.351	467	543	493	555
Bond 2013 – 2023	500	EUR	2.7	2.578	499	537	499	546
Bond 2013 – 2020	300	EUR	0.0	1.899	–	–	300	305
Bond 2014 – 2024	59	AUD	3.1	5.395	57	63	56	63
Bond 2014 – 2021	142	SEK	0.1	2.940	125	125	120	123
Bond 2014 – 2021	40	SEK	0.1	FRN	35	35	33	34
Bond 2014 – 2024	246	CHF	3.7	1.522	278	298	276	302
Bond 2014 – 2029	500	EUR	8.2	2.886	495	620	494	608
Bond 2014 – 2020	300	EUR	0.0	FRN	–	–	300	301
Bond 2014 – 2022	300	EUR	1.7	FRN	300	302	300	302
Bond 2014 – 2022	300	EUR	1.1	FRN	300	301	300	302
Bond 2015 – 2023	600	EUR	2.8	FRN	599	605	599	606
Bond 2015 – 2025	600	EUR	4.8	1.391	596	642	595	639
Bond 2015 – 2030	366	NOK	9.8	2.760	324	341	344	346
Bond 2015 – 2025	115	AUD	4.8	3.864	113	127	112	123
Bond 2015 – 2030	650	EUR	9.8	1.707	645	760	645	727
Bond 2015 – 2025	161	CHF	4.9	0.143	162	166	161	165
Bond 2016 – 2026	500	EUR	5.2	0.880	497	525	496	518
Bond 2016 – 2031	750	EUR	10.5	0.964	743	817	743	776
Bond 2016 – 2021	350	EUR	0.5	0.040	350	351	350	351
Bond 2016 – 2028	500	EUR	7.7	0.765	495	533	494	518
Bond 2016 – 2024	41	HKD	3.2	2.100	37	38	40	39
Bond 2017 – 2032	79	NOK	11.1	2.514	67	68	71	69
Bond 2017 – 2032	500	EUR	11.9	1.541	498	583	497	552
Bond 2017 – 2025	341	GBP	4.5	1.437	333	349	351	355
Bond 2017 – 2032	55	SEK	11.6	2.226	53	57	51	54
Bond 2017 – 2030	261	CHF	9.9	0.463	278	293	276	288
Bond 2017 – 2024	300	EUR	3.9	FRN	302	303	302	302
Bond 2018 – 2027	1,000	EUR	7.0	1.086	994	1,084	994	1,065
Bond 2018 – 2033	750	EUR	12.6	1.680	745	879	745	842
Bond 2018 – 2028	346	CHF	7.6	0.470	371	390	370	386
Bond 2018 – 2031	500	EUR	10.2	1.508	494	566	493	547
Bond 2018 – 2043	125	EUR	22.9	1.867	125	162	125	144
Bond 2019 – 2028	1,000	EUR	8.0	1.235	992	1,101	991	1,076
Bond 2019 – 2026	340	GBP	5.1	1.944	333	358	351	364
Bond 2019 – 2034	103	NOK	13.1	2.732	95	98	101	101
Bond 2019 – 2029	310	CHF	8.5	0.135	323	331	322	325
Bond 2019 – 2034	133	CHF	13.5	0.516	139	145	138	143
Bond 2019 – 2039	47	SEK	18.4	2.025	50	55	48	49
Bond 2020 – 2035	500	EUR	14.5	0.819	495	538	–	–
Bond 2020 – 2024	300	EUR	3.1	- 0.062	300	302	–	–
Bond 2020 – 2032	150	EUR	11.2	0.257	150	152	–	–
Bond 2020 – 2027	900	EUR	6.3	0.639	892	942	–	–
Bond 2020 – 2040	750	EUR	19.3	1.433	743	884	–	–
Bond 2020 – 2029	850	EUR	8.5	0.411	847	881	–	–
Bond 2020 – 2039	650	EUR	18.5	0.977	638	703	–	–
Bond 2020 – 2035	48	SEK	14.5	1.544	50	50	–	–
Bond 2020 – 2050	1,000	EUR	29.9	0.656	991	1,001	–	–
Total					**22,843**	**24,795**	**20,013**	**21,428**
Adjustments from derivatives					–	–	–	–
Senior bonds, total amount					**24,021**	**26,113**	**20,966**	**22,498**

Four fixed-income listed senior bonds of DB Finance for € 500 million, € 300 million, CHF 750 million (€ 567 million) and JPY 47,100 million (€ 410 million) as well as one variable-interest listed senior bond for € 300 million with a total value of € 2,078 million were repaid as scheduled.

In the year under review, DB Finance issued 11 senior bonds with a total value of € 5,371 million. These comprise nine fixed-income listed senior bonds for € 500 million, € 300 million, € 150 million, € 900 million, € 750 million, € 850 million, € 650 million, SEK 500 million (€ 48 million) and € 1,000 million as well as two fixed-income unlisted senior bonds for JPY 12,000 million (€ 100 million) and AUD 200 million (€ 123 million).

Bank borrowings are detailed in the following table:

Bank borrowing as of Dec 31 (€ million)	Currency	Residual maturity (years)	Nominal interest rate (%)	**2020** Carrying amount	Fair value	2019 Carrying amount	Fair value
Bank loan 2002–2022	EUR	2.7	FRN	200	200	200	200
Bank loan 2003–2022	EUR	2.7	FRN	200	200	200	200
Bank loan 2020–2021	EUR	0.9	FRN	1,000	1,000	-	-
Bank loan 2020–2021	EUR	0.5	FRN	1,000	1,000	-	-
Bank loan 2020–2021	EUR	0.5	FRN	500	500	-	-
Bank loan 2020–2021	EUR	0.5	FRN	350	350	-	-
Other				54	55	226	227
Total				**3,304**	**3,305**	**626**	**627**

The increase in bank borrowing as of December 31, 2020 essentially resulted from the virtually complete utilization of four short-term credit facilities for a total of € 3,000 million (as of December 31, 2019: € 0), which are designed to bridge liquidity until the measures planned by the government to strengthen the shareholders' equity of DB AG are implemented.

The reduction in other bank borrowings was mainly attributable to a decline in short-term collateral (as of December 31, 2020: € 18 million; as of December 31, 2019: € 176 million) resulting from collateral agreements within the framework of derivative transactions.

Liabilities are not secured in DB Group.

As of December 31, 2020, further guaranteed credit facilities with a total volume of € 4,676 million (as of December 31, 2019: € 4,753 million) were available to DB Group. Of this figure, € 2,080 million (as of December 31, 2019: € 2,080 million) was attributable to back-up lines for the € 3.0 billion commercial paper program of DB AG. None of these back-up lines had been drawn down as of December 31, 2020. Global credit facilities totaling € 2,596 million (as of December 31, 2019: € 2,673 million) are used for working capital and surety for payment financing of subsidiaries with worldwide operations, primarily in the segments DB Schenker and DB Arriva.

The liabilities due to EUROFIMA are detailed in the following:

Liabilities due to EUROFIMA as of Dec 31 (€ million)	Currency	Residual maturity (years)	Nominal interest rate (%)	**2020** Carrying amount	Fair value	2019 Carrying amount	Fair value
Loan 2010–2021	EUR	0.8	4.050	200	207	200	216
Total				**200**	**207**	**200**	**216**

No new EUROFIMA loans were raised. The liabilities due to EUROFIMA are secured by way of transfer of ownership of rail material (rolling stock) in view of the statutes of EUROFIMA.

Liabilities attributable to leasing *(Note (13)* *→ 203 ff.)* are secured by rights of the lessors in relation to the leased assets. As of December 31, 2020, the leased assets have a carrying amount of € 4,585 million (as of December 31, 2019: € 4,824 million).

The nominal values of the leasing liabilities are broken down as follows:

Leasing liabilities (€ million)	Residual maturity: Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total more than 1 year	Total
AS OF DEC 31, 2020								
Nominal values of lease payments	1,093	807	665	477	390	1,975	**4,314**	**5,407**
AS OF DEC 31, 2019								
Nominal values of lease payments	1,068	955	701	603	472	1,837	**4,568**	**5,636**

The finance liabilities from transport concessions in accordance with IFRIC 12 are detailed in the following:

As of Dec 31 (€ million)	Currency	Residual maturity (years)	**2020** Carrying amount	Fair value	2019 Carrying amount	Fair value
Net West locomotives (2016)	EUR	5.0	26	27	31	32
Net West rail cars (2016)	EUR	5.0	6	7	8	8
Net West passenger coaches (2019)	EUR	5.0	31	33	38	38
Diesel network Allgäu diesel traction units (2020)	EUR	9.0	44	49	–	–
S-Bahn (metro) Nuremberg electric traction units (2020)	EUR	10.0	74	81	–	–
S-Bahn (metro) Rhein-Neckar electric traction units (2020)	EUR	14.0	10	11	–	–
Total			**191**	**208**	**77**	**78**

In order to fulfill the regional rail passenger transport services in the network of Schleswig-Holstein, various locomotives, multiple units and (since 2019) also passenger coaches were leased from the responsible contracting organization until the end of the service contract in 2025.

In the year under review, there were additional financing liabilities from service concession arrangements for the diesel network Allgäu with a service contract duration until 2029, for S-Bahn (metro) Nuremberg with a duration until 2030 and, on a pro rata basis, S-Bahn (metro) Rhein-Neckar with a duration until 2034. The finance liabilities from transport concessions are opposed by receivables from transport concessions *(Note (19) 208 ff.)*.

The fair values of the long-term financial debt are allocated to the following valuation categories:

As of Dec 31 (€ million)	**2020** Level 1	Level 2	Level 3	Total	2019 Level 1	Level 2	Level 3	Total
NON-CURRENT FINANCIAL DEBT								
Interest-free loans	–	480	–	**480**	–	625	–	**625**
Senior bonds	4,949	19,322	–	**24,271**	1,908	18,389	–	**20,297**
Bank borrowings	–	405	–	**405**	–	406	–	**406**
EUROFIMA loan	–	207	–	**207**	–	216	–	**216**
Lease liabilities	–	4,271	–	**4,271**	–	4,355	–	**4,355**
Financing liabilities from transport concessions	–	181	–	**181**	–	65	–	**65**
Other financial liabilities	–	10	–	**10**	–	9	–	**9**
Total	**4,949**	**24,876**	**–**	**29,825**	**1,908**	**24,065**	**–**	**25,973**

The interest-free loans shown at amortized cost are established by discounting the nominal values of the interest-free loans broken down into maturity buckets using the DB interest curve (market interest curve plus current DB spread; source: Reuters or Bloomberg).

Market prices from an active market, multiplied by the foreign currency rates applicable on the balance sheet date, are used for senior bonds of DB Finance which are classified as level 1. Various sources are used for these prices, including Thomson Reuters and Bloomberg. The senior bonds for which the market activity does not comply with the requirements of an active market have been allocated to level 2. For establishing the market prices of these senior bonds, binding offers were used from various sources, including Thomson Reuters and Bloomberg; these have been verified on the basis of the valuation models using the parameters which are observable on the market, such as interest rate curves and exchange rates.

Theoretical refinancing via senior bonds of DB Finance are assumed for assessing the market value of outstanding EUROFIMA loans. The reference interest rate which is used is established by interpolation of the yields for matching maturities of senior bonds of DB Finance.

The fair value of the leases and also of the financing liabilities from transport concessions is determined by discounting the outstanding lease payments with the corresponding DB interest rate curves (market interest curve plus current spread; source: Thomson Reuters or Bloomberg).

(29) Other liabilities

Liabilities are normally recognized in accordance with IFRS 9 with their nominal amount, which corresponds to the fair value at the point at which the liability is initially recognized and the amortized costs of purchase up to the date at which the liability is settled, where applicable less transaction costs. Subsequently, non-current liabilities are stated using amortized costs of purchase using the effective interest method. The differences between the amount paid out less transaction costs and the amount repaid are recognized in the income statement over the life of the liability.

The fair values of the balance sheet items miscellaneous liabilities, trade liabilities and other liabilities essentially correspond to the carrying amounts.

Severance package obligations for agreements agreed as of the balance sheet date are recognized as other liabilities and – if they are not yet included in individual agreements and if they are part of a restructuring obligation in accordance with IAS 37 – are stated as other provisions.

Movements in other liabilities are shown in the following:

	Residual maturity							
(€ million)	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total more than 1 year	Total
AS OF DEC 31, 2020								
Trade liabilities including prepayments received	6,312	478	71	6	4	12	**571**	**6,883**
Miscellaneous and other liabilities	3,308	6	6	6	6	139	**163**	**3,471**
Total	**9,620**	**484**	**77**	**12**	**10**	**151**	**734**	**10,354**
thereof non-financial liabilities	2,287	4	3	3	2	8	**20**	**2,307**
thereof prepayments received	364	4	3	3	2	8	**20**	**384**
thereof due to related parties	245	–	–	–	–	–	**–**	**245**
AS OF DEC 31, 2019								
Trade liabilities including prepayments received	5,789	184	39	6	4	14	**247**	**6,036**
Miscellaneous and other liabilities	3,432	2	1	5	4	79	**91**	**3,523**
Total	**9,221**	**186**	**40**	**11**	**8**	**93**	**338**	**9,559**
thereof non-financial liabilities	2,435	2	1	2	2	9	**16**	**2,451**
thereof prepayments received	363	2	1	2	2	9	**16**	**379**
thereof due to related parties	251	1	–	–	–	–	**1**	**252**

A figure of € 847 million shown for the increase in trade liabilities, € 360 million was attributable to the segment DB Regional, and related in particular to the procurement of rail vehicles. Please also refer to *Segment information according to segments* → 188 f.

Non-financial liabilities and received prepayments are not classified under any category of IFRS 9.

The miscellaneous and other liabilities were broken down as follows:

As of Dec 31 (€ million)	**2020**	2019
PERSONNEL-RELATED LIABILITIES		
Unused holiday entitlements	292	400
Outstanding overtime	258	273
Social security	124	133
Severance payments	29	20
Christmas bonuses	11	8
Holiday pay	25	25
Other personnel obligations	799	832
OTHER TAXES		
Value-added tax	71	80
Payroll and church taxes, solidarity surcharge	176	166
Miscellaneous other taxes	143	134
Interest payable	164	173
Revenue reductions	46	63
Deferred construction grants	262	237
Liabilities due to Railway Crossings Act	3	1
Reconveyance obligations	–	4
Miscellaneous other liabilities	1,068	974
Total	**3,471**	**3,523**

The decline in personnel liabilities was due to the reduction of unused holiday entitlements and overtime. The other personnel obligations included mainly bonus obligations.

As of December 31, 2020, other liabilities were secured in an amount of € 0 million (as of December 31, 2019: € 0 million).

The miscellaneous other liabilities included existing risks for factoring agreements.

(30) Income tax liabilities

The income tax liabilities as of December 31, 2020 related mainly to obligations to the fiscal authorities in the United Kingdom, Germany and India.

(31) Pension obligations

DB Group grants post-employment benefits to its employees in numerous countries. The form of the pension commitments depends on the legal, economic and tax conditions applicable in the particular country.

In DB Group, there are defined benefit as well as defined contribution retirement pension systems. The defined benefit commitments are accounted for in accordance with IAS 19. Major pension obligations exist only in Germany and in the United Kingdom. For this reason, only these pension obligations are described in greater detail in the following.

GERMANY

Pension obligations of DB Group in Germany comprise pension obligations for civil servants and also for employees.

After they retire, civil servants assigned to the companies of DB Group receive pensions from the BEV under the Civil Servants Benefits Act (Beamtenversorgungsgesetz).

Only while the assigned civil servants are actively working for DB Group are payments made to the Federal Railroad Fund as part of a pro forma settlement in the same way as for newly recruited employees (section 21 (1) DBGrG). This also includes theoretical amounts for contributions to statutory pension insurance schemes as well as theoretical costs in accordance with the collective bargaining agreements regarding the additional company pension scheme for employees of DB AG (Tarifvertrag über die betriebliche Zusatzversorgung; ZVersTV) and company retirement benefit scheme (Tarifvertrag über die betriebliche Altersvorsorge; bAV-TV) of the employees of DB AG. The payments made to the Federal Railroad Fund for retirement pensions of civil servants are defined contribution retirement schemes.

The pension obligations with regard to employees mainly relate to the following:

a) Employees who were employed by Deutsche Bundesbahn before DB AG was established (January 1, 1994) enjoy supplementary benefits in view of their former membership of the public sector. The employees are entitled to benefits from this additional pension insurance from Deutsche Rentenversicherung Knappschaft-Bahn-See (KBS). As an official authority, KBS has not only assumed responsibility for managing and paying the statutory pension for DB Group employees; it also continues the additional pension insurance for the transferred employees who are beneficiaries.

During the active phase of the employment agreement, a pro forma reimbursement of costs is also provided to the BEV for these employees. When the employee retires, this payment is no longer made to the BEV.

The BEV bears the costs of these additional benefits, less the contribution made by the employees themselves (section 14 (2) DBGrG). Accordingly, DB AG does not set aside any provisions for these public sector benefits.

b) Employees of the former Deutsche Reichsbahn and the employees who have been recruited after January 1, 1994 receive an additional company pension from DB AG within the framework of the ZVersTV. This supplementary company pension is a defined benefit scheme, which is linked to salary and length of service. The current pension benefits are adjusted every year in line with the regulations of the Company Pensions Act (Betriebsrentengesetz). Retirement benefits, invalidity benefits and benefits to surviving dependants are provided in the form of a lifetime pension. No plan assets are created for this scheme.

In addition, the employees in most Group companies receive a monthly contribution to the company retirement benefit scheme in the amount of 3.3 % of the employee's monthly standard salary as well as of most of the salary elements paid in the month. The monthly payment is paid into a pension scheme (DEVK-Pensionsfonds). It is not necessary for provisions to be created for this purpose.

c) Various defined benefit pension obligations exist with regard to senior executives in DB Group who were granted a senior executive commitment before January 1, 2007. The extent of the benefits depend on the length of service and the salary of the beneficiary. In general, retirement benefits, invalidity benefits and benefits to surviving dependants are provided in the form of a lifetime pension. Apart from a small number of reinsurance policies, there are no plan assets.

d) Senior executives of DB Group who were granted a senior executive commitment after December 31, 2006, are provided with a retirement benefit scheme in the form of a defined contribution commitment. For this purpose, a benefit module is calculated in each year of service, depending on the salary and age of the beneficiaries. These benefits are financed by way of a contractual trust arrangement (CTA), namely Deutsche Bahn Pension Trust e. V. The extent of the benefits depends on the yield of the CTA, whereby a minimum return is guaranteed (guarantees up to and including 2014: 2.25 % per annum; guarantees from 2015 onwards: only maintenance of contribution). To avoid longevity risks, the benefits are granted in the form of a five-year installment. The assets of the CTA are classified as plan assets. The pension obligation is covered by the plan assets on the assumption that the CTA produces a corresponding performance, thus minimizing investment risks. There are no legal or regulatory obligations requiring Deutsche Bahn Pension Trust e. V. to make minimum payments into the scheme. The contributions are invested in line with the fundamental assumption that the benefit commitment is guaranteed by a corresponding guarantee element. For each payment relating to the individual beneficiary, an age-related amount is invested in prime zero bonds. The investment amount remaining after the payment has been made into the guarantee element is mainly invested in passively managed European equity and bond funds (or equivalent products) with the aim of optimizing returns.

e) Senior executives are able to participate in a deferred compensation program. This employee-financed form of company pension scheme constitutes a defined benefit obligation.

UNITED KINGDOM

a) The company pension scheme of DB Cargo (UK) Holdings Limited is essentially a defined benefit pension scheme (linked to salary and length of service) within the British Railway Pension Scheme. The plan assets are managed by an independent trustee. The process of collating the data of members in the plan for the purpose of compliance with legal requirements in relation to the members of the plan is generally carried out every three years. As of the intermediate valuation dates, the obligations in the plan are measured on the basis of the correspondingly updated data. The pension scheme is based on final salary, and lifetime pensions are provided as benefits. The pension obligations are essentially covered by plan assets. Capital is invested by the trustee of the plan assets following liaison with DB Group.

b) At DB Arriva, there are mainly defined benefit retirement benefit commitments. Important defined benefit plans (related to salary and length of service) relate to employees of DB Arriva within the Railway Pension Scheme in the United Kingdom. These are sections other than the DB Cargo UK scheme within the Railway Pension Scheme. The costs of the pension schemes are shared between the employer and the employee in the ratio 60:40 and accordingly recognized in the balance sheet. The pension scheme is based on final salary, and lifetime pensions are provided as benefits. The pension obligations are essentially covered by plan assets. Capital is invested by the trustee of the plan assets following liaison with DB Group.

Some companies pay contributions within the framework of a franchise agreement to the British Railway Pension Scheme for employees employed for the duration of the agreement (franchise period). The obligations to these employees as well as the plan assets are completely disclosed after deduction of the element financed by the employees (40 %). Within the framework of recognizing the effect of franchise agreements, the present value of the contributions payable for the duration of the franchise agreements for reducing a scheme deficit remains as a net liability recognized in the balance sheet. The current contributions to the benefit scheme are shown as personnel expenses.

In addition, individual companies of DB Arriva also issued defined contribution retirement benefit commitments to their employees. Under such arrangements, the employer does not enter into any obligations apart from paying contributions to an external benefit scheme. The extent of the future pension benefits depends exclusively on the amount of contributions paid to the external benefit scheme, including the income generated by investing these contributions.

In addition, some contributions have also been paid to social pension funds within the context of statutory regulations (government schemes).

CRITICAL ASSESSMENTS AND APPRAISALS

In the case of the defined benefit pension obligations in Germany and abroad, the actuarial risks are borne by DB Group. Actuarial methods have been used for measuring defined benefit pension commitments as well as benefit commitments which are similar to pensions and the resultant expenses and income. The valuations are based on actuarial assumptions. There are the following actuarial risks which are considered to be typical for companies with defined benefit schemes:

- *Interest risk: The discount factors which are used reflect the interest rates (giving due consideration to the duration of the underlying obligation) which are achieved on the balance sheet date for high-quality fixed-income senior bonds with a corresponding term. A change in the discount rate results in a change in the present value of the total obligation (DBO).*
- *Inflation risk: Part of the pension obligations, particularly as a result of adjustments to current pensions, is linked to the development of inflation.*
- *Longevity risk: A longevity risk may occur in the form of extended periods in which pensions are paid out as a result of an increase in life expectancy in future.*
- *Investment risk: In the case of externally financed pension plans, the values of the corresponding plan assets or the refund claims are based on the market values as of the balance sheet date. The capital investment is exposed to numerous risks, which may have an impact on the present value recognized for the plan assets. In the case of pension schemes with an obligation to pay into the scheme, the amount of future contributions may be affected by the investment risk.*

Key assumptions for expenses and income attributable to pension commitments and benefit commitments similar to pensions are to some extent based on current market conditions. Expenses and income relating to pension commitments and benefit commitments similar to pensions may change as a result of changes to these underlying key assumptions.

The figures stated for pension provisions in the balance sheet are detailed in the following:

	Germany		Europe (excluding Germany)		Rest of world		**Total**	
As of Dec 31 (€ million)	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	**2019**
Funded obligations	427	368	6,511	7,652	66	70	**7,004**	**8,090**
Unfunded obligations	5,103	4,303	398	345	13	11	**5,514**	**4,659**
Total obligations	**5,530**	**4,671**	**6,909**	**7,997**	**79**	**81**	**12,518**	**12,749**
Fair value of plan assets	-314	-273	-4,503	-5,722	-37	-39	**-4,854**	**-6,034**
Effects due to cost sharing	–	–	-477	-554	–	–	**-477**	**-554**
Effects due to franchise agreements	–	–	-690	-831	–	–	**-690**	**-831**
Amount not recognized as an asset as a result of the restriction of IAS 19.58	–	–	0	0	–	–	**0**	**0**
Assets recognized in the balance sheet as pension assets	–	–	20	24	–	–	**20**	**24**
Net obligations recognized in the balance sheet	**5,216**	**4,398**	**1,259**	**914**	**42**	**42**	**6,517**	**5,354**

The total pension commitment has developed as follows:

	Germany		Europe (excluding Germany)		Rest of world		**Total**	
(€ million)	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	**2019**
Obligations as of Jan 1	4,671	3,998	7,997	6,571	81	66	**12,749**	**10,635**
Service cost, excluding employee contributions	178	143	68	75	4	4	**250**	**222**
Employee contributions	2	2	33	43	0	0	**35**	**45**
Interest expense	51	67	84	129	1	1	**136**	**197**
Payments	-87	-83	-173	-184	-5	-4	**-265**	**-271**
thereof pensions	-87	-83	-173	-184	-5	-4	**-265**	**-271**
thereof payments for settlements	0	0	–	–	0	–	**0**	**0**
Past service costs and profit or losses from settlements	7	0	0	22	0	0	**7**	**22**
Transfers	2	2	-2,009	0	2	–	**-2,005**	**2**
Actuarial gains (-)/losses (+)	706	542	1,289	993	1	10	**1,996**	**1,545**
Revaluations based on experience	5	15	14	116	-8	0	**11**	**131**
Due to change in demographic assumptions	-4	2	-18	-75	0	0	**-22**	**-73**
Due to change in financial assumptions	705	525	1,293	952	9	10	**2,007**	**1,487**
Effects from changes in exchange rates	–	–	-380	348	-5	4	**-385**	**352**
Obligations as of Dec 31	**5,530**	**4,671**	**6,909**	**7,997**	**79**	**81**	**12,518**	**12,749**

The figures shown in the year under review under transfers in the preceding and following tables mainly relate to the cessation of the Arriva Rail North franchise.

In the year under review, the duration of the company pension subsidy was extended by a period of two years as a result of collective bargaining.

The resultant additional obligations were fully funded in 2020 by way of past service costs to be recognized in the income statement. The impact on profits amounted to € 7 million over the entire DB Group.

The development of the plan assets is detailed in the following:

	Germany		Europe (excluding Germany)		Rest of world		**Total**	
(€ million)	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	**2019**
Fair value of plan assets as of Jan 1	273	225	5,722	4,505	39	36	**6,034**	**4,766**
Employer contributions	30	27	84	521	4	2	**118**	**550**
Employee contributions	1	1	33	43	0	0	**34**	**44**
Expected return from plan assets	3	4	72	105	1	1	**76**	**110**
Payments	- 10	- 6	- 161	- 172	- 4	- 4	**- 175**	**- 182**
thereof pensions	- 10	- 6	- 161	- 172	- 4	- 4	**- 175**	**- 182**
Transfers	0	–	- 1,210	–	–	–	**- 1,210**	**–**
Changes in scope of consolidation	0	–	–	–	–	–	**0**	**–**
Revaluation	17	22	263	469	1	2	**281**	**493**
Administrative costs: costs of pension assurance	–	–	- 9	- 9	- 1	0	**- 10**	**- 9**
Effects from changes in exchange rates	–	–	- 291	260	- 3	2	**- 294**	**262**
Fair value of plan assets as of Dec 31	**314**	**273**	**4,503**	**5,722**	**37**	**39**	**4,854**	**6,034**

The employer contributions have declined appreciably. In the previous year, they contained one-off contributions of € 391 million to the plan assets of certain benefit schemes of DB Arriva in the United Kingdom.

The reported plan assets are broken down as follows:

	Germany		Europe (excluding Germany)		Rest of world		**Total**	
As of Dec 31 (€ million)	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	**2019**
Stocks and other securities	10	9	2,334	3,370	14	14	**2,358**	**3,393**
thereof with market price listing	10	9	2,334	3,370	14	14	**2,358**	**3,393**
Interest-bearing securities	202	159	1,482	1,310	19	22	**1,703**	**1,491**
thereof with market price listing	202	159	1,482	1,310	19	22	**1,703**	**1,491**
Reinsurance	70	76	192	179	–	–	**262**	**255**
thereof with market price listing	70	76	174	117	–	–	**244**	**193**
thereof without market price listing	–	–	18	62	–	–	**18**	**62**
Private equity	–	–	173	313	–	–	**173**	**313**
thereof without market price listing	–	–	173	313	–	–	**173**	**313**
Investments in infrastructure	–	–	178	162	–	–	**178**	**162**
thereof with market price listing	–	–	178	162	–	–	**178**	**162**
Cash and other assets	32	29	144	388	4	3	**180**	**420**
thereof with market price listing	32	29	62	311	2	2	**96**	**342**
thereof without market price listing	–	–	82	77	2	1	**84**	**78**
	314	**273**	**4,503**	**5,722**	**37**	**39**	**4,854**	**6,034**
thereof assets classified as pension assets	0	0	- 20	- 24	–	–	**- 20**	**- 24**
	314	**273**	**4,483**	**5,698**	**37**	**39**	**4,834**	**6,010**

Changes in the net pension provisions are detailed in the following:

	Germany		Europe (excluding Germany)		Rest of world		**Total**	
(€ million)	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	**2019**
Provisions as of Jan 1	4,398	3,773	914	1,020	42	30	**5,354**	**4,823**
Pension expenses	234	207	89	130	5	4	**328**	**341**
thereof service cost	179	144	68	75	4	4	**251**	**223**
thereof interest income and interest expenses	48	63	12	24	0	0	**60**	**87**
thereof administrative expenses	–	–	9	9	1	0	**10**	**9**
thereof past service costs and profits or losses from settlements	7	0	0	22	0	0	**7**	**22**
Employer contributions	-30	-27	-84	-520	-4	-2	**-118**	**-549**
Payments	-77	-77	-12	-12	-1	0	**-90**	**-89**
thereof pensions	-77	-77	-12	-12	-1	0	**-90**	**-89**
thereof for settlements	0	0	–	–	0	–	**0**	**0**
Transfers	2	2	-4	0	2	–	**–**	**2**
Revaluation	689	520	378	247	0	8	**1,067**	**775**
Revaluations based on experience	5	15	-42	65	-8	0	**-45**	**80**
Due to change in demographic assumptions	-4	2	-13	-47	0	0	**-17**	**-45**
Due to change in financial assumptions	705	524	682	590	9	10	**1,396**	**1,124**
Difference between actual income and theoretical income from plan assets	-17	-21	-249	-361	-1	-2	**-267**	**-384**
Effects from changes in exchange rates	–	–	-18	26	-2	2	**-20**	**28**
Change in recognized assets	–	–	-4	23	–	–	**-4**	**23**
Provisions as of Dec 31	**5,216**	**4,398**	**1,259**	**914**	**42**	**42**	**6,517**	**5,354**

The effects of cost splitting and franchise agreements increased by € 648 million as of December 31, 2020 as a result of revaluations (as of December 31, 2019: € 277 million). The interest expense and expected income from the plan assets were recorded under net interest income.

All other items were recognized under personnel expenses.

The actuarial parameters used for assessing the value of most of the pension provision are set out in the following:

(%)	**2020**	2019
INTEREST RATE		
Germany and abroad (excluding United Kingdom)	0.30	1.10
United Kingdom	1.30	1.90
EXPECTED RATE OF SALARY INCREASES		
Germany and abroad (excluding United Kingdom)	3.10	3.10
United Kingdom	3.10	3.10
EXPECTED RATE OF PENSION INCREASE (DEPENDENT ON STAFF GROUP)		
Germany and abroad (excluding United Kingdom)	1.75	2.00
United Kingdom	2.10	2.10

The 2018 G mortality tables of Professor Dr. Klaus Heubeck have been used without changes for valuing the pension obligations for the German Group companies. Country- or benefit-scheme-specific mortality tables have been used for valuing the pension obligations of the other Group companies.

Sensitivities and additional information:

As of Dec 31 (€ million)	**2020**	2019
Total obligation for an interest rate increased by 1 percentage point	10,252	10,427
Total obligation for an interest rate reduced by 1 percentage point	15,563	15,853
Total obligation with salary growth increased by 0.5%	12,678	12,996
Total obligation for pensions increased by 0.5%	13,393	13,622
Total obligation for life expectancy increased by 1 year	12,935	13,189
Total obligations	12,519	12,749
thereof active beneficiaries	6,322	6,905
thereof former employees	2,052	1,934
thereof pensioners	4,145	3,910
Payments into plan assets expected for next year	109	126
Direct pension payments for next year	89	108
Duration of benefit obligation (years)	20.5	21.2

The sensitivity figures have been established using the method which was used for calculating the extent of the obligation. One assumption was modified while the other assumptions were retained, which means that interdependencies between the individual assumptions were disregarded.

(32) Other provisions

Other provisions are set aside if there is a legal or constructive obligation resulting from a past event which is more than 50 % likely to result in an outflow of resources and if the extent of the obligation can be reliably estimated (IAS 37 – Provisions, Contingent Liabilities and Contingent Assets).

Non-current provisions are discounted using market interest rates. Environmental protection provisions for the rehabilitation of existing ecological legacy issues are discounted on the basis of real interest rates, which are adjusted to reflect the risk and the period until fulfillment. A difference between the nominal value of the expected outflows and the present value recognized for the environmental protection provisions of DB AG for transferred liabilities for the elimination of legacy issues from the time previous to the foundation of DB AG would be stated under deferred items, and would thus represent the interest benefit resulting from the longer-term release of the provision. The cumulative interest expense attributable to other provisions is recognized in financial result. Provisions for potential losses are measured as the lower of the amount of the expected costs for fulfilling the agreement and the expected costs for terminating the agreement.

CRITICAL ASSESSMENTS AND APPRAISALS

The process of determining all types of provisions is associated with estimates regarding the extent and/or timing of obligations.

The environmental protection provisions relate primarily to the obligation of DB AG to remedy the ecological burdens which arose before January 1, 1994 on the land of the former Deutsche Bundesbahn and the former Deutsche Reichsbahn. Ecological burdens are defined as contamination of soil and groundwater which requires rehabilitation and which pose risks, considerable disadvantages or considerable problems for private individuals or society at large. The legal basis for defining rehabilitation obligations are summarized in the soil and water laws of the Federal Government and the Federal states. The process of dealing with ecological burdens also comprises necessary rehabilitation measures for existing sewers, in order to avoid soil and groundwater contamination caused by leaks from the sewer system, as well as measures for shutting down old landfill sites.

The provision has been calculated on the basis of a discounting method using the present value, where rehabilitation measures are probable, the rehabilitation costs can be reliably estimated and no future benefit is expected to be derived from these measures.

The estimation of future rehabilitation costs is subject to various factors. Major drivers in this respect can be the application of innovative rehabilitation measures, changes in legal conditions and also the development in market prices for disposing of legacy issues. In order to make a realistic assessment of the rehabilitation costs in individual cases, the working programs have included adjustments to cost estimates as a result of greater knowledge and official agreements in the successive processing stages.

For the valuation of provisions as of the balance sheet date, the investigation and rehabilitation obligations which are currently known have been used as the basis for estimating the expected costs in relation to the current price level. The provision is discounted on the basis of expected cash outflows, using a risk-adjusted rate of 0.00 % (previous year: 0.73 %).

Provisions for potential losses from pending transactions are created if a loss is probable and can be reliably estimated. In view of the uncertainty associated with this assessment, the actual losses may differ from the original estimates and may thus also differ from the amount of the provision. In DB Group, such uncertainty results particularly from the estimates of future income from transport contracts, the associated material- and personnel-related expenses as well as any penalty payments. Changes in the estimates of these potential losses from pending transactions may have a considerable impact on the future results of operations.

The provisions for decommissioning are measured mainly on the basis of estimates which, for decommissioning and disposal costs, are derived mainly from sector-specific appraisals. The provisions are shown with their discounted settlement amount at the point at which they originate.

Movements in other provisions are shown in the following:

	Personnel-related provisions		Revenue reductions		Provisions for pending losses		Decommissioning provisions		Environmental protection provisions		Other provisions		**Total**	
(€ million)	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	**2019**
As of Jan 1	941	998	1,356	1,298	405	396	368	326	971	1,010	1,057	1,040	**5,098**	**5,068**
Currency translation differences	- 1	1	0	0	- 11	12	–	0	0	0	- 10	3	**- 22**	**16**
Changes in scope of consolidation	0	–	–	–	1	–	–	–	–	–	2	–	**3**	**-**
thereof additions	–	–	–	–	1	–	–	–	–	–	2	–	**3**	**-**
thereof disposals	0	–	–	–	–	–	–	–	–	–	0	–	**0**	**-**
Amounts used	- 281	- 284	- 321	- 331	- 234	- 165	- 37	- 6	- 48	- 48	- 180	- 206	**- 1,101**	**- 1,040**
Reversals	- 39	- 58	- 58	- 123	- 12	- 64	–	0	0	0	- 70	- 129	**- 179**	**- 374**
Reclassifications	14	- 2	1	–	0	1	–	0	0	2	6	- 14	**21**	**- 13**
Additions	304	279	807	512	453	223	5	31	1	0	502	352	**2,072**	**1,397**
Compounding and discounting	4	7	–	–	2	2	73	17	61	7	9	11	**149**	**44**
As of Dec 31	**942**	**941**	**1,785**	**1,356**	**604**	**405**	**409**	**368**	**985**	**971**	**1,316**	**1,057**	**6,041**	**5,098**

The following table breaks down the other provisions into current and non-current amounts, and also details their estimated residual maturity:

	Residual maturity							
(€ million)	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total more than 1 year	Total
AS OF DEC 31, 2020								
Personnel-related provisions	369	143	101	65	50	214	**573**	**942**
Revenue reductions	1,785	–	–	–	–	–	**–**	**1,785**
Provisions for pending losses	296	84	63	65	51	45	**308**	**604**
Decommissioning provisions	30	35	37	37	37	233	**379**	**409**
Environmental protection provisions	58	58	58	57	57	697	**927**	**985**
Other provisions	927	38	30	29	39	253	**389**	**1,316**
Total	**3,465**	**358**	**289**	**253**	**234**	**1,442**	**2,576**	**6,041**
AS OF DEC 31, 2019								
Personnel-related provisions	363	156	104	66	52	200	**578**	**941**
Revenue reductions	1,356	–	–	–	–	–	**–**	**1,356**
Provisions for pending losses	296	30	23	19	16	21	**109**	**405**
Decommissioning provisions	29	23	19	19	19	259	**339**	**368**
Environmental protection provisions	57	55	56	55	55	693	**914**	**971**
Other provisions	751	37	28	25	25	191	**306**	**1,057**
Total	**2,852**	**301**	**230**	**184**	**167**	**1,364**	**2,246**	**5,098**

PERSONNEL-RELATED PROVISIONS

Benefits arising on the occasion of the termination of employment agreements (severance packages) become payable if employees are released from their duties under the terms of an early-retirement or semi-retirement scheme before reaching normal pensionable age (which would not involve any reduction of retirement benefits) or if employees voluntarily terminate their employment contract in return for a severance package. Severance payments are recognized if there is a demonstrable obligation either to terminate the employment agreements of current employees in accordance with a detailed formal plan which cannot be reversed or to pay severance payments if the employment contract is voluntarily terminated by employees within the framework of employment contract termination agreements.

Severance package obligations for agreements agreed as of the balance sheet date are recognized as other liabilities and – if they are not yet included in individual agreements and if they are part of a restructuring obligation in accordance with IAS 37 – are stated as other provisions.

Semi-retirement agreements are based on the so-called block model. The top-up amounts paid in addition to salary by DB Group during the semi-retirement period as well as additional contributions to the statutory pension insurance scheme are collected in installments up to the end of the active phase of the semi-retirement period and are recognized as provisions in accordance with IAS 19. The compensation backlog (plus the employer's contributions to social insurance) for the additional work performed during the employment phase is also shown with the present pro rata value as another non-current employee benefit.

If certain conditions are satisfied, DB Group offers its employees the opportunity to reduce their working hours to a level below their regular working hours (special semi-retirement arrangement). In these cases, the number of working hours is reduced to 81% of the reference or regular working hours, whereby the employees' remuneration is topped up to 90%. Payments into the company pension scheme are granted on the basis of 100% of the reference or regular working hours.

The personnel-related provisions were structured as follows:

As of Dec 31 (€ million)	2020	2019
Contractual personnel obligations	442	485
Early retirement and semi-retirement obligations	202	207
Service anniversary provisions	123	121
Other	175	128
Total	**942**	**941**

The personnel-related provisions include obligations arising from employment agreements which result from the entitlement of many employees under labor law and the willingness of DB AG not to terminate employment contracts for operational reasons. In such cases, DB Group will incur losses in the form of personnel expenses which will have to be borne until the employment contract is terminated or the employee is placed with another company; no reciprocal benefit will be provided in return for these costs (obligation surpluses relating to employment agreements). The contractual personnel obligations also include restructuring provisions.

A figure of about € 374 million was allocated to the provision for obligation surpluses from employment arrangements as of December 31, 2020; this item accounted for a considerable percentage of the personnel provisions in DB Group (as of December 31, 2019: € 396 million). This provision recognizes the personnel-related obligations of DB AG for the employment guarantee included in the collective bargaining agreement designed to address demographic change (Demografietarifvertrag; DemografieTV).

In the DB Schenker segment, there were personnel restructuring provisions of € 36 million as of December 31, 2020 (as of December 31, 2019: € 53 million), mainly for the global restructuring program Boost designed to enhance profitability.

The provisions set aside to cover semi-retirement and early retirement obligations cover the obligations arising from collective bargaining agreements, and have mostly been calculated on the basis of actuarial reports. In the regulations of the DemografieTV, this includes an amount of € 87 million (as of December 31, 2019: € 79 million) for the entitlement of employees with many years of service and also many years of shift working to enjoy special semi-retirement benefits. Within the framework of the collective bargaining negotiations for the demographic model, it was agreed that the instrument of special semi-retirement would be extended by two additional age groups. This is the reason behind the higher allocation.

REVENUE REDUCTIONS

The considerable increase in the revenue reductions was mainly attributable to reductions at DB Regional in connection with concession fees due to the impact of the Covid-19 pandemic as well as repayment risks from the local public transport rescue package which is intended to alleviate the impact of the Covid-19 related consequences for the sector.

PROVISIONS FOR PENDING LOSSES

The provisions for pending losses mainly relate to transport contracts in which obligation surpluses build up over the life of the contracts. The additions related mainly to DB Arriva and DB Regional.

As of December 31, 2020, amounts of € 280 million (DB Regional) and € 118 million (DB Arriva) were allocated to these provisions. This was due to various factors, including assumptions regarding reduced revenues from fares in future as well as higher maintenance expenses and higher energy prices. In particular, the estimates regarding the development of future revenues from fares are subject to particular uncertainty due to the Covid-19 crisis.

DECOMMISSIONING PROVISIONS

The decommissioning provisions referred to the company's pro rata decommissioning obligation in relation to a joint power generation plant. They have been discounted with a real rate of 0.00 %.

PROVISIONS FOR ENVIRONMENTAL PROTECTION

Of the figure stated for environmental protection provisions, € 976 million (as of December 31, 2019: € 962 million) relate to remedial action obligations of DB AG. The increase was attributable to the interest effect due to the reduction of the interest rate to 0.00 %. In order to take account of the remedial action obligations recognized in the environmental protection provisions, DB AG has set up various programs, including the following:

- the 4-stage soil decontamination program
- the 3-stage sewerage network program
- the 2-stage landfill shut-down program

The structured processing ensures that the procedure for recognizing, assessing the risk and taking appropriate remedial action is consistent with all legal requirements and optimized in terms of costs.

In the 4-stage soil decontamination program, existing soil and/or groundwater contamination is localized via the stages "historic exploration," "orienting investigation" and "detail investigation," and is assessed on the basis of the relevant statutory testing criteria. If any negative change in soil conditions or ecological burdens is identified, implementation of the necessary remedial action is planned by the steps feasibility study, model planning and approval planning. The process of carrying out the remedial action is supported by a binding remedial action plan or a public-sector agreement with defined remedial action objectives.

The 3-stage sewerage network program aims to remedy any contamination of soil and/or groundwater resulting from leaks. The program also involves a plan to optimize the existing sewerage network to ensure that it is capable of meeting future requirements and to ensure that the need to take remedial action can be limited to this future network. The network which is not necessary for operation will be decommissioned. The sewerage program will be carried out via the stage 1 "recording," stage 2 "inspection" and stage 3 "remedial action/decommissioning." Legal requirements are set out in the Water Resources Accounting Act (Wasserhaushaltsgesetz; WHG), the Water Acts of the Federal states and the own control regulations.

The 2-stage program "shut-down of landfill sites" systematically records all legacy landfill sites operated by DB Group (stage 1). The requirements resulting from the Recycling Accounting Act (Kreislaufwirtschaftsgesetz; KrWG) and the Landfill Site Regulation (Deponieverordnung; DepV) are used as the basis for planning and implementing the processes of decommissioning and recultivating the areas (stage 2a) and the subsequent maintenance (stage 2b).

OTHER PROVISIONS

The other provisions comprise provisions for litigation risks, real estate risks, claims for damages, decommissioning and demolition obligations, real estate risks, guarantee and warranty obligations, insurance and project risks, third-party obligations for maintenance and other tax risks as well as numerous other issues which individually are of minor significance.

(33) Deferred items

DB Group receives various public-sector grants, which are provided in relation to specific assets or on the basis of a specific performance. The grants are recognized in the balance sheet as soon as it is certain that they will be provided and as soon as the conditions necessary for receiving the grants have been satisfied. The grants related to assets, and in particular investment grants, are deducted directly from the assets for which the grants have been received. The interest benefit (difference between nominal value and present value) of interest-free loans is deferred on the basis of the contractual grant conditions. The income from pro rata reversal of these accruals is shown as other operating income.

The deferred items contained the following:

As of Dec 31 (€ million)	**2020**	2019
Deferred Federal grants	271	414
Deferred revenues	648	784
Other	286	280
Total	**1,205**	**1,478**
Non-current portion	316	455
Current portion	889	1,023

The change in the deferred revenues is attributable to various factors, including the lower net deferrals for special offerings for specific periods (mainly BahnCards, flexible tickets as well as discount tickets) in the segment DB Long-Distance despite higher opposite deferrals for vouchers.

The deferred Federal grants included the interest benefit (difference between the nominal value and present value) attributable to the interest-free loans; this has developed as follows during the year under review:

(€ million)	**2020**	2019
As of Jan 1	211	355
Reversals	-144	-144
As of Dec 31	**67**	**211**

Of the figure shown for reversals in the year under review, € 59 million (previous year: € 59 million) was attributable to the annual reversal of deferred items. The remainder was attributable to the release of amortized deferrals relating to premature one-off repayments at the present value in 1999, 2004 and 2011.

Deferred revenues constituted that part of compensation which is attributable to the period after the balance sheet date.

NOTES TO THE STATEMENT OF CASH FLOWS

The statement of cash flows shows the changes in cash and cash equivalents in the year under review, and was prepared in accordance with IAS 7 (Cash Flow Statements). The indirect method has been used for showing cash flow from operating activities.

Interest income and interest payments, dividend income as well as tax payments are stated under operating activities.

Cash and cash equivalents include the cash and cash equivalents stated in the balance sheet with a residual maturity of up to three months (cash in hand, cash at banks as well as security investments). As of December 31, 2020, of the total figure stated for cash and cash equivalents, € 981 million (as of December 31, 2019: € 748 million) was subject to restrictions mainly as a result of provisions of the rail franchises in the United Kingdom as well as country-specific and contractual restrictions particularly in international logistics business.

Since December 31, 2020, current receivables due from banks (as of December 31, 2020: € 271 million; as of December 31, 2019: € 211 million), resulting in connection with financial futures, have no longer been shown under cash and cash equivalents; instead, they have been shown under current other receivables and assets. Because it is becoming increasingly difficult to predict the development in the value of the financial futures, it can only be assumed to a limited extent that such hedges represent current liquidity.

Cash flow from operating activities

The cash flow from operating activities is calculated by adjusting the net profit/loss for the period before taxes by items which are not cash-effective (in particular additions to and reversals of other provisions) and by adding other changes in current assets, in liabilities (excluding financial debt) and provisions. The cash flow from operating activities is then established after due consideration is given to interest and tax payments.

In accordance with IFRS 16, outflows related to leases are recognized in cash flow from financing activities if they are payments of principal, and are recognized in cash flow from operating activities if they are payments of interest. The cash flow from operating activities has declined considerably in the year under review. In addition to a considerably reduced net profit, adjusted by higher depreciation on property, plant and equipment and intangible assets (mainly due to the complete write-down of the goodwill of € 1,411 million previously recognized by DB Arriva), this was due mainly to higher trade liabilities as well as higher non-cash-effective expenses.

Also, non-cash-effective expenses and income have increased (€ +998 million); mainly included in particular considerably higher expenses relating to additions to other provisions as well as significantly lower income from the reversal of other provisions.

Cash flow from investing activities

The cash flow from investing activities is calculated as the cash flow provided by the disposal of property, plant and equipment and intangible assets as well as by investment grants, and the cash outflow for capital expenditures in property, plant and equipment and intangible assets as well as for non-current financial assets.

Payments received from investment grants are shown under investing activities due to the close connection between investment grants received and the payments made for capital expenditures in property, plant and equipment assets.

The significant increase in outflows of cash from investing activities was mainly attributable to higher outflows for investments in property, plant and equipment (€ +1,623 million; +13.9%). On the other hand, net inflows of cash from investment grants increased (€ +1,095 million; +14.9%). The outflows for the acquisition of shares in consolidated companies (year under review: € 40 million; previous year: € 23 million) have increased appreciably compared with the previous year and were attributable to the acquisitions and also to subsequent purchase price payments for VT-ARRIVA Személyszállító es Szolgáltató Kft., Székesfehérvár/Hungary, and Redhead Holdings Limited, Bradford/United Kingdom.

When changes take place in the scope of consolidation as a result of the acquisition or sale of companies, the acquisition price which is paid (excluding any liabilities which are transferred) less the acquired or sold financial resources are stated as cash flow from investing activities.

Cash flow from financing activities

The cash flow from financing activities is due to additions to capital, the net inflows and outflows attributable to issued senior bonds, changes in bank borrowings and other loans as well as outflows for the redemption of finance lease liabilities and interest-free loans.

The increase in inflows of cash from financing activities (€ +1,713 million) was mainly attributable to higher inflows from the issuing of senior bonds as well as higher net inflows from the raising and repayment of funds, in particular from the raising and repayment of bank borrowings. The repayments of principal for leasing agreements have increased slightly, and the distribution of profit to the government remained unchanged.

Information regarding the changes in financial liabilities (IAS 7)

(€ million)	As of Jan 1, 2020	Cash-effective changes (inflow (+) / outflow (-)	Non-cash-effective changes: Acquisition (+) / sale (-) of companies	Non-cash-effective changes: Currency effects	Non-cash-effective changes: Addition (+) / disposal (-) of leasing liabilities and financial receivables	Non-cash-effective changes: Compounding [1]	As of Dec 31, 2020
Financial receivables and earmarked bank deposits	- 393	- 511	7	- 10	51	–	- 856
LIABILITIES FROM FINANCING							
Interest-free loans	707	- 155	–	–	–	28	580
Senior bonds	20,966	3,249	–	- 209	–	15	24,021
Commercial paper	890	- 890	–	–	–	–	–
Bank borrowings	626	2,678	3	- 3	–	–	3,304
EUROFIMA loan	200	–	–	–	–	–	200
Leasing liabilities [1]	5,015	- 995	–	- 60	972	- 1	4,931
Liabilities from transport concessions	77	114	–	–	–	–	191
Other financial liabilities	212	- 105	10	- 2	- 18	–	97
Liabilities from financing	**28,693**	**3,896**	**13**	**- 274**	**954**	**42**	**33,324**
Total	**28,300**	**3,385**	**20**	**- 284**	**1,005**	**42**	**32,468**

[1] The outflows for leasing liabilities incl. interest paid amount to € 1,076 million as of December 31, 2020. This interest element is netted under compounding.

(€ million)	As of Jan 1, 2019	Cash-effective changes (inflow (+) / outflow (-))	Non-cash-effective changes: Acquisition (+) / sale (-) of companies	Non-cash-effective changes: Currency effects	Non-cash-effective changes: Addition (+) / disposal (-) of leasing liabilities and financial receivables	Non-cash-effective changes: Compounding [1]	As of Dec 31, 2019
Financial receivables and earmarked bank deposits	- 174	- 164	–	0	- 55	–	- 393
LIABILITIES FROM FINANCING							
Interest-free loans	851	- 178	–	–	–	34	707
Senior bonds	20,712	82	–	158	–	14	20,966
Commercial paper	–	890	–	–	–	–	890
Bank borrowings	646	- 19	–	- 1	–	–	626
EUROFIMA loan	200	–	–	–	–	–	200
Leasing liabilities [1]	4,831	- 958	–	- 25	1,154	13	5,015
Liabilities from transport concessions	45	32	–	–	–	–	77
Other financial liabilities	228	- 16	–	–	–	–	212
Liabilities from financing	**27,513**	**- 167**	**–**	**132**	**1,154**	**61**	**28,693**
Total	**27,339**	**- 331**	**–**	**132**	**1,099**	**61**	**28,300**

[1] The outflows for leasing liabilities incl. interest paid amount to € 1,039 million as of December 31, 2019. This interest element is netted under compounding.

NOTES TO THE SEGMENT INFORMATION

Segment reporting of DB Group has been prepared in accordance with IFRS 8 (Operating Segments). The operating segments of DB Group result from the aggregation of fully consolidated legal entities; these legal entities have been allocated to specific segments on the basis of the company-specific operational performance on a defined market. The Management Board takes its decisions and carries out economic analyses as well as appraisals at the level of the operating segments ("management approach").

The allocation of legal entities to operating segments in external accounting is consistent with the allocation in internal management reporting. This means that the management and legal structure of DB Group are coincident. As a result of this allocation principle, there are no partial balance sheets or partial income statements within a legal entity which are allocated to different segments.

In this connection, management reporting is addressed to the Management Board in its function as the primary decision maker. Management reporting in DB Group is based on the accounting principles in accordance with IFRS. With regard to reconciling the segment data with the corresponding corporate data, it is accordingly mainly necessary to take account of consolidation effects. For this reason, a consolidation column is used for reconciliation purposes. The operations of the business segments are covered in the reporting format in line with the corporate organization structure of DB Group. The main regions covered by DB Group are detailed in the segment information by regions.

DB Group uses the following primary segments of the integrated rail system:

- DB Long-Distance: The segment DB Long-Distance comprises all cross-regional transport operations and other passenger transport services. Most of these transport services are provided in Germany.
- DB Regional: The segment DB Regional combines the activities for the German transport and general services in regional rail and road local passenger transport. These activities also comprise the S-Bahnen (metros) in Berlin and Hamburg.
- DB Cargo: All European rail freight transport activities are pooled in the DB Cargo segment. It operates primarily in Germany, Denmark, the Netherlands, Italy, the United Kingdom, France, Poland and Spain.
- DB Netze Track: The segment DB Netze Track is responsible for installing, maintaining and operating our track-related rail infrastructure in Germany.
- DB Netze Stations: The segment DB Netze Stations comprises the operation, development and marketing of passenger stations and retail facilities in stations in Germany.
- DB Netze Energy: The segment DB Netze Energy provides all standard energy products in the fields of transport energy and stationary energy.
- Subsidiaries/Other: DB AG with its numerous management, financing and service functions in its capacity as the management holding of DB Group is shown in this segment. This also includes the service companies which mostly render the services within DB Group in the fields of transport, logistics, information technology and telecommunications. The other subsidiaries and remaining activities are classified under Subsidiaries/Other as well.

In addition to the integrated rail system, there are also the following segments:

- DB Schenker: All global logistics activities of DB Group are managed in the DB Schenker segment. These comprise the freight forwarding, transport and other services in commodity and goods transport.
- DB Arriva: All European local transportation activities (rail and bus) outside Germany are pooled in the DB Arriva segment.

The data concerning the segments are shown after intra-segment relations have been eliminated. The transactions between the segments (inter-segment relations) are eliminated in the column consolidation.

The income and expenses detailed on the basis of operating segments in the *Segment information according to segments* → 188 f. are adjusted by issues which are of an exceptional nature in terms of the amount involved or in terms of the reason for the specific issue. A general adjustment is recognized for book profits and losses attributable to transactions with investments/financial investments and in the amount of the depreciation on long-term customer contracts, which have been capitalized as part of the purchase price allocation process of company acquisitions. In addition, an adjustment is recognized for individual issues if they are of an exceptional nature, if they are definable for accounting purposes, if they can be measured and if the amount involved is material. They are shown in the reconciliation column. This column also reconciles the balance sheet items of capital employed (contents allocated in accordance with management reporting) and the external presentation in accordance with the consolidated balance sheet of DB Group.

Segment reporting is based on the management key figures which are used for internal management of the operating segments. These key figures form the basis of the value-oriented management concept (see *Capital management in DB Group* → 194).

The external revenues and other income consist exclusively of income generated by the segments with non-Group parties. The internal revenues and other income show the income with other segments (inter-segment income). Market prices are used for establishing the transfer prices for intra-Group transactions.

EBITDA (earnings before interest, taxes, depreciation and amortization) is used for assessing the purely operational profitability of the operating segments. It does not include any costs of essential capital in the form of depreciation and interest. Accordingly, EBITDA is not influenced by segment-specific financing structures and long-term investment cycles (in particular in the infrastructure segments); consequently, depreciation is incurred sooner than the positive returns generated by these investments. EBITDA thus has the character of pre-tax cash flow.

On the other hand, EBIT additionally comprises depreciation recognized in relation to fixed assets (property, plant and equipment and intangible assets). EBIT is the result generated by operations which is available for meeting the return requirements of the providers of capital.

The financing costs which are incurred as a result of the (in certain cases) very high amounts of capital tied up in the operating segments of DB Group (particularly in the infrastructure segments) are also relevant for a long-term assessment of results. This is the reason why the operating interest balance is additionally taken into consideration in the key figure operating income after interest.

The essential assets which are used (capital employed) also have to be taken into consideration in addition to the above-mentioned parameters for internal management of the operating segments. The capital employed comprises the essential capital which is used by providers of equity and providers of debt and for which interest has to be paid.

Net financial debt is defined as the balance of interest-bearing external liabilities as well as cash and cash equivalents and interest-bearing external receivables. The net financial debt of the segments also comprises the receivables and liabilities attributable to Group financing as well as profit and loss transfer agreements.

Gross capital expenditures consist of capital expenditures in property, plant and equipment and intangible assets excluding capitalized borrowing costs. Net capital expenditures are calculated by deducting the participation of third parties in the financing of specific capital expenditure projects (essentially the investment grants of the Federal Government and the Federal states).

Additions from changes in the scope of consolidation are shown as part of segment gross capital expenditures, and comprise exclusively the capital expenditures in property, plant and equipment and intangible assets, including the goodwill acquired as part of company acquisitions or included in the consolidated financial statements for the first time.

The number of employees comprises the workforce, excluding trainees and dual degree students (students on courses combining theory and practice), at the end of the reporting period (part-time employees have been converted to full-time employees).

The segments are subject to the same accounting principles which are described in the section *Basic principles and methods* → 190 ff. and which are applicable for the remainder of the consolidated financial statements. Intra-group segment transactions are generally conducted on an arm's length basis.

Explanations concerning the information by regions

External revenues are stated on the basis of the registered offices of the Group company providing the service.

Non-current assets also are allocated on the basis of the location of the company. The non-current assets comprise intangible assets, property, plant and equipment as well as non-current receivables and other assets (excluding financial instruments, deferred tax assets, rights from insurance policies as well as assets in conjunction with benefits after termination of the employment agreement).

Information concerning major customers

In the year under review as in the previous year, no single customer accounted for more than 10 % of overall Group revenues.

RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS

Management of financial and energy price risks

As a mobility, transport and logistics group with international operations, DB Group is exposed to financial risks in the form of changes in interest rates and exchange rates. In addition, there are also energy price risks on the procurement side as a result of fluctuations in the prices of diesel fuel and electricity. One of the aspects of corporate policy is to actively manage and thus limit these risks by means of the use of derivative financial instruments.

DB AG is responsible for all financing and hedging transactions of DB Group with its central Group Treasury, and operates in close cooperation with the subsidiaries, where the risk positions primarily rise. Group Treasury follows the relevant regulations for risk management (Minimum requirements for risk management (Mindestanforderungen an das Risikomanagement; MaRisk), Corporate Sector Supervision and Transparency Act (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich; KonTraG)). Speculation is not permitted. Ongoing market and risk assessment takes place as part of risk management.

Derivative financial instruments are used exclusively for hedging interest, currency and energy price risks. All individual transactions correspond to on-balance-sheet or anticipated underlyings (for example senior bonds, purchasing of diesel fuel and electricity). The aim is to achieve qualification as an effective hedge in accordance with IFRS 9.

Interest rate risks

The interest rate risks are attributable to borrowings raised in conjunction with variable interest rates.

In accordance with IFRS 7, the effects of theoretical changes in market interest rates on profit and shareholders' equity are investigated by means of a sensitivity analysis. For this purpose, the following financial instruments are considered:

- Derivatives designated in cash flow hedges (interest hedges and cross-currency hedges) have an impact on the hedge reserve in shareholders' equity and are therefore taken into consideration in the sensitivity calculations relating to shareholders' equity.
- The sensitivity calculations for net interest income include financial instruments with variable interest (bank deposits, short-term borrowings / investments, cross-currency swaps, loans).

If the level of market interest rates for the exposure had been 100 basis points higher (lower) as of the balance sheet date, the comprehensive income would have been affected as follows:

	2020		2019	
	Changes in market level of interest rates			
(€ million)	+100 BP [1]	-100 BP [1]	+100 BP [1]	-100 BP [1]
Impact on comprehensive income	+13	-14	+17	-19
thereof net profit for the year	-4	+4	+2	-2
thereof covered directly in equity	+17	-18	+15	-17

[1] Basis points.

Foreign currency risks

The foreign currency risks are attributable to financing measures and operating activities.

In order to avoid interest rate and foreign currency risks, the foreign currency bonds issued and loans within the framework of Group financing are converted into euro liabilities and receivables by means of cross-currency swaps. However, it is not necessary for such bonds to be converted in individual cases if there is a guarantee that the bond can be serviced out of inflows of foreign currency payments.

Subsidiaries hedge all significant foreign currency positions in their functional currency via Group Treasury. In exceptional cases and to a limited extent, subsidiaries are permitted to hedge foreign currency positions with banks themselves.

The currency sensitivity analysis in accordance with IFRS 7 is based on the following assumptions:

- The cross-currency swaps which are concluded and the current currency transactions are always allocated to original underlyings.
- All major foreign currency positions arising from operating activities are always 100 % hedged. If exchange rate changes are 100 % hedged, they do not have any impact on profits or equity capital.
- Foreign currency risks can only occur if a 100 % hedge does not exist in justified exceptional cases; for instance if a conservative estimate is made for hedge volumes for anticipated foreign currency cash flows in order to avoid overhedging.

- On-balance-sheet foreign currency risks may result from energy price hedging which is not denominated in the respective functional currency.

If the following foreign currencies for currency hedges had weakened (or strengthened) by 10 % as of the balance sheet date, comprehensive income would not have been significantly affected.

	2020		2019	
	Percentage change in exchange rates			
(€ million)	+ 10 %	- 10 %	+ 10 %	- 10 %
USD	+ 9	- 9	+ 6	- 6
CNY	+ 5	- 6	+ 11	- 13
ILS	0	0	+ 1	- 1
QAR	0	0	+ 1	- 1
SAR	- 2	+ 2	- 1	+ 1
AUD	0	0	- 1	+ 1
SGD	- 3	+ 3	- 3	+ 3
HKD	- 8	+ 8	0	0
HUF	- 2	+ 2	0	0
RON	+ 5	- 7	+ 4	- 5
TWD	- 2	+ 3	0	0
KRW	- 1	+ 1	0	0
TRY	- 2	+ 3	0	0

DB Group has numerous equity investments in foreign subsidiaries whose net assets are exposed to a translation risk. This translation risk is not perceived to be a foreign currency risk for the purposes of IFRS 7, and is not hedged.

Energy price risks

The Energy Price Risk Management Committee (ERMC) is responsible for managing and minimizing energy risks; this committee is responsible for ensuring the implementation of the risk policy of DB Group specifically with regard to energy price risks (in particular for procurement of diesel and electricity). The ERMC takes decisions with regard to specific hedging strategies and measures in which financial and energy derivatives are used.

Swaps relating to the commodities underlying the price formulae are used as hedges for the risks of price changes for sourcing electricity. Diesel price risks are for instance limited by the conclusion of diesel swaps (usually by means of hybrid hedging of diesel price and currency risks).

The following assumptions have been made for performing the sensitivity analyses in accordance with IFRS 7:

- In the case of energy price swaps, the effective part is recognized in shareholders' equity, and the ineffective part is recognized in the income statement.
- If options are used (collars), the intrinsic value constitutes the effective part of the hedge, so that the intrinsic value is shown in shareholders' equity. On the other hand, the fair value is not part of the hedge, and is shown in the income statement.

If the energy prices at the end of the year had been 10 % lower (or higher), comprehensive income would have been affected as follows:

	2020		2019	
	Changes in market prices			
(€ million)	+ 10 %	- 10 %	+ 10 %	- 10 %
Impact on comprehensive income	+ 38	- 38	+ 59	- 59
thereof covered directly in equity	+ 38	- 38	+ 59	- 59
Diesel	+ 22	- 22	+ 41	- 41
Hard coal	+ 16	- 16	+ 18	- 18

Credit risk of interest, currency and energy derivatives

The credit risk is actively managed by way of strict requirements relating to the creditworthiness of the counterparty at the point at which the transactions are concluded and also throughout the entire life of the transactions, and also by way of defining risk limits.

In order to minimize the credit risk of derivatives, DB Group has concluded credit support agreements (CSAs) with its core banks. In the CSAs, it was agreed that both parties would mutually provide cash securities for interest and cross-currency swaps as well as energy derivatives. Securities are exchanged daily with all relevant banks.

Related amounts which are not netted in the balance sheet:

	Financial assets / liabilities shown in the balance sheet		Related amounts which are not netted in the balance sheet					
			Financial instruments		Cash securities received / provided		**Net amounts**	
As of Dec 31 (€ million)	2020	2019	2020	2019	2020	2019	2020	2019
Derivative financial instruments – assets	164	315	- 108	- 139	- 18	- 176	**38**	**-**
Derivative financial instruments – liabilities	379	366	- 108	- 139	- 271	- 211	**-**	**16**

The assets of financial derivatives and thus the maximum counterparty default risk have declined as a result of exchange rate fluctuations of the euro against other currencies, particularly against the British pound sterling and the Norwegian krone. The liabilities of derivative financial instruments have increased only slightly. The cash collateral provided is still predominant. The maximum individual risk (default risk in relation to individual contract partners) was € 31 million (as of December 31, 2019: € 79 million) and existed in relation to a bank with a Moody's rating of A3. As of December 31, 2020, all contract partners which are exposed to a credit risk had a Moody's rating of at least Baa1 for transactions with terms of more than one year.

Liquidity risk

Liquidity management involves maintaining adequate cash and cash equivalents, constantly checking the commercial paper market for ensuring adequate market liquidity and depth, and the constant availability of financial resources via *guaranteed credit facilities of banks* *(Note (28) → 214 ff.)*.

The following table shows the contractually agreed undiscounted interest payments and redemption payments relating to the original financial liabilities as well as the derivative financial instruments with a positive and negative fair value of DB Group:

Maturity analysis of financial liabilities as of Dec 31, 2020 (€ million)	**2021**		**2022**		**2023–2025**		**2026–2030**		**2031 ff.**	
	Fixed / variable interest	**Redemption**	**Fixed / variable interest**	**Redemption**	**Fixed / variable interest**	**Redemption**	**Fixed / variable interest**	**Redemption**	**Fixed / variable interest**	**Redemption**
NON-DERIVATIVE FINANCIAL LIABILITIES										
Interest-free loans	–	157	–	157	–	313	–	5	–	–
Senior bonds	381	1,809	325	1,545	800	5,816	722	8,583	567	6,384
Commercial paper	–	–	–	–	–	–	–	–	–	–
Bank borrowings	-2	2,900	–	402	–	–	–	2	–	–
EUROFIMA loan	8	200	–	–	–	–	–	–	–	–
Leasing liabilities	69	1,024	54	753	109	1,423	101	1,061	143	670
Financing liabilities from transport concessions	3	27	3	27	6	78	3	56	0	3
Other financial liabilities	–	87	–	2	–	6	–	2	–	–
Trade liabilities	–	6,312	–	478	–	81	–	12	–	–
Other miscellaneous liabilities	–	3,308	–	6	–	18	–	139	–	–
DERIVATIVE FINANCIAL LIABILITIES (NET/GROSS SETTLED)										
Cross-currency derivatives connected with cash flow hedges	55	244	46	201	130	609	106	1,631	8	212
Interest derivatives connected with cash flow hedges	0	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	91	–	1	–	–	–	–	–	–
Currency derivatives not connected with cash flow hedges	–	2,438	–	1	–	0	–	–	–	–
Energy price derivatives	37	–	20	–	17	–	0	–	–	–
DERIVATIVE FINANCIAL ASSETS (GROSS SETTLED)										
Cross-currency derivatives connected with cash flow hedges	47	63	45	28	100	1,611	60	1,208	22	447
Currency derivatives connected with cash flow hedges	–	0	–	–	–	–	–	–	–	–
Currency derivatives not connected with cash flow hedges	–	40	–	0	–	0	–	–	–	–
VOLUNTARY INFORMATION ABOUT DERIVATIVES										
DERIVATIVE FINANCIAL ASSETS (NET SETTLED)										
Currency derivatives not connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Energy price derivatives	-3	–	-2	–	0	–	–	–	–	–
INFLOW OF FUNDS FROM DERIVATIVE FINANCIAL INSTRUMENTS (GROSS SETTLED)										
Cross-currency derivatives connected with cash flow hedges	-117	-289	-109	-231	-287	-2,234	-208	-2,821	-47	-642
Currency derivatives connected with cash flow hedges	–	-24	–	0	–	–	–	–	–	–
Currency derivatives not connected with cash flow hedges	–	-2,581	–	0	–	-39	–	–	–	–
FINANCIAL WARRANTIES										
Financial warranties	–	16	–	–	–	–	–	–	–	–

Maturity analysis of financial liabilities as of Dec 31, 2019 (€ million)	2020		2021		2022–2024		2025–2029		2030 ff.	
	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption
NON-DERIVATIVE FINANCIAL LIABILITIES										
Interest-free loans	–	163	–	157	–	467	–	–	–	–
Senior bonds	386	2,177	347	1,803	786	5,038	684	7,472	346	4,563
Commercial paper	4	890	–	–	–	–	–	–	–	–
Bank borrowings	0	221	0	3	–	401	–	1	–	–
EUROFIMA loan	8	–	8	200	–	–	–	–	–	–
Leasing liabilities	84	984	70	885	147	1,629	142	981	178	536
Financing liabilities from transport concessions	1	13	1	12	1	39	0	13	–	–
Other financial liabilities	–	204	–	1	–	6	–	1	–	–
Trade liabilities	–	5,789	–	184	–	49	–	14	–	–
Other miscellaneous liabilities	–	3,432	–	2	–	10	–	79	–	–
DERIVATIVE FINANCIAL LIABILITIES (NET/GROSS SETTLED)										
Cross-currency derivatives connected with cash flow hedges	50	525	36	268	87	174	81	992	16	577
Interest derivatives connected with cash flow hedges	5	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	951	–	–	–	–	–	–	–	–
Currency derivatives not connected with cash flow hedges	–	1,316	–	8	–	4	–	–	–	–
Energy price derivatives	26	–	17	–	13	–	1	–	–	–
DERIVATIVE FINANCIAL ASSETS (GROSS SETTLED)										
Cross-currency derivatives connected with cash flow hedges	79	665	58	38	161	1,145	114	1,875	32	679
Currency derivatives connected with cash flow hedges	–	198	–	0	–	–	–	–	–	–
Currency derivatives not connected with cash flow hedges	–	1,093	–	40	–	22	–	–	–	–
VOLUNTARY INFORMATION ABOUT DERIVATIVES										
DERIVATIVE FINANCIAL ASSETS (NET SETTLED)										
Currency derivatives not connected with cash flow hedges	–	0	–	0	–	–	–	–	–	–
Energy price derivatives	-17	–	-7	–	-13	–	-1	–	–	–
INFLOW OF FUNDS FROM DERIVATIVE FINANCIAL INSTRUMENTS (GROSS SETTLED)										
Cross-currency derivatives connected with cash flow hedges	-129	-1,293	-111	-278	-306	-1,392	-243	-2,861	-69	-1,237
Currency derivatives connected with cash flow hedges	–	-1,136	–	–	–	–	–	–	–	–
Currency derivatives not connected with cash flow hedges	–	-2,411	–	-49	–	-28	–	–	–	–
FINANCIAL WARRANTIES										
Financial warranties	–	15	–	–	–	–	–	–	–	–

This includes all instruments which were held as of December 31, 2020 and for which payments had already been agreed. Foreign currency amounts have been translated using the spot rate applicable as of the reference date. The variable interest payments attributable to the financial instruments have been calculated on the basis of the interest rates applicable on December 31, 2020 (previous year on December 31, 2019). Financial liabilities which can be repaid at any time are allocated to the earliest possible time segment.

The financial liabilities were opposed by cash and cash equivalents of € 3,411 million as of December 31, 2020 (as of December 31, 2019: € 3,993 million), consisting of positive account balances and current fixed-term deposits.

ADDITIONAL DISCLOSURES RELATING TO THE FINANCIAL INSTRUMENTS

If covered by the scope of IFRS 9, the financial assets and liabilities are categorized and measured in accordance with IFRS 9. Financial assets and liabilities which are not covered by the scope of IFRS 9 are measured in accordance with the relevant standards and not categorized under any measurement category according to IFRS 9.

The carrying amounts as well as the net result per valuation category of IFRS 9 are shown in the following. The fair values and the details of individual classes of financial instruments are shown within the notes to the respective balance sheet items.

In DB Group, financial assets which are allocated to a valuation category according to IFRS 9 mainly comprise trade receivables and cash and cash equivalents.

In DB Group, financial liabilities which are allocated to a valuation category according to IFRS 9 mainly comprise interest-free loans, senior bonds, EUROFIMA loans, bank borrowings, trade payables and other liabilities.

Classification of financial assets

The valuation categories of IFRS 9 are set out in the following:

	Fair value (recognized in income statement)		Fair value (recognized directly in equity) with recycling		Fair value (recognized directly in equity) without recycling		Derivatives in hedges		At amortized cost		Not in scope of IFRS 7		Total	
As of Dec 31 (€ million)	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	**2019**
CARRYING AMOUNT														
Non-current financial assets	30	12	2	2	25	31	151	180	902	610	238	146	**1,348**	**981**
Current financial assets	9	9	1	1	–	–	4	125	9,781	10,304	684	596	**10,479**	**11,035**
Non-current financial liabilities	27	30	–	–	–	–	292	257	23,931	20,337	3,873	3,978	**28,123**	**24,602**
Current financial liabilities	9	9	–	–	–	–	51	70	12,509	10,449	3,365	3,488	**15,934**	**14,016**
Net result	- 2	1	–	–	–	–	–	–	- 5	- 3	- 543	- 537	**- 550**	**- 539**

Following the first-time adoption of IFRS 9 in DB Group, other participations are measured at fair value and not, as was previously the case, allocated to the category “Held for sale.”

The net result according to valuation categories in particular contains interest income of € 20 million (previous year: € 20 million) and interest expenses of € 429 million (previous year: € 467 million) from the financial assets or liabilities which are not recognized in the income statement at fair value.

OTHER DISCLOSURES

(34) Contingent receivables and liabilities, and guarantee obligations

Contingent receivables (as of December 31, 2020: € 33 million, as of December 31, 2019: € 43 million) mainly comprised a recovery claim in conjunction with construction grants which have been provided but which had not been sufficiently determined as of the balance sheet date in terms of the specific amount and the time at which the claim would become due.

As of the balance sheet date, no contingent receivables had been recognized for all injunction proceedings in view of the high level of uncertainty relating to refund claims, the timing of refunds and the probability of refunds.

The contingent liabilities were broken down as follows:

As of Dec 31 (€ million)	**2020**	2019
Other contingent liabilities	132	105
Total	**132**	**105**

Other contingent liabilities also comprise risks arising from litigation which had not been stated as provisions because the expected probability of occurrence is less than 50 %. This relates to numerous individual cases of minor significance.

There are also contingencies of € 16 million from guarantees as of December 31, 2020 (as of December 31, 2019: € 15 million). Property, plant and equipment with carrying amounts of € 19 million (as of December 31, 2019: € 13 million) were also used as security for loans. The reported figure essentially related to rolling stock used at the operating companies in the segment DB Long-Distance.

DB Group acts as guarantor mainly for equity participations and consortiums, and is legally subject to joint and several liability for all consortiums in which it is involved.

(35) Other financial obligations

Capital expenditures in relation to which DB Group has entered into contractual obligations as of the balance sheet date, but for which no consideration has yet been received, were broken down as follows:

As of Dec 31 (€ million)	**2020**	2019
COMMITTED CAPITAL EXPENDITURES FOR		
Property, plant and equipment	18,499	16,951
Intangible assets	32	37
Acquisition of financial assets	435	433
Total	**18,966**	**17,421**
Order commitment for leasing property, plant and equipment	370	605
Possible but unlikely lease payments	2,648	2,215

The increase in the order commitment in property, plant and equipment was particularly due to the planned capital expenditure projects relating to own construction services and the procurement of new vehicles. In the case of some supply arrangements, there are independent admissions of guilt with regard to fulfilling the order commitment; these are opposed by claims of the same amount, backed by bank guarantees and insurance policies with very good ratings. The order commitment for the acquisition of property, plant and equipment also contains future obligations for vehicles in connection with transport contracts to be recognized in accordance with IFRIC 12.

The order commitment for leasing property, plant and equipment relates to leases which had been concluded as of the balance sheet date but for which the duration has not yet commenced. Possible lease payments for unlikely lease prolongations or for periods in which the leased asset will not be used as a result of a likely termination have not been included in the measurement of leasing liabilities.

The figure of € 435 million shown for the acquisition of financial assets (as of December 31, 2019: € 433 million) related to outstanding contributions at EUROFIMA which have not been called in.

(36) Structured companies

DB AG holds 100 % of the shares in DB Barnsdale AG and DB Competition Claims GmbH. The purpose of these structured companies is to enforce claims for damages from cartel operations; they are included as subsidiaries in the consolidated financial statements. There are profit and loss transfer agreements with DB AG.

(37) Infrastructure and transport contracts

The following notes and information refer to the requirements of SIC-29 (Disclosure – Service Concession Arrangements). GRI 203-1

INFRASTRUCTURE CONTRACTS

The main rail infrastructure companies (RIC) of DB Group are DB Netz AG, DB Station & Service AG and DB Energie GmbH.

On the basis of section 6 of the General Railways Act (Allgemeines Eisenbahngesetz; AEG), the RIC which operate track, control and security systems or platforms require approval for such operations. This is applicable particularly for DB Netz AG and DB Station & Service AG, whose approvals are valid until the end of December 31, 2048.

The rights of the RIC to operate the rail infrastructure is connected to various obligations. In particular, they are obliged to ensure that their operations are managed safely and that all rail infrastructure is constructed safely and maintained in a safe condition (section 4 (3) AEG). With regard to compliance with this regulation, the RIC of DB Group are regulated by the EBA.

In addition, the RIC also have to observe statutory duties in the case of any new and expansion projects, for instance with regard to noise abatement. DB Group voluntarily participates in the Rail noise abatement program of the Federal Government for existing lines.

The RIC provide non-discriminatory access to the rail infrastructure in accordance with sections 10 ff. Railway Regulation Act (Eisenbahnregulierungsgesetz; EReG) and charge the train operating companies (TOCs) for this access. The fees of DB Netz AG and DB Station & Service AG must comply with the requirements of the EReG. The fees for the usage of traction power lines of DB Energie GmbH have to comply with the requirements of the Energy Industry Law (Energiewirtschaftsgesetz; EnWG).

In the year under review, DB Netz AG, DB Station & Service AG and DB Energie GmbH generated overall revenues of € 9,468 million (previous year: € 9,600 million); thereof € 3,561 million (previous year: € 3,492 million) was generated with non-Group customers.

The assets of the rail infrastructure are the legal and economic property of the companies.

TRANSPORT CONTRACTS

DB Regio AG and its subsidiaries provide transport services on the basis of ordered services of the transport authorities. These so-called transport contracts for local rail passenger transport services are signed with the public transport authority of the transport services authorized by the Federal states (for example special-purpose association, local transport company); these contracts determine the volume and the quality level of the transport service, the future development as well as the compensation (concession fees).

The funds necessary for this purpose are made available to the Federal states by the Federal Government in accordance with the regulations of the Regionalization Act (Regionalisierungsgesetz; RegG). The total concession fees received by DB Regio AG and by the subsidiaries of the segment DB Regional for rail transport amounted to € 5,292 million in the year under review (previous year: € 5,629 million) *(Note (1)* *195 f.)*. This amount included a figure of € 1,294 million in the year under review (previous year: € 1,615 million) for revenues from fares which had to be netted against the claims for concession fees within the framework of gross contracts.

In addition, there are similar transport contracts with international contracting organizations in the segment DB Arriva, with a volume of € 1,237 million in the year under review (previous year: € 956 million) *(Note (1)* *195 f.)*.

About 80 % of all secured transport agreements have a duration up to at least 2024; about 45 % have a duration until at least 2029, and about 28 % have a duration until at least 2032. The transport contracts can only be terminated by the contracting organization during the term of the contract for a compelling reason.

In many cases, the companies enjoy legal and beneficial ownership of the assets necessary for providing the services, and in particular the rolling stock. Some transport contracts include obligations whereby the assets which are deployed have to be handed over at the end of the life of the contract. In addition, DB Group is recording an increasing share of transport contracts in which the rolling stock is either leased by the contracting organization or for which the leasing arrangement is supported by capital service guarantees by the contracting organization.

(38) Related-party disclosures

The following parties are deemed to be related parties of DB Group in accordance with IAS 24 (Related-Party Disclosures):

- the Federal Government in its capacity as the owner of all shares in DB AG,
- the companies or enterprises subject to the control of the Federal Government (Federal companies),
- affiliated, non-consolidated and associated companies as well as joint ventures of DB Group, as well as
- the members of the Management Board and the Supervisory Board of DB AG and their close relatives.

Transactions with related parties are conducted on an arm's length basis.

The figures attributable to related companies and persons are stated under the corresponding items of the "Notes to the Balance Sheet" with the designation "thereof." Individual figures are set out in the *Notes (19)* *208 ff., (28) 214 ff.* and *(29) 218 f.*

Details and explanations of transactions between DB Group and the Federal Government are included in the *Notes (3) 196 f., (5) 197 f., (9) 201 f., (13) 203 ff., (31) 219 ff., (35) 234* and *(37) 234 f.*

Significant economic relations which need to be reported separately between DB Group and related companies and persons are explained in the following:

RELATIONSHIPS WITH THE FEDERAL GOVERNMENT

	Federal Government	
As of Dec 31 (€ million)	**2020**	2019
SERVICES RECEIVED BY DB GROUP		
Purchase of goods and services	1,230	1,209
Rents and leases	1	1
Other services	0	0
Investment grants [1]	7,282	6,261
Other income grants	422	366
	8,935	**7,837**
SERVICES RENDERED BY DB GROUP		
Sale of goods and services	318	427
Rents and leases	14	13
Other services	53	61
Repayment of loans	163	178
Repayment of investment grants	18	53
	566	**732**
OTHER DISCLOSURES		
Unsecured receivables [2]	305	475
Unsecured liabilities [2]	816	945
Current total of guarantees received [2]	1,179	1,174

[1] Including € 136 million EU subsidies paid out via the Federal Government (previous year: € 346 million).

[2] As of balance sheet date.

Purchases of goods and services mainly comprise the fees paid to the Federal Government within the framework of the pro forma billing of the allocated civil servants as well as cost refunds for staff secondments in the service provision field.

With the law for improving the opportunities for re-integration on the labor market, the corresponding regulations in the Social Security Code (Sozialgesetzbuch; SGB) III were revised. In accordance with section 54 SGB III, the Federal Employment Agency provides a subsidy of up to € 247 per month for career opportunity qualifications (since August 1, 2020; previously: € 243/month). In the year under review, about 250 young persons were offered a training opportunity within the framework of the career preparation program Chance plus.

Since 2009, financing for the existing network has been governed between DB AG, the RIC and the Federal Government by way of so-called performance and financing agreements (Leistungs- und Finanzierungsvereinbarung; LuFV). GRI 203-1

The use of Federal funds within the framework of the LuFVs has been managed in a quality-oriented manner since that time. The LUFV improved the plannability, efficiency and transparency of funding for maintaining the infrastructure.

The third agreement of this type, namely LuFV III, came into force on January 1, 2020. The agreement has a volume of € 86.2 billion and, for the first time, has a duration of ten years – twice as long as that of the previous agreement LuFV II.

The infrastructure contribution of the Federal Government increased to an average of € 5,143 billion per calendar year. (LuFV II: € 3,316 billion per calendar year on average). There was also an increase agreed of the maintenance expenses to be provided by the RIC to an average of € 2,278 billion per calendar year. The own contribution of the RIC is increased to an average of € 137.5 million per calendar year.

Within the framework of the bridge program, it was agreed that a total of 2,000 bridges would be comprehensively stabilized by the agreement of a target of 2,000 bridges to be comprehensively modernized in the period 2020 to 2029.

In addition, resources are provided for requirements which go beyond the technical need, for instance for improving accessibility and weather protection as well as additional funds for customer-friendly construction. In addition, the LuFV III provides a total of € 7 billion for earmarked capital expenditures in signaling equipment for the years 2020 to 2029.

The LuFV III also for the first time contains a contractual regulation regarding the reduction of backlog demand. Although the considerably increased volume of resources of the LuFV III does not yet enable the backlog demand to be completely reduced, the total of € 4,506 billion means that there is a defined sum available, at least two-thirds of which must be used for reducing the backlog of particularly critical aspects (track, switches, railway bridges, tunnels, culverts, signaling equipment and pedestrian underpasses). A new parameter for substance value (not subject to any penalties) is to be used as an indicator for the development of backlog demand.

With regard to the ten-year duration, the LuFV III also includes a provision for the application renegotiation clause which can trigger discussions for adjusting the LuFV III in the event of major changes, for instance considerable price increases for construction services in the rail infrastructure.

During the life of the LuFV III, the parties to the agreement will investigate whether different or additional quality parameters can be used for the LuFV III (starting January 1, 2025) or for the succeeding LuFV IV (starting January 1, 2030) in order to achieve an improvement to the informative value regarding the status of the track.

In addition, at DB Netz AG and DB Station&Service AG, the cause and effect correlation between available funds and the attainable quality for agreeing the quality objectives is to be established and subsequently implemented by no later than December 31, 2022 in order to replace the previously applied generation approach.

If the parties to the agreement fail to reach agreement regarding the application of other or additional quality parameters by no later than June 30, 2024, or if there is no robust cause and effect correlation on the basis of the mutually agreed model, the Federal Government is authorized to terminate the LuFV III at the end of the calendar year 2024.

The Requirement Plan Implementation Agreement (Bedarfsplanumsetzungsvereinbarung; BUV) signed by RIC and the Federal Government on July 25, 2017 came into force on January 1, 2018 and governs the financing of requirement plan projects. Key elements include a readjustment of planning costs, fixing the own fund participation of the RIC in the projects as well as the agreement of binding commissioning dates which are subject to penalties if not met.

The Federal Government has since then absorbed all costs of the projects, in other words also the entire planning costs. The previous regulation in the form of a fixed amount for planning costs equivalent to 18 % of the construction costs has been canceled.

The RIC participate in all costs of the projects in accordance with their own economic benefit, i.e. including the entire construction costs. This provides a powerful incentive to avoid increases in construction costs.

The RIC give the Federal Government a commitment for milestones and binding commissioning dates for the projects. The penalties in the event of failure to meet these deadlines provide an incentive for complying with the deadlines.

On August 25, 2020, the Federal Government and RIC concluded a new framework agreement regarding the financing and performance of capital expenditures in the rail infrastructure of the Federal railways (Rahmenvereinbarung über die Finanzierung und Durchführung von Investitionen in die Schienenwege der Eisenbahnen des Bundes). It governs the financing and implementation of capital expenditures projects of the Federal Government in expanding the rail network, if not covered under the scope of the LuFV, BUV or the previous agreement (framework agreement 1999). With the exception of the so-called starter package, the framework agreement is not applicable for financing agreements which relate to the Digital Rail for Germany project. In the case of measures covered by the framework agreement, the RICs agree to cofinance the eligible costs. The extent of such cofinancing depends on the effectiveness of the measure for the infrastructure companies. Four different categories with a percentage contribution of 0–15 % have been agreed for this purpose.

Further investment grants are provided in accordance with the Municipal Transport Financing Act (Gemeindeverkehrsfinanzierungsgesetz; GVFG) for measures of the transport program, in accordance with the noise abatement program of the Federal Government in relation to existing track of the railways and within the framework of the ERTMS (European Rail Traffic Management System – involvement of German elements in the trans-European rail network.

For infrastructure projects within the framework of priority measures for the expansion of the trans-European network (Connecting Europe Facility; CEF funds) and for the regional development of the transport infrastructure (Europäischer Fonds für regionale Entwicklung; EU-EFRE funds), DB Netz AG has received subsidies of the European Union.

The grants recognized in the income statement relate also to payments provided by the Federal Government for covering excessive burdens borne by DB Group as a result of operating and maintaining level crossings with roads of all construction authorities.

Sales of products and services also comprise services for carrying severely disabled persons, Bundeswehr soldiers and Bundeswehr traffic.

During the year under review, interest-free loans in accordance with the BSWAG of € 163 million (previous year: € 178 million) were repaid to the Federal Government within the framework of the agreed annual standard redemption payment.

The liabilities due to the Federal Government comprised the extended loans, which are shown here with their present values, and other liabilities of € 236 million (as of December 31, 2019: € 238 million).

The guarantees received from the Federal Government primarily relate to the loans received from EUROFIMA as well as the outstanding contributions and liabilities arising from collective liability of DB AG at EUROFIMA. The guarantees which have been received include a maximum commitment of € 1,153 million of the Federal Government for loans of EUROFIMA. The loan volume amounted to € 200 million as of December 31, 2020 (unchanged).

Nine new financing contracts were concluded in the year under review for requirements plan projects in addition to the Adjustment Agreement 2020 (Anpassungsvereinbarung; APV). The Federal Government has provided finance totaling about € 3,094 million for the new agreements. The financing agreements have different terms, which in certain cases extend to the year 2030. Financing is provided completely in the form of investment grants which do not have to be repaid.

The joint implementation of the DBGrG is based on an agreement in accordance with section 21 (8) DBGrG in relation to section 21 (5) No. 2 and (6) DBGrG of June 10/17, 2015 between the BEV on the one hand and DB AG on the other. The Federal Ministry of Transport and Digital Infrastructure (Bundesministerium für Verkehr und digitale Infrastruktur; BMVI) and the Federal Ministry of Finance (Bundesministerium der Finanzen; BMF) approved this agreement on June 24/July 28, 2015. The agreement states that DB AG shall provide evidence (with documentation of each individual case) that an employee of DB JobService GmbH (a civil servant or employee subject to collective bargaining agreements satisfying certain criteria at the foundation in 1994) was affected by a rationalization measure and employment elsewhere is not possible. The personnel expenses plus an additional amount of 10% of the personnel expenses to cover costs shall be reimbursed only after each individual case has been reviewed by the BEV.

The annual financial statements 2020 of DB JobService GmbH disclosed reimbursement claims of DB AG against the Federal Government in the total amount of € 45.1 million (including 10% reimbursement of costs on the basis of section 21 (5) and (6) DBGrG). Reimbursements in accordance with section 21 (5) No. 2 and (6) DBGrG were audited by the BEV on the basis of individual documentation. For those cases which have changed to DB JobService GmbH in January 2014 after the DemografieTV came into force (so-called new cases), extensive supporting evidence has to be provided on the basis of original receipts by the companies.

The Climate Action Program 2030 adopted by the German Federal Cabinet on October 9, 2019 came into force on January 1, 2020. The aim of the measures agreed in the Climate Action Program is to ensure that the national climate protection targets for 2030 (55% less greenhouse gas compared with the year 1990) are achieved. The measures include the introduction of CO_2 pricing as well as an extensive package of measures in the transport sector.

Additional funds of € 11 billion have been made available for strengthening rail traffic on the basis of the Climate Action Program 2030; these funds are to be used exclusively for infrastructure, and are to be provided in the form of grants (50%) as well as in the form of equity of DB Netz AG and DB Station&Service AG (50%).

DB AG has also agreed with its owner that the impact of the Covid-19 crisis on DB Group will be borne jointly. For this purpose, DB Group will compensate for half of the impact in the Integrated Rail System by means of countermeasures (mainly savings in terms of personnel expenses and cost of materials).

The measures planned by the Federal Government for strengthening the shareholders' equity of DB AG in 2021 comprise a total of € 7.125 billion (€ 5 billion as compensation for losses resulting from the Covid-19 pandemic and € 2.125 billion for implementing the Climate Action Program 2030). Payment of these funds is still subject to the European Commission's approval, required on the basis of state aid law.

RELATIONS WITH FEDERAL COMPANIES

Most of the transactions carried out in accordance with IAS 24 in the year under review and in the previous year related to operations, and were overall of minor significance for DB Group. The receivables and liabilities which had arisen were virtually completely settled as of the balance sheet date.

RELATIONS WITH AFFILIATED, NON-CONSOLIDATED COMPANIES, ASSOCIATES AND JOINT VENTURES

In the year under review, DB Group purchased goods and services worth € 112 million (previous year: € 132 million), mainly for purchasing passenger transport and freight services. At € 80 million (previous year: € 87 million), most of the total figure was attributable to transactions with associates. Rental and leasing payments of € 6 million were also made (previous year: € 6 million).

Interest payments of € 8 million (previous year: € 8 million) were also incurred in the year under review. This figure relates almost exclusively to interest payments for the loan extended by EUROFIMA *(Note (28) → 214 ff.)*.

In the year under review, DB Group generated revenues of € 345 million (previous year: € 365 million) from sales of goods and services. The revenues were generated mainly in the DB Cargo segment and related to revenues generated by transport services which were provided.

As of December 31, 2020, guarantees totaling € 4 million (as of December 31, 2019: € 5 million) have been extended; of this figure € 4 million (as of December 31, 2019: € 6 million) was attributable to joint ventures. An equivalent volume of transactions with related companies was conducted in the previous year.

RELATIONS WITH THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF DB AG

The following section sets out the transactions between DB Group and the members of the Management Board and the Supervisory Board, as well as the companies in which members of the Management Board or the Supervisory Board own a majority interest.

(€ thousand)	2020	2019
SERVICES RENDERED BY DB GROUP		
Sale of goods and services	–	1
SERVICES RECEIVED BY DB GROUP		
Purchase of goods and services	665	648

The figures relate to the amounts received by the employees' representatives in the Supervisory Board.

COMPENSATION OF THE MANAGEMENT BOARD

(€ thousand)	2020	2019
Benefits due in the short term	3,881	5,976
Post-employment benefits	1,633	1,332
Other benefits due in the long term [1]	-1,079	643
Payments on the occasion of termination of employment contracts	–	1,466
Total compensation of the Management Board according to IFRS	**4,435**	**9,417**
Fixed	5,514	4,883
Variable [1]	-1,079	3,068
Payments on the occasion of termination of employment contracts	–	1,466
Pension provisions for active members of the Management Board [2]	28,000	22,199
Total compensation of the Management Board according to HGB	3,855	7,441
Compensation of former members of the Management Board and their surviving dependants	10,123	10,103
Retirement benefit obligations in respect of former members of the Management Board and their surviving dependants [2]	181,297	176,771

[1] The long-term variable compensation relates to the additions to/reversals of provisions for long-term incentives (LTI). In view of the predicted effects, particularly of the Covid-19 pandemic, on DB Group, provisions created in previous years for LTI plans 2017 to 2020 and 2018 to 2021 were reversed in the year under review (€ 2,277 thousand).

[2] Defined benefit obligation.

No loans and advances were extended to members of the Management Board in the year under review. Nor did the company take on any contingencies for the benefit of members of the Management Board.

COMPENSATION OF THE SUPERVISORY BOARD

(€ thousand)	2020	2019
Total compensation of the Supervisory Board	746	706
thereof short-term	746	706
thereof fixed	517	508
thereof attendance fees	48	54
thereof benefits in kind from discounted travel	61	64
thereof compensation for membership in supervisory board/advisory boards of DB Group companies (including attendance fees)	120	80

No compensation was incurred for former members of the Supervisory Board and their surviving dependants. There are no pension obligations for former members of the Supervisory Board and their surviving dependants. The members of the Supervisory Board only receive benefits due in the short term.

No loans and advances were extended to members of the Supervisory Board in the year under review. Nor did the company take on any contingencies for the benefit of members of the Supervisory Board.

The total amount of compensation for the Management Board and Supervisory Board was € 5,181 thousand in the year under review (previous year: € 10,123 thousand). Individual details as well as further details concerning the payments of the members of the Management Board and Supervisory Board are included in the Corporate Governance report in the Group management report.

(39) Events after the balance sheet date

SENIOR BOND ISSUES

Up to the point at which the consolidated financial statements were prepared, the following senior bonds were issued by DB Finance in 2021:

Volume of issue	Duration (years)	Coupon (%)	Placing
CHF 400 million (about € 370 million)	15.0	0.0065	Institutional investors mainly in Switzerland
GBP 300 million (about € 339 million)	5.8	0.3750	Institutional investors mainly in the United Kingdom
SEK 5 billion (€ 494 million)	5.0	0.4780	Institutional investors mainly in Scandinavia

COVID-19 PANDEMIC

On February 10, 2021, the Federal Government and the Federal states decided that the tighter Covid-19 regulations which had been applicable since December 16, 2020 in Germany would be extended until March 7, 2021. It is still impossible to predict the further development of the Covid-19 pandemic as well as the state Covid-19 measures. It is therefore not possible at present to make a reliable assessment of the impact on DB Group for the year 2021.

CHANGES IN THE MANAGEMENT BOARD

Prof. Dr. Sabina Jeschke (Digitalization and Technology Board division) is leaving DB AG, and intends to terminate her Management Board contract ahead of schedule on May 31, 2021.

(40) Exemption of subsidiaries from the disclosure requirements of the German Commercial Code

The following subsidiaries intend to utilize the possibility of section 264 (3) or 264b HGB not to disclose their financial statements:

- Autokraft GmbH, Hamburg
- BRN Busverkehr Rhein-Neckar GmbH, Ludwigshafen am Rhein
- BVO Busverkehr Ostwestfalen GmbH, Bielefeld
- BVR Busverkehr Rheinland GmbH, Düsseldorf
- DB Barnsdale AG, Berlin
- DB broadband GmbH, Frankfurt am Main
- DB Cargo BTT GmbH, Mainz
- DB Cargo Eurasia GmbH, Berlin
- DB Cargo Logistics GmbH, Kelsterbach
- DB Cargo Vermögensverwaltungs-Aktiengesellschaft, Mainz
- DB Competition Claims GmbH, Berlin
- DB Dialog GmbH, Berlin
- DB Engineering & Consulting GmbH, Berlin
- DB Gastronomie GmbH, Frankfurt am Main
- DB Intermodal Services GmbH, Mainz
- DB JobService GmbH, Berlin
- DB Kommunikationstechnik GmbH, Eschborn
- DB Projekt Stuttgart – Ulm GmbH, Stuttgart
- DB Regio Bus Bayern GmbH, Ingolstadt
- DB Regio Bus Mitte GmbH, Mainz
- DB Regio Bus Nord GmbH, Hamburg
- DB Regio Bus Ost GmbH, Potsdam
- DB Regionalverkehr Bayern GmbH, Ingolstadt
- DB SEV GmbH, Berlin
- DB Sicherheit GmbH, Berlin
- DB Systel GmbH, Frankfurt am Main
- DB Systemtechnik GmbH, Minden
- DB Vertrieb GmbH, Frankfurt am Main
- DB Zeitarbeit GmbH, Berlin
- Deutsche Bahn Connect GmbH, Frankfurt am Main
- Deutsche Bahn Digital Ventures GmbH, Berlin
- Deutsche Bahn International Operations GmbH, Berlin
- DSD Digitale Schiene Deutschland GmbH, Berlin
- DVA Deutsche Verkehrs-Assekuranz-Vermittlungs-GmbH, Bad Homburg v. d. Höhe
- ELAG Emder Lagerhaus und Automotive GmbH, Emden
- EVAG Emder Verkehrs und Automotive Gesellschaft mbH, Emden
- Friedrich Müller Omnibusunternehmen GmbH, Schwäbisch Hall
- Haller Busbetrieb GmbH, Walsrode
- Hanekamp Busreisen GmbH, Cloppenburg
- infraView GmbH, Mainz
- ioki GmbH, Frankfurt am Main
- MTS MarkenTechnikService GmbH & Co. KG, Rülzheim
- NVO Nahverkehr Ostwestfalen GmbH, Münster
- Omnibusverkehr Franken GmbH (OVF), Nuremberg
- ORN Omnibusverkehr Rhein-Nahe GmbH, Mainz
- Railway Approvals Germany GmbH, Minden
- RBO Regionalbus Ostbayern GmbH, Regensburg
- Regional Bus Stuttgart GmbH RBS, Stuttgart
- Regionalbus Braunschweig GmbH – RBB –, Hamburg
- Regionalverkehr Allgäu GmbH (RVA), Oberstdorf
- Regionalverkehr Oberbayern Gesellschaft mit beschränkter Haftung, Munich
- Regionalverkehre Start Deutschland GmbH, Frankfurt am Main
- RVS Regionalbusverkehr Südwest GmbH, Karlsruhe
- S-Bahn Hamburg Service GmbH, Hamburg
- SBG SüdbadenBus GmbH, Freiburg im Breisgau
- Schenker Aktiengesellschaft, Essen
- Schenker Dedicated Services Germany GmbH, Essen
- Schenker Deutschland AG, Frankfurt am Main
- Schenker Europe GmbH, Frankfurt am Main
- Schenker Flight Services GmbH, Frankfurt am Main
- Schenker Global Management & Services GmbH, Essen
- Schenker GmbH für Beteiligungen, Essen
- Schenker Technik GmbH, Essen
- TFG Transfracht GmbH, Mainz
- TRANSA Spedition GmbH, Offenbach am Main
- UBB Usedomer Bäderbahn GmbH, Heringsdorf
- Verkehrsgesellschaft mbH Untermain – VU –, Aschaffenburg
- WB Westfalen Bus GmbH, Münster
- Weser-Ems Busverkehr GmbH (WEB), Bremen

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(41) List of shareholdings

The list of shareholdings is set out on the following pages.

BREAKDOWN OF SHAREHOLDINGS OF DB AG
(in accordance with section 313 (2) HGB)

Subsidiary (Name and registered offices)	**Currency**	**Equity [1] (thousand)**	**Ownership (%)**
DB LONG-DISTANCE			
FULLY CONSOLIDATED			
DB Bahn Italia S.r.l., Verona/Italy	EUR	7,536	100.00
DB Fernverkehr Aktiengesellschaft, Frankfurt am Main	EUR	2,482,089	100.00
DB Reise&Touristik Suisse SA, Basel/Switzerland	CHF	- 8,074	100.00
AT EQUITY			
Alleo GmbH i. L., Saarbrücken [2),3)]	EUR	449	50.00
Railteam B.V., Amsterdam/the Netherlands [2),4)]	EUR	150	20.00
Rheinalp GmbH, Frankfurt am Main [2),3)]	EUR	259	50.00
DB REGIONAL			
FULLY CONSOLIDATED			
Autokraft GmbH, Hamburg	EUR	19,588	100.00
BRN Busverkehr Rhein-Neckar GmbH, Ludwigshafen am Rhein	EUR	14,586	100.00
Busverkehr Märkisch-Oderland GmbH, Fürstenwalde	EUR	3,454	51.17
Busverkehr Oder-Spree GmbH, Fürstenwalde	EUR	8,224	51.17
BVO Busverkehr Ostwestfalen GmbH, Bielefeld	EUR	14,226	100.00
BVR Busverkehr Rheinland GmbH, Düsseldorf	EUR	11,739	100.00
DB Regio Aktiengesellschaft, Frankfurt am Main	EUR	2,232,958	100.00
DB Regio Bus Bayern GmbH, Ingolstadt	EUR	7,514	100.00
DB Regio Bus Mitte GmbH, Mainz	EUR	56,696	100.00
DB Regio Bus Nord GmbH, Hamburg	EUR	2,203	100.00
DB Regio Bus Ost GmbH, Potsdam	EUR	14,668	100.00
DB Regio Bus Rhein-Mosel GmbH, Montabaur	EUR	- 6,473	74.90
DB Regionalverkehr Bayern GmbH, Ingolstadt	EUR	50	100.00
DB RegioNetz Verkehrs GmbH, Frankfurt am Main	EUR	67,391	100.00
DB SEV GmbH, Berlin	EUR	2,115	100.00
DB ZugBus Regionalverkehr Alb-Bodensee GmbH (RAB), Ulm	EUR	63,566	100.00
Friedrich Müller Omnibusunternehmen GmbH, Schwäbisch Hall	EUR	19,527	100.00
Haller Busbetrieb GmbH, Walsrode	EUR	5,934	100.00
Hanekamp Busreisen GmbH, Cloppenburg	EUR	3,112	100.00
KOB GmbH, Oberthulba	EUR	1,994	70.00
NVO Nahverkehr Ostwestfalen GmbH, Münster	EUR	851	100.00
Omnibusverkehr Franken GmbH (OVF), Nuremberg	EUR	22,984	100.00
ORN Omnibusverkehr Rhein-Nahe GmbH, Mainz	EUR	14,116	100.00
RBO Regionalbus Ostbayern GmbH, Regensburg	EUR	16,824	100.00
Regional Bus Stuttgart GmbH RBS, Stuttgart	EUR	21,690	100.00
Regionalbus Braunschweig GmbH - RBB -, Hamburg	EUR	11,613	100.00
Regionalverkehr Allgäu GmbH (RVA), Oberstdorf	EUR	4,841	70.00
Regionalverkehr Oberbayern Gesellschaft mit beschränkter Haftung, Munich	EUR	26,019	100.00
Regionalverkehre Start Deutschland GmbH, Frankfurt am Main	EUR	7,376	100.00
rhb rheinhunsrückbus GmbH, Simmern	EUR	128	48.69
RMV Rhein-Mosel Verkehrsgesellschaft mbH, Koblenz	EUR	- 5,073	74.90
RVS Regionalbusverkehr Südwest GmbH, Karlsruhe	EUR	19,029	100.00
S-Bahn Berlin GmbH, Berlin	EUR	169,657	100.00
S-Bahn Hamburg GmbH, Hamburg	EUR	91,816	100.00
S-Bahn Hamburg Service GmbH, Hamburg	EUR	25	100.00
SBG SüdbadenBus GmbH, Freiburg im Breisgau	EUR	18,074	100.00
Verkehrsgesellschaft mbH Untermain - VU -, Aschaffenburg	EUR	3,604	100.00
WB Westfalen Bus GmbH, Münster	EUR	12,766	100.00
Weser-Ems Busverkehr GmbH (WEB), Bremen	EUR	22,672	100.00

Subsidiary (Name and registered offices)	**Currency**	**Equity [1] (thousand)**	**Ownership (%)**
AT EQUITY			
"ZOB" Zentral-Omnibus-Bahnhof Gesellschaft mit beschränkter Haftung, Bremen [2),3)]	EUR	25	25.60
Bodensee-Oberschwaben Verkehrsverbund GmbH, Ravensburg [2),3)]	EUR	485	25.32
Connect-Fahrplanauskunft GmbH, Hanover [2),4)]	EUR	210	42.00
Deutschlandtarifverbund-GmbH (DTVG), Frankfurt am Main [5)]	EUR	33	52.29
Filsland Mobilitätsverbund GmbH, Göppingen [2),3)]	EUR	89	30.00
FSN Fahrzeugservice Neunkirchen GmbH, Neunkirchen [2),4)]	EUR	222	47.50
Kahlgrund-Verkehrs-Gesellschaft mit beschränkter Haftung, Schöllkrippen [2),3)]	EUR	9,101	28.00
Kitzinger Nahverkehrsgemeinschaft (KiNG), Kitzingen [2),6)]	EUR	4	50.00
Kreisbahn Aurich GmbH, Aurich [2),3)]	EUR	1,012	33.33
Main-Spessart-Nahverkehrsgesellschaft mbH i. L., Gemünden (Main) [2),3)]	EUR	33	25.00
Niedersachsentarif GmbH, Hanover [2),3)]	EUR	72	12.50
NSH Nahverkehr Schleswig-Holstein GmbH, Kiel [2),3)]	EUR	92	52.70
OstalbMobil GmbH, Aalen [2),3)]	EUR	278	19.65
RBP Regionalbusverkehr Passau Land GmbH, Bad Füssing [2),3)]	EUR	301	33.33
Regio-Verkehrsverbund Freiburg GmbH (RVF), Freiburg im Breisgau [2),3)]	EUR	162	46.55
Saarländische Nahverkehrs-Service GmbH, Saarbrücken [2),3)]	EUR	60	16.67
stadtbus Ravensburg Weingarten GmbH, Ravensburg [2),3)]	EUR	25	45.20
TGO - Tarifverbund Ortenau GmbH, Offenburg [2),3)]	EUR	189	49.00
Verkehrsgemeinschaft am Bayerischen Untermain - VAB GmbH, Aschaffenburg [2),7)]	EUR	25	42.86
Verkehrsgemeinschaft Mittelthüringen GmbH (VMT), Erfurt [2),3)]	EUR	239	11.11
Verkehrsunternehmen Hegau-Bodensee Verbund GmbH (VHB), Konstanz [2),3)]	EUR	30	15.05
Verkehrsunternehmens-Verbund Mainfranken GmbH - VVM, Würzburg [2),3)]	EUR	30	18.64
Verkehrsverbund Großraum Nuremberg GmbH (VGN), Nuremberg [2),3)]	EUR	54	25.93
Verkehrsverbund Neckar-Alb-Donau GmbH (naldo), Hechingen [2),3)]	EUR	440	18.12
Verkehrsverbund Schwarzwald-Baar GmbH (VSB), Villingen-Schwenningen [2),4)]	EUR	206	45.00
Verkehrsverbund Süd-Niedersachsen GmbH (VSN), Göttingen [2),3)]	EUR	138	31.16
VGC Verkehrsgesellschaft Bäderkreis Calw mbH, Calw [2),3)]	EUR	684	32.50
VHN Verkehrsholding Nord GmbH&Co. KG, Schleswig [2),3)]	EUR	720	20.00
VHN Verwaltungsgesellschaft mbH, Schleswig [2),3)]	EUR	325	20.00
VMS Verkehrs-Management und Service GmbH, Trier [2),3)]	EUR	281	38.46
WNS Westpfälzische Nahverkehrs-Service GmbH, Kaiserslautern [2),3)]	EUR	241	45.00
WTV Waldshuter Tarifverbund GmbH, Waldshut-Tiengen [2),3)]	EUR	110	40.00
FAIR VALUE			
Regio Verkehrsverbund Lörrach GmbH (RVL), Lörrach [2),3)]	EUR	216	54.00
Verkehrsverbund Rottweil GmbH (VVR), Villingen-Schwenningen [2),4)]	EUR	101	70.20
vgf Verkehrs- Gemeinschaft Landkreis Freudenstadt GmbH, Waldachtal [2),3)]	EUR	227	51.42
VVW Verkehrsverbund Warnow GmbH, Rostock [2),3)]	EUR	27	21.61

Subsidiary (Name and registered offices)	Currency	Equity [1] (thousand)	Ownership (%)
DB CARGO			
FULLY CONSOLIDATED			
ATG Autotransportlogistic Sp. z o. o., Malaszewicze/Poland	PLN	5,547	100.00
Compañía Aragonesa de Portacoches S.A., Saragossa/Spain	EUR	7,834	65.28
Container-Terminal Puchov s.r.o., Puchov/Slovakia	EUR	97	100.00
Corridor Operations DB Cargo B Logistics N.V. i. L., Brussels/Belgium	EUR	1,715	51.00
DB Cargo (UK) Holdings Limited, Doncaster/United Kingdom	GBP	192,342	100.00
DB Cargo (UK) Limited, Doncaster/United Kingdom	GBP	- 264,292	100.00
DB Cargo Aktiengesellschaft, Mainz	EUR	523,661	100.00
DB Cargo Belgium BV, Antwerp/Belgium	EUR	7,301	100.00
DB Cargo BTT GmbH, Mainz	EUR	2,284	100.00
DB Cargo Bulgaria EOOD, Sofia/Bulgaria	BGN	13,398	100.00
DB Cargo Components Limited, Doncaster/United Kingdom	GBP	859	100.00
DB Cargo Czechia s.r.o., Ostrava/Czech Republic	CZK	39,209	100.00
DB Cargo Eurasia GmbH, Berlin	EUR	15,416	100.00
DB Cargo Hungaria Kft., Györ/Hungary	HUF	1,928,250	100.00
DB Cargo Information Services Limited, Doncaster/United Kingdom	GBP	2,702	100.00
DB Cargo International Limited, Doncaster/United Kingdom	GBP	36,340	100.00
DB Cargo Italia S.r.l., Milan/Italy	EUR	25,233	60.00
DB Cargo Italia Services S.r.l., Milan/Italy	EUR	2,274	100.00
DB Cargo Italy S.r.l., Novate Milanese/Italy	EUR	10,899	100.00
DB Cargo Logistics GmbH, Kelsterbach	EUR	54,793	100.00
DB Cargo Maintenance Limited, Doncaster/United Kingdom	GBP	2,572	100.00
DB Cargo Nederland N.V., Utrecht/the Netherlands	EUR	17,552	100.00
DB Cargo Polska S.A., Zabrze/Poland	PLN	495,083	100.00
DB Cargo Scandinavia A/S, Taastrup/Denmark	DKK	258,627	100.00
DB Cargo Schweiz GmbH, Opfikon/Switzerland	CHF	- 6,497	100.00
DB Cargo Services Limited, Doncaster/United Kingdom	GBP	705	100.00
DB Cargo Spedkol Sp. z o.o., Kędzierzyn-Koźle/Poland	PLN	11,752	100.00
DB Cargo Vermögensverwaltungs-Aktiengesellschaft, Mainz	EUR	50	100.00
DB Hungaria Holding Kft., Szigetszentmiklós/Hungary	HUF	8,696,543	100.00
DB Intermodal Services GmbH, Mainz	EUR	9,721	100.00
DB PORT SZCZECIN Sp. z o.o., Stettin/Poland	PLN	35,871	96.82
Deutsche Bahn Cargo Romania S.R.L., Bucharest/Romania	RON	- 15,910	100.00
Deutsche Bahn Iberica Holding, S.L., Barcelona/Spain	EUR	94,375	100.00
Deutsche TRANSFESA GmbH Internationale Eisenbahn-Spezial-Transporte, Kehl/Rhein	EUR	2,362	77.33
Doker-Port Sp. z o.o., Stettin/Poland	PLN	1,578	96.82
Euro Cargo Rail SAS, Aubervilliers/France	EUR	12,623	100.00
Infra Silesia S.A., Rybnik/Poland	PLN	15,947	100.00
KombiTerminal Burghausen GmbH, Mainz	EUR	894	67.62
Locomotive 6667 Ltd, Doncaster/United Kingdom	GBP	138,478	100.00
Locomotive Operating Leasing Partnership, Doncaster/United Kingdom	GBP	104,955	100.00
MDL Distribución y Logistica S.A., Madrid/Spain	EUR	1,266	77.33
Mitteldeutsche Eisenbahn GmbH, Schkopau	EUR	5,029	80.00
New Locomotive Finance Ltd, Doncaster/United Kingdom	GBP	0	100.00
OOO DB Cargo Russija, Moscow/Russia	RUB	207,989	100.00
Pool Ibérico Ferroviario A.I.E., Madrid/Spain	EUR	- 920	51.73

Subsidiary (Name and registered offices)	Currency	Equity [1] (thousand)	Ownership (%)
Rail Express Systems Ltd, Doncaster/United Kingdom	GBP	27,987	100.00
Rail Service Center Rotterdam B. V., Rotterdam/the Netherlands	EUR	1,425	51.00
Rail Terminal Services Limited, Doncaster/United Kingdom	GBP	- 5,195	100.00
RBH Logistics GmbH, Gladbeck	EUR	- 1,121	100.00
Sociedad de Estudios y Explotacion de Material Auxiliar de Transportes, S.A. ("SEMAT"), Madrid/Spain	EUR	4,169	48.55
TFG Transfracht GmbH, Mainz	EUR	7,178	100.00
Transervi S.A., Madrid/Spain	EUR	5,991	77.33
Transfesa France SAS, Gennevilliers Cedex/France	EUR	3,604	77.33
Transfesa Logistics, S.A., Madrid/Spain	EUR	43,828	77.33
Transfesa Portugal Lda., Lisbon/Portugal	EUR	359	77.33
Transfesa UK Ltd., Rainham (Essex)/United Kingdom	GBP	556	77.33
AT EQUITY			
ATN Auto Terminal Neuss GmbH & Co. KG, Neuss [2),4)]	EUR	6,793	50.00
baymodal Bamberg GmbH, Bamberg [2),3)]	EUR	783	25.10
CD-DUSS Terminal, a.s., Lovosice/Czech Republic [2),4)]	CZK	12,131	49.00
Container Terminal Dortmund GmbH, Dortmund [2),3)]	EUR	5,159	30.88
Container Terminal Enns GmbH, Enns/Austria [2),5)]	EUR	13,659	49.00
CTS Container-Terminal GmbH Rhein-See-Land-Service, Cologne [2),3)]	EUR	1,554	22.50
DCH Düsseldorfer Container-Hafen GmbH, Düsseldorf [2),4)]	EUR	3,160	51.00
Dörpener Umschlaggesellschaft für den kombinierten Verkehr mbH (DUK), Dörpen [2),3)]	EUR	4,715	35.00
EP Merseburg Transport und Logistik GmbH, Merseburg [2),3)]	EUR	23	39.20
Hispanauto-Empresas Agrupadas A.E.I.E. ©, Madrid/Spain [3)]	EUR	952	58.05
INTERCONTAINER – INTERFRIGO SA i. L., Sint-Agatha-Berchem/Belgium [2),4)]	EUR	- 21,812	36.77
Kombiverkehr Deutsche Gesellschaft für kombinierten Güterverkehr mbH & Co. Kommanditgesellschaft, Frankfurt am Main [2),3)]	EUR	18,560	50.00
Lokomotion Gesellschaft für Schienentraktion mbH, Munich [2),3)]	EUR	12,768	30.00
Mediterranean Hub Monfalcone S.r.l., Monfalcone/Italy [2),3)]	EUR	11	49.00
OPTIMODAL NEDERLAND B.V., Rotterdam/the Netherlands [2),3)]	EUR	477	24.34
PKV Planungsgesellschaft kombinierter Verkehr Duisburg mbH, Duisburg [2),3)]	EUR	1,911	50.00
SLASKIE CENTRUM LOGISTYKI S.A., Gliwice/Poland [2),3)]	PLN	52,257	20.55
Stifa S.A. i.L., Malveira/Portugal [5)]	EUR	- 85	38.67
Terminal Singen TSG GmbH, Singen [2),3)]	EUR	894	50.00
Xrail AG, Basel-Stadt/Switzerland [2),3)]	CHF	677	36.80
DB NETZE TRACK			
FULLY CONSOLIDATED			
DB broadband GmbH, Frankfurt am Main	EUR	4,935	100.00
DB Fahrwegdienste GmbH, Berlin	EUR	2,578	100.00
DB Netz Aktiengesellschaft, Frankfurt am Main	EUR	8,931,489	100.00
DB RegioNetz Infrastruktur GmbH, Frankfurt am Main	EUR	3,450	100.00
Deutsche Umschlaggesellschaft Schiene – Straße (DUSS) mbH, Bodenheim am Rhein	EUR	- 212	87.50
DSD Digitale Schiene Deutschland GmbH, Berlin	EUR	25	100.00
MegaHub Lehrte Betreibergesellschaft mbH, Bodenheim	EUR	794	72.92

Subsidiary (Name and registered offices)	Currency	Equity [1] (thousand)	Ownership (%)
AT EQUITY			
BahnflächenEntwicklungsGesellschaft NRW mbH, Essen [2),3)]	EUR	513	49.90
EEIG Corridor Rhine - Alpine EWIV, Frankfurt am Main [2),8)]	EUR	0	25.00
EWIV Atlantic Corridor, Paris/France [2),4)]	EUR	0	25.00
Güterverkehrszentrum Entwicklungsgesellschaft Dresden mbH, Dresden [2),3)]	EUR	4,417	24.53
TKN Terminal Cologne-Nord GmbH, Cologne [2),9)]	EUR	6	42.88
TriCon Container-Terminal Nuremberg GmbH, Nuremberg [2),3)]	EUR	2,750	21.88
DB NETZE STATIONS			
FULLY CONSOLIDATED			
DB BahnPark GmbH, Berlin	EUR	6,181	51.00
DB Station&Service Aktiengesellschaft, Berlin	EUR	1,534,388	100.00
MEKB GmbH, Berlin	EUR	32	100.00
AT EQUITY			
Clever Order Services GmbH, Berlin [2),4),5)]	EUR	200	25.00
DB NETZE ENERGY			
FULLY CONSOLIDATED			
DB Energie GmbH, Frankfurt am Main	EUR	387,797	100.00
AT EQUITY			
inno2grid GmbH, Berlin [2),3)]	EUR	211	50.00
OTHER SUBSIDIARIES			
FULLY CONSOLIDATED			
Arriva Holding N.V., Amsterdam/the Netherlands	EUR	45	100.00
Arriva Investments Limited, Sunderland/United Kingdom	GBP	531,490	100.00
BAX Global Inc., Norfolk/USA	USD	85,318	100.00
DB Bahnbau Gruppe GmbH, Berlin	EUR	30,417	100.00
DB Barnsdale AG, Berlin	EUR	12,079	100.00
DB Competition Claims GmbH, Berlin	EUR	18,125	100.00
DB Dialog GmbH, Berlin	EUR	1,086	100.00
DB Engineering&Consulting GmbH, Berlin	EUR	83,327	100.00
DB Engineering&Consulting USA Inc., Wilmington/NC/Delaware/USA	USD	-1,234	100.00
DB Fahrzeuginstandhaltung GmbH, Frankfurt am Main	EUR	240,211	100.00
DB Gastronomie GmbH, Frankfurt am Main	EUR	13,492	100.00
DB International (Beijing) Co., Ltd., Beijing/China	CNY	-767	100.00
DB International Brasil Servicos de Consultoria Ltda., Rio de Janeiro/Brazil	BRL	2,417	100.00
DB JobService GmbH, Berlin	EUR	-4,138	100.00
DB Kommunikationstechnik GmbH, Eschborn	EUR	3,209	100.00
DB Projekt Stuttgart-Ulm GmbH, Stuttgart	EUR	2,251	100.00
DB Schweiz Holding AG, Zug/Switzerland	CHF	647	100.00
DB Services GmbH, Berlin	EUR	11,421	100.00
DB Sicherheit GmbH, Berlin	EUR	1,989	100.00
DB Systel GmbH, Frankfurt am Main	EUR	75,850	100.00
DB Systel UK Limited, Doncaster/United Kingdom	GBP	941	100.00
DB Systemtechnik GmbH, Minden	EUR	12,093	100.00
DB US Corporation, Tarrytown/USA	USD	463,383	100.00
DB US Holding Corporation, Tarrytown/USA	USD	471,921	100.00
DB Vertrieb GmbH, Frankfurt am Main	EUR	81,349	100.00
DB Verwaltungsgesellschaft WBN mbH i. L., Niesky	EUR	-23,748	100.00
DB Zeitarbeit GmbH, Berlin	EUR	-54	100.00
Deutsche Bahn Connect GmbH, Frankfurt am Main	EUR	86,574	100.00
Deutsche Bahn Digital Ventures GmbH, Berlin	EUR	26,549	100.00
Deutsche Bahn Engineering&Consulting India Private Limited, Bangalore/India	INR	26,183	100.00
Deutsche Bahn Finance GmbH, Berlin	EUR	2,070,833	100.00
Deutsche Bahn International Operations GmbH, Berlin	EUR	2,577	100.00
Deutsche Bahn Stiftung gGmbH, Berlin	EUR	4,647	100.00
DVA Deutsche Verkehrs-Assekuranz-Vermittlungs-GmbH, Bad Homburg v. d. Höhe	EUR	1,381	65.00
DVA REINSURANCE DESIGNATED ACTIVITY COMPANY, Dublin/Ireland	EUR	5,094	65.00
Engineering Support Group Ltd, Doncaster/United Kingdom	GBP	-638	100.00
ESE Engineering und Software-Entwicklung GmbH, Brunswick	EUR	19,994	100.00
infraView GmbH, Mainz	EUR	2,979	100.00
Innovationszentrum für Mobilität und gesellschaftlichen Wandel (InnoZ) GmbH i. L., Berlin	EUR	-2,282	76.99
ioki GmbH, Frankfurt am Main	EUR	12,302	100.00
Liropa S.A., Montevideo/Uruquay	USD	181	55.00
Mobimeo GmbH, Berlin	EUR	30,588	80.00
Precision National Plating Services, Inc., Delaware/USA	USD	-27,772	100.00
Railway Approvals Germany GmbH, Minden	EUR	200	100.00
Railway Approvals Ltd, Doncaster/United Kingdom	GBP	308	100.00
Schenker (BAX) Holding Corp., Delaware/USA	USD	92,201	100.00
Thelo DB (Pty) Ltd., Johannesburg/South Africa	ZAR	18,343	49.00
UBB Polska Sp.z o.o., Swinemünde/Poland	PLN	1,483	100.00
UBB Usedomer Bäderbahn GmbH, Heringsdorf	EUR	8,419	100.00
PRO RATA			
Etihad Rail DB Operations LLC, Abu Dhabi/United Arab Emirates	AED	147	49.00
AT EQUITY			
BwFuhrparkService GmbH, Troisdorf [2),3)]	EUR	744,267	24.90
EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial, Basel/Switzerland [3)]	EUR	1,528,502	22.60
GHT Mobility GmbH, Berlin [2),3)]	EUR	-14,405	75.98
Mobility inside Holding GmbH&Co. KG, Frankfurt am Main [5)]	EUR	3,608	22.59
Mobility inside Verwaltungs GmbH, Frankfurt am Main [5)]	EUR	50	20.02
Rail Technology Company Limited, Jeddah/Saudi Arabia [2),7)]	SAR	7,892	24.90
SSG Saar-Service GmbH, Saarbrücken [2),3)]	EUR	1,719	25.50
Stinnes Holz GmbH, Berlin [2),3)]	EUR	165	53.00
FAIR VALUE			
Eurail Group G.I.E., Luxembourg/Luxembourg	EUR	n/a	24.47
TREMA Grundstücks-Vermietungsgesellschaft mbH&Co. Objekt Bahnhöfe West KG, Berlin [2),3)]	EUR	4,224	94.00
TRENTO Grundstücks-Vermietungsgesellschaft mbH&Co. Objekt Bahnhöfe Ost KG i. L., Düsseldorf [2),3)]	EUR	0	100.00
DB ARRIVA			
FULLY CONSOLIDATED			
00741078 Limited, Sunderland/United Kingdom	GBP	610	100.00
ACTIJOVEN CONSULTING&TRAVELLING s.l., Madrid/Spain	EUR	113	100.00
Alliance Rail Holdings Ltd, Sunderland/United Kingdom	GBP	0	100.00
Ambuline Limited, Sunderland/United Kingdom	GBP	1	100.00
APS (Leasing) Ltd, Sunderland/United Kingdom	GBP	79	100.00
Arriva ABC GP Limited, Edinburgh/United Kingdom	GBP	0	100.00
Arriva ABC Scottish Limited Partnership, Edinburgh/United Kingdom	GBP	41	100.00
Arriva Bus&Coach Holdings Limited, Sunderland/United Kingdom	GBP	28,275	100.00
Arriva Bus&Coach Ltd, Sunderland/United Kingdom	GBP	-27,580	100.00
Arriva Bus Abu Dhabi Limited, Sunderland/United Kingdom	GBP	0	100.00
Arriva Bus Transport Polska Sp. z o.o., Toruń/Poland	PLN	30,194	99.80
Arriva City s.r.o., Prague/Czech Republic	CZK	560,177	100.00

Subsidiary (Name and registered offices)	Currency	Equity [1] (thousand)	Ownership (%)
Arriva Cymru Limited, Sunderland/United Kingdom	GBP	16,679	100.00
Arriva Danmark A/S, Kastrup/Denmark	DKK	111,100	100.00
Arriva Dolenjska in Primorska, druzba za prevoz potnikov, d.o.o., Koper/Slovenia	EUR	15,692	100.00
Arriva Durham County Limited, Sunderland/United Kingdom	GBP	28,024	100.00
Arriva East Herts & Essex Ltd, Sunderland/United Kingdom	GBP	0	100.00
Arriva Finance Lease Limited, Sunderland/United Kingdom	GBP	1,570	100.00
Arriva Galicia S.L., Ferrol/Spain	EUR	20,004	100.00
Arriva Hrvatska d.o.o., Osijek/Croatia	HRK	270,752	100.00
Arriva Hungary Zrt., Budapest/Hungary	HUF	39,834,767	100.00
Arriva Insurance A/S, Kastrup/Denmark	DKK	100,120	100.00
Arriva Insurance Company (Gibraltar) Limited, Gibraltar/Gibraltar	GBP	4,364	100.00
Arriva International (Northern Europe) Limited, Sunderland/United Kingdom	EUR	-3,946	100.00
Arriva International (Southern Europe) Limited, Sunderland/United Kingdom	EUR	55	100.00
Arriva International Limited, Sunderland/United Kingdom	EUR	1,144,238	100.00
Arriva International Trains (Leasing) Limited, Sunderland/United Kingdom	EUR	18,936	100.00
ARRIVA INVESTIMENTOS SGPS,SA, Almada/Portugal	EUR	106,897	100.00
Arriva Italia Rail S.R.L., Milan/Italy	EUR	1,783	100.00
Arriva Italia s.r.l., Milan/Italy	EUR	358,040	100.00
Arriva Kent & Surrey Limited, Sunderland/United Kingdom	GBP	13,117	100.00
Arriva Kent Thameside Limited, Sunderland/United Kingdom	GBP	19,114	100.00
Arriva Letbane ApS, Kastrup/Denmark	DKK	505	100.00
ARRIVA Liorbus, a. s., Ružomberok/Slovakia	EUR	13,764	60.42
ARRIVA LISBOA TRANSPORTES SA, Almada/Portugal	EUR	14	100.00
Arriva LITAS d.o.o. Požarevac, Požarevac/Serbia	RSD	841,258	100.00
ARRIVA LONDON NORTH LTD, Sunderland/United Kingdom	GBP	8,952	100.00
Arriva London Pension Scheme Trustee Limited, Sunderland/United Kingdom	GBP	0	100.00
ARRIVA LONDON SOUTH LTD, Sunderland/United Kingdom	GBP	83,011	100.00
ARRIVA MADRID MOVILIDAD S.L., Madrid/Spain	EUR	41,401	100.00
Arriva Manchester Limited, Sunderland/United Kingdom	GBP	0	100.00
Arriva Merseyside Limited, Sunderland/United Kingdom	GBP	40,480	100.00
ARRIVA METROPOLITANA S.L., Paseo de la Estacion/Spain	EUR	173	100.00
ARRIVA Michalovce, a.s., Michalovce/Slovakia	EUR	6,825	60.14
Arriva Midlands Limited, Sunderland/United Kingdom	GBP	17,881	100.00
Arriva Midlands North Limited, Sunderland/United Kingdom	GBP	7,332	100.00
Arriva Mobility Solutions, s.r.o., Nitra/Slovakia	EUR	84	100.00
Arriva Morava a.s., Ostrava/Czech Republic	CZK	1,163,114	100.00
Arriva Motor Holdings Limited, Sunderland/United Kingdom	GBP	97,345	100.00
Arriva Multimodaal BV, Heerenveen/the Netherlands	EUR	18	100.00
ARRIVA NITRA a.s., Nitra/Slovakia	EUR	-1,451	60.48
Arriva North East Limited, Sunderland/United Kingdom	GBP	6,319	100.00
Arriva North West Limited, Sunderland/United Kingdom	GBP	-8,693	100.00
Arriva Northumbria Limited, Sunderland/United Kingdom	GBP	12,492	100.00
ARRIVA Nove Zamky, a.s., Nove Zamky/Slovakia	EUR	12,698	60.36
Arriva Östgötapendeln AB, Stockholm/Sweden	SEK	17,168	100.00

Subsidiary (Name and registered offices)	Currency	Equity [1] (thousand)	Ownership (%)
Arriva Passenger Services Pension Trustees Limited, Sunderland/United Kingdom	GBP	0	100.00
Arriva Personenvervoer Nederland BV, Heerenveen/the Netherlands	EUR	297,828	100.00
Arriva plc, Sunderland/United Kingdom	GBP	946,745	100.00
Arriva Polska Sp. z o.o., Warsaw/Poland	PLN	2,220	100.00
ARRIVA PORTUGAL – TRANSPORTES LDA, Guimaraes/Portugal	EUR	209	100.00
Arriva Rail East Midlands Limited, Sunderland/United Kingdom	GBP	0	100.00
Arriva Rail London Limited, Sunderland/United Kingdom	GBP	26,083	100.00
Arriva Rail North Limited, Sunderland/United Kingdom	GBP	-61,962	100.00
Arriva Rail XC Limited, Sunderland/United Kingdom	GBP	0	100.00
Arriva RP Sp. z o.o., Toruń/Poland	PLN	55,456	100.00
Arriva Scotland West Limited, Glasgow/United Kingdom	GBP	2,268	100.00
Arriva Service A/S, Kastrup/Denmark	DKK	954	100.00
Arriva Service AB, Stockholm/Sweden	SEK	3,659	100.00
Arriva Service s.r.o., Komárno/Slovakia	EUR	8,402	100.00
Arriva Services a.s., Králův Dvůr/Czech Republic	CZK	74,691	100.00
ARRIVA Slovakia a.s., Nitra/Slovakia	EUR	16,238	100.00
Arriva South Eastern Rail Limited, Sunderland/United Kingdom	GBP	0	100.00
ARRIVA SPAIN HOLDING, S.L., Madrid/Spain	EUR	60,418	100.00
Arriva Spain Rail S.A., Madrid/Spain	EUR	138	100.00
Arriva Střední Čechy s.r.o., Kosmonosy/Czech Republic	CZK	762,667	100.00
Arriva Sverige AB, Stockholm/Sweden	SEK	270,641	100.00
Arriva Tag AB, Malmö/Sweden	SEK	5,225	100.00
Arriva Techniek BV, Heerenveen/the Netherlands	EUR	1,221	100.00
Arriva the Shires Limited, Sunderland/United Kingdom	GBP	12,560	100.00
Arriva Tog A/S, Kastrup/Denmark	DKK	-92,222	100.00
Arriva Touring BV, Heerenveen/the Netherlands	EUR	2,027	100.00
Arriva Trains Holdings Limited, Sunderland/United Kingdom	GBP	110,976	100.00
Arriva Trains Romania SRL, Bucharest/Romania	RON	16,088	100.00
Arriva Trains Wales/Trenau Arriva Cymru Limited, Sunderland/United Kingdom	GBP	7,276	100.00
Arriva Transport Ceska Republika a.s., Prague/Czech Republic	CZK	3,629,449	100.00
Arriva Transport Solutions Limited, Sunderland/United Kingdom	GBP	-124	100.00
ARRIVA TRANSPORTES DA MARGEM SUL,SA, Almada/Portugal	EUR	95,639	100.00
ARRIVA Trnava, a. s., Trnava/Slovakia	EUR	15,631	60.50
Arriva Trustee Company Limited, Sunderland/United Kingdom	GBP	0	100.00
Arriva UK Bus Holdings Limited, Sunderland/United Kingdom	GBP	452,897	100.00
Arriva UK Bus Investments Limited, Sunderland/United Kingdom	GBP	4,314	100.00
Arriva UK Bus Limited, Sunderland/United Kingdom	GBP	2,019	100.00
Arriva UK Bus Properties Limited, Sunderland/United Kingdom	GBP	1,504	100.00
Arriva UK Trains Limited, Sunderland/United Kingdom	GBP	250,906	100.00
Arriva Veneto S.r.l., Venice/Italy	EUR	784	50.00
ARRIVA VIAJES AGENCIA OPERADORA S.L., Madrid/Spain	EUR	340	100.00
Arriva vlaky s.r.o., Prague/Czech Republic	CZK	341,934	100.00
Arriva Východní Čechy a.s., Chrudim/Czech Republic	CZK	576,035	100.00
Arriva Yorkshire Ltd, Sunderland/United Kingdom	GBP	25,082	100.00

Subsidiary (Name and registered offices)	Currency	Equity [1] (thousand)	Ownership (%)
Arriva, druzba za prevoz potnikov, d.o.o., Kranj/Slovenia	EUR	47,276	100.00
At Seat Catering (2003) Limited, Sunderland/United Kingdom	GBP	14	100.00
Autobusni kolodovr d.o.o. Karlovac, Karlovac/Croatia	HRK	4,553	74.65
Autocares Mallorca, s.l., Alcudia/Spain	EUR	3,246	100.00
Autoprometno poduzece d.d. Požega, Požega/Croatia	HRK	72,120	80.27
Autos Carballo, S.L., Paseo de la Estacion/Spain	EUR	4,516	100.00
Autoservizi F.V.G. S.P.A. - SAF, Udine/Italy	EUR	84,302	60.00
Autotrans d.d., Cres/Croatia	HRK	74,802	80.27
Autotrans Lika d.d., Otočac/Croatia	HRK	4,093	63.77
Bergamo Trasporti Est S.c.a.r.l., Bergamo/Italy	EUR	10	93.67
Botniatag AB, Umeå/Sweden	SEK	43,004	60.00
Bus Nort Balear s.l., Alcudia/Spain	EUR	484	100.00
BUS Service Járműjavító és Szolgáltató Kft., Budapest/Hungary	HUF	2,323,681	100.00
Busdan 32.1 A/S, Kastrup/Denmark	DKK	34,861	100.00
BUSDAN 35 ApS, Kastrup/Denmark	DKK	96,466	100.00
BUSDAN 36 ApS, Kastrup/Denmark	DKK	114,430	100.00
BUSDAN 37 ApS, Kastrup/Denmark	DKK	223,917	100.00
BUSDAN 38 ApS, Kastrup/Denmark	DKK	45,567	100.00
BUSDAN 39 ApS, Kastrup/Denmark	DKK	34,491	100.00
BUSDAN 40 ApS, Kastrup/Denmark	DKK	49,028	100.00
Centrebus Holdings Limited, Sunderland/United Kingdom	GBP	544	100.00
Classic Coaches (Continental) Limited, Sunderland/United Kingdom	GBP	0	100.00
CSAD MHD Kladno a.s., Kladno/Czech Republic	CZK	251,603	100.00
DB Regio Tyne and Wear Limited, Sunderland/United Kingdom	GBP	-1,165	100.00
EMPRESA DE BLAS Y COMPANIA S.A., Madrid/Spain	EUR	50,207	100.00
ESFERA BUS S.L., Madrid/Spain	EUR	251	100.00
Estacion de autobuses de Ferrol S.A., Ferrol/Spain	EUR	317	80.14
Grand Central Railway Company Limited, Sunderland/United Kingdom	GBP	-16,424	100.00
Great North Eastern Railway Company Limited, Sunderland/United Kingdom	GBP	0	100.00
Great North Western Railway Company Ltd, Sunderland/United Kingdom	GBP	0	100.00
Greenline Travel Ltd, Sunderland/United Kingdom	GBP	8	100.00
INTEGRAL AVTO prodaja, servisi in tehnični pregledi vozil d.o.o., Jesenice/Slovenia	EUR	2,966	100.00
KD SERVIS a.s., Kladno/Czech Republic	CZK	60,746	100.00
London and North Western Railway Company Limited, Sunderland/United Kingdom	GBP	8,861	100.00
M40 Trains Limited, Sunderland/United Kingdom	GBP	79,341	100.00
MTL Services Limited, Sunderland/United Kingdom	GBP	115,985	100.00
NETOSEC S.L., Madrid/Spain	EUR	44	100.00
NV Personeel de Noord-Westhoek, Heerenveen/the Netherlands	EUR	421	100.00
PAA Pan Alpen Adria Internationale Personenverkehrssysteme GmbH i. L., Ludwigshafen am Rhein	EUR	68	80.27
Panturist dioničko društvo za prijevoz putnika i turizam d.d., Osijek/Croatia	HRK	8,167	99.88
Premier Buses Ltd, Sunderland/United Kingdom	GBP	2,000	100.00
SAD INVEST, s.r.o., Trnava/Slovakia	EUR	1,226	60.50
Stevensons of Uttoxeter Limited, Sunderland/United Kingdom	GBP	-2	100.00
Teamdeck Limited, Sunderland/United Kingdom	GBP	0	100.00
TGM (Holdings) Limited, Sunderland/United Kingdom	GBP	0	100.00
TGM Group Limited, Sunderland/United Kingdom	GBP	1,203	100.00
The Chiltern Railway Company Limited, Sunderland/United Kingdom	GBP	24,269	100.00
Transcare Solutions Limited, Sunderland/United Kingdom	GBP	994	100.00
Transportes Sul do Tejo S.A., Almada/Portugal	EUR	-9,803	100.00
TRANSURBANOS DE GUIMARAES TP, LDA, Guimaraes/Portugal	EUR	1,015	100.00
Trasporti Brescia Nord S.c.a.r.l., Brescia/Italy	EUR	100	92.00
Trasporti Brescia Sud S.c.a.r.l., Brescia/Italy	EUR	100	93.00
TUF-TRANSPORTES URBANOS DE FAMALICAO, LDA, Vila Nova de Famalicao/Portugal	EUR	-118	66.67
UCPLUS A/S, Kastrup/Denmark	DKK	-4,610	100.00
Velebit Turist d.o.o., Gospić/Croatia	HRK	-818	80.27
VT-ARRIVA Személyszállító és Szolgáltató Kft., Székesfehérvár/Hungary	HUF	31,257,049	100.00
White Rose Bus Company Limited, Sunderland/United Kingdom	GBP	0	100.00
XC Trains Limited, Sunderland/United Kingdom	GBP	30,501	100.00
Yorkshire Tiger Limited, Sunderland/United Kingdom	GBP	1,791	100.00
Zeta Automotive Limited, Bicester/United Kingdom	GBP	181	100.00
AT EQUITY			
AB Busspunkten Helsingborg, Helsingborg/Sweden [2),3)]	SEK	100	24.00
Aquabus BV, Heerenveen/the Netherlands [2),3)]	EUR	5,576	50.00
ATOC Limited, London/United Kingdom [2)]	GBP	-16,961	23.81
Autopromet d.d. Slunj, Slunj/Croatia [2),3)]	HRK	8,602	22.35
Barraqueiro SGPS SA, Lisbon/Portugal [5)]	EUR	65,813	31.50
Bergamo Trasporti Ovest S.c.a.r.l., Bergamo/Italy [2),3)]	EUR	10	65.76
Bergamo Trasporti Sud Scarl, Bergamo/Italy [2),3)]	EUR	10	25.57
Estacion Autobuses de Pobra, Ferrol/Spain [2),7)]	EUR	3	33.33
Explotacion Gasoleos de la Coruña, s.l., Ferrol/Spain [2),3)]	EUR	135	40.00
EXTRA.TO S.c.a.r.l., Turin/Italy [2),5)]	EUR	115	30.01
Intercambiador de Transportes Principe PIO S.A., Madrid/Spain [2),3)]	EUR	8,124	30.00
Lecco Trasporti S.c.a.r.l., Lecco/Italy [2),3)]	EUR	10	56.94
London Overground Rail Operations Limited, London/United Kingdom [2),5)]	GBP	894	50.00
NRES Limited, London/United Kingdom [2)]	GBP	71	20.00
Omnibus partecipazioni S.R.L., Milan/Italy [5)]	EUR	9,861	50.00
Rail Settlement Plan Limited, London/United Kingdom [2)]	GBP	-567	20.00
Rail Staff Travel Limited, London/United Kingdom [2)]	GBP	-2,208	20.00
Rodinform - Informatica Aplicada aos Transportes, SA, Lisbon/Portugal [2),3)]	EUR	16	20.00
S.I.T. VALLEE SOC. CONS. AR.L., Charvensod (AO)/Italy [2),5)]	EUR	56	33.33
S.T.I. Servizi Trasporti Interregionali SpA, Pordenone/Italy [2),3)]	EUR	825	9.81
TPL FVG Scarl s.r.l., Gorizia/Italy [2),3)]	EUR	119	15.00
Train Information Services Limited, London/United Kingdom [2)]	GBP	-15	20.00
Trieste Trasporti S.P.A., Trieste/Italy [3)]	EUR	63,060	39.94
Viajeros del Eo, Ferrol/Spain [2),3)]	EUR	10	50.00
West Yorkshire Ticketing Company Limited, Altrincham/United Kingdom [2),3)]	GBP	0	42.47
WSMR (Holdings) Limited, London/United Kingdom [2),8)]	GBP	0	50.00

Subsidiary (Name and registered offices)	Currency	Equity [1] (thousand)	Ownership (%)
DB SCHENKER			
FULLY CONSOLIDATED			
Air Terminal Handling SAS, Tremblay en France/France	EUR	2,200	100.00
Almoayed Schenker W.L.L., Manama/Bahrain	BHD	1,095	51.00
Anterist+Schneider Zeebrugge BVBA, Zeebrugge/Belgium	EUR	1,421	100.00
AO Schenker, Moscow/Russia	RUB	245,580	100.00
AS Schenker, Tallinn/Estonia	EUR	7,885	100.00
ASIMEX Anterist + Schneider Import- Export SAS, Stiring-Wendel/France	EUR	1,856	100.00
ATLANTIQUE EXPRESS SAS, Montaigu Cedex/France	EUR	942	100.00
BAX Global (Pty) Ltd., Johannesburg/South Africa	ZAR	1,153	86.75
Bischof Gesellschaft mbH., Vienna/Austria	EUR	71	100.00
BTL Reinsurance S.A., Luxembourg/Luxembourg	SEK	38,321	100.00
Cartrend GmbH, Karlsruhe	EUR	32	69.00
DB France Holding SAS, Gennevilliers Cedex/France	EUR	292,416	100.00
DB Schenker (Cambodia) Limited, Phnom Penh/Cambodia	USD	2,621	100.00
DB Schenker FLLC, Minsk/Belarus	BYN	-1,250	100.00
DB Schenker GBS Bucharest S.R.L., Bucharest/Romania	RON	21,688	100.00
DB Schenker Global Services Asia Pacific Inc., Taguig City/Philippines	PHP	454,815	100.00
DB Schenker Logistics Campus MEA (Pty) Ltd., Kempton Park/South Africa	ZAR	11,870	47.00
DP Schenker, Kiev/Ukraine	UAH	-38,711	100.00
ELAG Emder Lagerhaus und Automotive GmbH, Emden	EUR	922	100.00
Engelberg Transportes Internacionales C.A. (Entra), Caracas/Venezuela	VES	2,505,752,384	100.00
EVAG Emder Verkehrs und Automotive Gesellschaft mbH, Emden	EUR	4,858	100.00
EVB Handelshaus Bour GmbH, Landau in der Pfalz	EUR	25	69.00
Fastighets Aktiebolaget Orbyn, Gothenburg/Sweden	SEK	8,116	100.00
HANGARTNER Terminal S.r.l., Verona/Italy	EUR	1,799	100.00
Intertec Asia Limited, Hong Kong/China	HKD	7,863	69.00
Intertec Beteiligungs-GmbH, Landau in der Pfalz	EUR	29,056	69.00
Intertec GmbH, Landau in der Pfalz	EUR	26	69.00
INTERTEC Polska Sp.zo.o., Nardarzyn/Poland	PLN	2,832	69.00
Inter-Union Technohandel Gesellschaft m.b.H., Vienna/Austria	EUR	17	69.00
Inter-Union Technohandel GmbH, Landau in der Pfalz	EUR	26	69.00
Intreprinderea Mixta "S.C. Schenker" S.R.L., Chisinau/Moldavia	MDL	2,480	96.75
Karpeles Freight Services, Inc., Chesapeake/USA	USD	-605	100.00
KB Ädelgasen 1-Jönköping, Jönköping/Sweden	SEK	88,178	100.00
KB Älghunden Jönköping, Jönköping/Sweden	SEK	16,863	100.00
KB Anholt 3, Stockholm/Sweden	SEK	9,106	100.00
KB Arbetsbasen 4-Stockholm, Stockholm/Sweden	SEK	34,013	100.00
KB Ättehögen Östra 1-Helsingborg, Helsingborg/Sweden	SEK	68,400	100.00
KB Backa 107:3, Gothenburg/Sweden	SEK	134,077	100.00
KB Baggböle 2:35-Umeå, Umeå/Sweden	SEK	24,862	100.00
KB Benkammen 12-Malmö, Malmö/Sweden	SEK	133,860	100.00
KB Bleket 1-Karlstad, Karlstad/Sweden	SEK	48,380	100.00
KB Distributören 3 och 4-Örebro, Örebro/Sweden	SEK	81,547	100.00
KB Forsmark 2-Stockholm, Stockholm/Sweden	SEK	55,902	100.00
KB Forsmark 3-Stockholm, Stockholm/Sweden	SEK	178,941	100.00
KB Forsmark 5 Stockholm, Gothenburg/Sweden	SEK	463	100.00
KB Frysen 1 Visby, Visby/Sweden	SEK	12,594	100.00
KB Fryshuset 3-Visby, Visby/Sweden	SEK	1,029	100.00

Subsidiary (Name and registered offices)	Currency	Equity [1] (thousand)	Ownership (%)
KB Köpmannen 10-Västerås, Västerås/Sweden	SEK	35,890	100.00
KB Langtradaren 2 Borlänge, Borlänge/Sweden	SEK	34,729	100.00
KB Lertaget 1, Skara, Skara/Sweden	SEK	44,718	100.00
KB Malmö Hamnen 22 Malmö, Malmö/Sweden	SEK	59,337	100.00
KB Maskinen 3-Linköping, Linköping/Sweden	SEK	65,626	100.00
KB Önnestad 108:4-Kristianstad, Kristianstad/Sweden	SEK	41,820	100.00
KB Överön 1:66-Örnsköldsvik, Örnsköldsvik/Sweden	SEK	9,884	100.00
KB Pantern 1-Växjö, Växjö/Sweden	SEK	37,725	100.00
KB Reläet 8-Norrköping, Norrköping/Sweden	SEK	25,471	100.00
KB Sörby 24:3-Gävle, Gävle/Sweden	SEK	38,100	100.00
KB Storheden 1:8-Luleå, Luleå/Sweden	SEK	30,975	100.00
KB Transporten 1-Hultsfred, Hultsfred/Sweden	SEK	18,647	100.00
KB Transportören 1-Värnamo, Värnamo/Sweden	SEK	87,152	100.00
KB Vindtrycket 1-Borås, Borås/Sweden	SEK	64,954	100.00
KB Vivstamon 1:13-Timrå, Timrå/Sweden	SEK	47,546	100.00
Kiinteistö Oy Seinäjoen Kiitolinja-asema, Seinäjoki/Finland	EUR	785	100.00
Kiinteistö Oy Tampereen Rahtiasema, Tampere/Finland	EUR	1,654	100.00
Kiinteistö Oy Tir-Trans, Joentaustankatu/Finland	EUR	1,193	100.00
Kiinteistö Oy Turun Nosturinkatu 6, Turku/Finland	EUR	961	100.00
Langtradaren i Jämtland AB, Gothenburg/Sweden	SEK	9,703	100.00
Luxemburger Transport Logistik Diekirch S.A., Wilwerdange/Luxembourg	EUR	1,652	100.00
MTS HandelService GmbH, Landau in der Pfalz	EUR	26	69.00
MTS MarkenTechnikService GmbH & Co. KG, Rülzheim	EUR	56,626	69.00
MTS MarkenTechnikService Verwaltungs-GmbH, Rülzheim	EUR	139	69.00
PT. Schenker Petrolog Utama, Jakarta/Indonesia	USD	25,962	71.00
Redhead Freight Limited, Bradford/United Kingdom	GBP	8,620	100.00
Redhead Holdings Limited, Bradford/United Kingdom	GBP	634	100.00
Rengaslinja Oy, Nokia/Finland	EUR	640	100.00
SCHENKER & CO AG, Vienna/Austria	EUR	131,301	100.00
Schenker (Asia Pacific) Pte. Ltd., Singapore/Singapore	SGD	781,285	100.00
Schenker (H.K.) Ltd., Hong Kong/China	HKD	283,469	100.00
Schenker (Ireland) Ltd., Shannon/Ireland	EUR	35,568	100.00
Schenker (L.L.C), Dubai/United Arab Emirates	AED	193,857	100.00
Schenker (Lao) Sole Co., Ltd., Vientiane/Laos	LAK	200,994	100.00
Schenker (NZ) Limited, Auckland/New Zealand	NZD	7,558	100.00
Schenker (Thai) Holdings Ltd., Bangkok/Thailand	THB	447,189	100.00
Schenker (Thai) Ltd., Bangkok/Thailand	THB	1,763,786	100.00
Schenker A.E., Athens/Greece	EUR	-2,417	100.00
Schenker A/S, Hvidovre/Denmark	DKK	130,649	100.00
Schenker AB, Gothenburg/Sweden	SEK	-46,842	100.00
Schenker AG & Co. Beteiligungsverwaltungs OHG, Essen	EUR	176	100.00
Schenker Åkeri AB, Gothenburg/Sweden	SEK	156,733	100.00
Schenker Aktiengesellschaft, Essen	EUR	1,628,127	100.00
Schenker Americas, Inc., Miami/USA	USD	177,959	100.00
Schenker Angola, Limitada, Luanda/Angola	AOA	-265,227	99.90
Schenker Argentina S.A., Buenos Aires/Argentina	ARS	20,552	100.00
Schenker AS, Oslo/Norway	NOK	657,575	100.00
Schenker Australia Pty. Ltd., Alexandria/Australia	AUD	154,849	100.00
Schenker BITCC Customs Broker (Beijing) Co. Ltd., Beijing/China	CNY	899	70.00
Schenker BITCC Logistics (Beijing) Co., Ltd., Beijing/China	CNY	93,788	70.00

Subsidiary (Name and registered offices)	Currency	Equity [1] (thousand)	Ownership (%)
Schenker Business Services LLC, Moscow/Russia	RUB	389,240	100.00
Schenker Chile S.A., Santiago/Chile	CLP	6,413,829	100.00
Schenker China Ltd., Pudong/Shanghai/China	CNY	2,376,548	100.00
Schenker Consulting AB, Gothenburg/Sweden	SEK	11,335	100.00
Schenker d.d., Ljubljana/Slovenia	EUR	23,745	100.00
SCHENKER d.o.o., Sarajevo/Bosnia-Herzegovina	BAM	1,508	100.00
Schenker d.o.o., Zagreb/Croatia	HRK	16,963	100.00
Schenker d.o.o., Novi Banovci/Serbia	RSD	171,994	100.00
Schenker Dedicated Services AB, Gothenburg/Sweden	SEK	135,328	100.00
Schenker Dedicated Services Germany GmbH, Essen	EUR	-404	100.00
Schenker Deutschland AG, Frankfurt am Main	EUR	56	100.00
Schenker Distribution Solutions, Inc., Paranaque City/Philippines	PHP	84,651	98.51
Schenker do Brasil Transportes Internacionais Ltda., São Paulo/Brazil	BRL	44,171	100.00
SCHENKER DOOEL, Skopje/Macedonia	MKD	87,834	100.00
Schenker Egypt Ltd., Cairo/Egypt	EGP	112,073	100.00
SCHENKER EOOD, Sofia/Bulgaria	BGN	44,498	100.00
Schenker Equipment AB, Gothenburg/Sweden	EUR	7,682	100.00
Schenker Europe GmbH, Frankfurt am Main	EUR	25	100.00
Schenker Filen 8 Aktiebolag, Gothenburg/Sweden	SEK	16,823	100.00
Schenker Flight Services GmbH, Frankfurt am Main	EUR	1,764	100.00
Schenker Flight Services International (H.K.) Limited, Hong Kong/China	HKD	16,672	100.00
SCHENKER FRANCE SAS, Montaigu Cedex/France	EUR	201,330	100.00
Schenker Global Management & Services GmbH, Essen	EUR	-3,332	100.00
Schenker Global Management & Services PTE. LTD., Singapore/Singapore	SGD	1,265	100.00
Schenker Global Management & Technology Center Americas Inc., Miami/USA	USD	736	100.00
Schenker GmbH für Beteiligungen, Essen	EUR	155	100.00
SCHENKER INDIA PRIVATE LIMITED, New Delhi/India	INR	4,193,510	100.00
Schenker International (HK) Ltd., Hong Kong/China	HKD	2,294,729	100.00
Schenker International (Macau) Ltd., Macau/Macau	HKD	32,057	100.00
Schenker International S.A. de C.V., Mexico City/Mexico	MXN	863,008	100.00
Schenker Italiana S.p.A., Peschiera Borromeo (MI)/Italy	EUR	76,348	100.00
Schenker Jinbei Logistics (Shenyang) Co. Ltd., Shenyang/China	CNY	154,447	50.00
Schenker Kazakhstan LLP, Almaty/Kazakhstan	KZT	48,782	100.00
Schenker Khimji's LLC, Muscat/Sultanate of Oman	OMR	649	60.00
Schenker Korea Ltd., Seoul/Republic of Korea	KRW	46,718,752	100.00
Schenker Limited, London/United Kingdom	GBP	32,705	100.00
Schenker Limited, Nairobi/Kenya	KES	12,359	100.00
Schenker Logistics (Bangladesh) Limited, Dhaka/Bangladesh	BDT	202,847	57.50
Schenker Logistics (Chengdu) Co., Ltd., Chengdu/China	CNY	26,298	100.00
Schenker Logistics (Chongqing) Co. Ltd, Chongqing/China	CNY	33,057	100.00
Schenker Logistics (Guangzhou) Company Ltd., Guangzhou/China	CNY	90,445	100.00
Schenker Logistics (Jiaxing) Co., Ltd., Jiaxing/China	CNY	283,577	100.00
Schenker Logistics (Kunshan) Co., Ltd., Kunshan/China	CNY	50,870	100.00
Schenker Logistics (Malaysia) Sdn Bhd., Kuala Lumpur/Malaysia	MYR	316,387	100.00
Schenker Logistics (Shanghai) Co., Ltd., Shanghai/China	CNY	126,370	100.00
Schenker Logistics (Shenzhen) Co. Ltd., Shenzhen/China	CNY	16,006	100.00
Schenker Logistics (Suzhou) Company Ltd., Suzhou/China	CNY	117,431	100.00
Schenker Logistics (Thai) Ltd., Bangkok/Thailand	THB	-116,651	100.00
Schenker Logistics (Xiamen) Co. Ltd., Xiamen/China	CNY	75,672	100.00
Schenker Logistics AB, Gothenburg/Sweden	SEK	-32,184	100.00
Schenker Logistics Inc., Calamba City/Philippines	PHP	15,194	100.00
Schenker Logistics L.L.C., Abu Dhabi/United Arab Emirates	AED	43,462	100.00
Schenker Logistics Nederland B.V., Rotterdam/the Netherlands	EUR	69,720	100.00
Schenker Logistics Romania S.A., Bucharest/Romania	RON	351,905	99.53
Schenker Logistics S.A., Barcelona/Spain	EUR	119,728	100.00
Schenker Logistics Vietnam Co., Ltd., Ho Chi Minh City/Vietnam	VND	68,288,168	100.00
Schenker Logistics W.L.L., Doha/Qatar	QAR	581	60.00
SCHENKER LUXEMBOURG GMBH, Leudelange/Luxembourg	EUR	3,710	100.00
Schenker Manila Administrative Competence Center Inc., Taguig City/Philippines	PHP	353,806	100.00
Schenker Maroc S.A.S, Casablanca/Morocco	MAD	16,714	100.00
Schenker Middle East FZE, Dubai/United Arab Emirates	AED	338,952	100.00
Schenker Myanmar Co., Ltd., Yangon/Myanmar	MMK	1,783,294	100.00
Schenker Namibia (Pty) Ltd., Windhoek/Namibia	NAD	-1,246	100.00
Schenker Nederland B.V., Tilburg/the Netherlands	EUR	20,587	100.00
Schenker Nemzetközi Szállítmányozási és Logisztikai Kft., Szigetszentmiklós/Hungary	HUF	6,449,859	100.00
Schenker NV, Antwerp/Belgium	EUR	16,172	100.00
Schenker Ocean Freight Services WLL, Doha/Qatar	QAR	849	60.00
Schenker of Canada Ltd., Toronto/Canada	CAD	60,899	100.00
Schenker OY, Helsinki/Finland	EUR	92,510	100.00
Schenker Panama S.A., Panama City/Panama	USD	1,389	100.00
Schenker Peru S.R.L., Lima/Peru	PEN	-2,218	100.00
Schenker Philippines (Subic) Inc., Subic/Philippines	PHP	103,236	100.00
Schenker Philippines, Inc., Makati City/Philippines	PHP	601,103	100.00
Schenker Property Sweden AB, Gothenburg/Sweden	SEK	345,084	100.00
SCHENKER RE DESIGNATED ACTIVITY COMPANY, Dublin/Ireland	EUR	43,479	100.00
Schenker S.A., Guatemala City/Guatemala	GTQ	-23,387	100.00
SCHENKER s.r.o., Bratislava/Slovakia	EUR	6,760	100.00
Schenker Saudi Arabia LLC, Riyadh/Saudi Arabia	SAR	28,461	100.00
Schenker Schweiz AG, Zurich/Switzerland	CHF	44,970	100.00
Schenker Shared Services (Nanjing) Co. Ltd., Nanjing/China	CNY	41,143	100.00
Schenker Singapore (PTE) Ltd., Singapore/Singapore	SGD	360,567	100.00
Schenker South Africa (Pty) Ltd., Isando/South Africa	ZAR	148,293	86.75
Schenker Sp. z o.o., Warsaw/Poland	PLN	337,802	99.68
SCHENKER spol. s r.o., Prague/Czech Republic	CZK	921,234	100.00
Schenker Technik GmbH, Essen	EUR	5,180	100.00
Schenker Technology Center (Warsaw) sp. z o.o., Warsaw/Poland	PLN	7,813	100.00
Schenker Transitarios, S.A., Loures/Portugal	EUR	12,220	100.00
Schenker Transport Aktiebolag, Gothenburg/Sweden	SEK	21,707	100.00
Schenker Transport Groep B.V., Tilburg/the Netherlands	EUR	6,678	100.00
Schenker Vietnam Co., Ltd., Ho Chi Minh City/Vietnam	VND	900,763,110	100.00

Subsidiary (Name and registered offices)	Currency	Equity [1] (thousand)	Ownership (%)
Schenker, Inc., New York/USA	USD	152,164	100.00
Schenker-Arkas Nakliyat Ve Tic. A.S., Zincirlikuyu/Turkey	TRY	125,463	55.00
Schenkerocean Ltd, Wanchai/Hong Kong/China	HKD	6,746	100.00
Schenker-Seino Co. Ltd., Tokyo/Japan	JPY	5,787,575	80.00
SIA Schenker, Riga/Lithuania	EUR	6,222	100.00
Sky Partners OÜ, Tallinn/Estonia	EUR	265	100.00
SW Zoll-Beratung GmbH, Furth im Wald	EUR	1,420	100.00
TEGRO AG, Schwerzenbach/Switzerland	CHF	5,707	62.10
Trafikaktiebolaget NP Kagström, Gothenburg/Sweden	SEK	1,332	100.00
TRANSA Spedition GmbH, Offenbach am Main	EUR	13,297	100.00
Transport-Gesellschaft mit beschränkter Haftung (vormals J. Hevecke TRG) i. L., Hamburg	EUR	478	96.70
Transworld Asig- Broker de Asigurare SRL, Bucharest/Romania	RON	350	99.53
UAB "Schenker", Vilnius/Lithuania	EUR	736	100.00
Viktor E. Kern Gesellschaft m.b.H., Vienna/Austria	EUR	1,699	69.00
AT EQUITY			
ADRIA KOMBI d.o.o., Ljubljana, Ljubljana/Slovenia [2),3)]	EUR	12,199	33.72
ATS Air Transport Service AG, Zurich/Switzerland [2),3)]	CHF	3,045	26.00
Autoport Emden GmbH, Emden [2),3)]	EUR	100	33.30
Bäckebols Åkeri AB, Gothenburg/Sweden [2),3)]	SEK	56,002	35.00
BTU- Bilspedition Transportörer Utvecklings AB, Solna/Sweden [2),3)]	SEK	6,354	50.00
Elevator-Gesellschaft mit beschränkter Haftung, Hanover [2),3)]	EUR	97	50.00
Express Air Systems GmbH (EASY), Kriftel [2),3)]	EUR	3,457	50.00
Gardermoen Perishables Center AS, Gardermoen/Norway [2),3)]	NOK	15,828	33.30
Germans Corbalan & Alvarez, S.L., Manresa (Barcelona)/Spain [2),4)]	EUR	1,043	20.00
I.M. "Moldromukrtrans" S.R.L., Chisinau/Moldavia [2),3)]	MDL	13,730	33.17
Intermodal Sea Solutions, S.L., Orejo-Cantabria/Spain [2),3)]	EUR	407	24.75
Trans Jelabel S.L., Aldeamayor de San Martín/Spain [2),4)]	EUR	736	20.00
Värnamo Åkeri AB, Värnamo/Sweden [2),3)]	SEK	18,863	50.00
Volla Eiendom AS, Oslo/Norway [2),3)]	NOK	16,380	50.00

1) IFRS data.
2) Figures reflect accounting to local accounting principles (for companies subject to profit and loss transfer agreements: only in relation to net profit/loss for the year).
3) Data: 2019 financial year.
4) Data: 2018 financial year.
5) Preliminary data.
6) Data: 2015 financial year.
7) Data: 2017 financial year.
8) Data: 2016 financial year.
9) Data from liquidatation balance sheet as of July 1, 2018.

(42) Management Board, Supervisory Board and Supervisory Board Committees

Details of the names and memberships in (a) other supervisory boards which are legally required to be created and (b) equivalent domestic and international control bodies of economic enterprises of members of the Management Board and the Supervisory Board of DB AG are set out in the following.

MANAGEMENT BOARD

Dr. Richard Lutz
Chief Executive Officer and Chairman of the Management Board, Berlin

a)
- Schenker AG (until March 31, 2020, Chairman)
- DB Cargo AG (Chairman)
- DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a. G. Betriebliche Sozialeinrichtung der Deutschen Bahn
- DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a. G. Betriebliche Sozialeinrichtung der Deutschen Bahn

b)
- Arriva plc, Sunderland/United Kingdom (member of the Board of Directors until April 3, 2020; Chairman of the Board of Directors)
- DB Stiftung gGmbH (Advisory Board, Chairman)

Dr. Levin Holle (since February 1, 2020)
Finance and Logistics, Berlin

a)
- Schenker AG (since April 1, 2020; Chairman since April 14, 2020)
- DEVK Allgemeine Versicherungs-AG (since October 1, 2020)

b)
- Arriva plc, Sunderland/United Kingdom (since March 1, 2020; Chairman of the Board of Directors since April 14, 2020)

Berthold Huber
Passenger Transport, Weilheim

a)
- DB Vertrieb GmbH (Chairman)
- DB Fernverkehr AG (Chairman)
- DB Regio AG (Chairman)
- DB Cargo AG (until June 25, 2020)
- DEVK Allgemeine Lebensversicherungs AG

b)
- Arriva plc, Sunderland/United Kingdom (until February 28, 2020; Chairman of the Board of Directors)

Prof. Dr. Sabina Jeschke
Digitalization and Technology, Berlin

a)
- Schenker AG
- DB Fahrzeuginstandhaltung GmbH (Chairwoman since January 14, 2020)
- DB Systemtechnik GmbH (Chairwoman)
- DB Systel GmbH (Chairwoman)
- DB broadband GmbH (since June 30, 2020; Chairwoman)
- Körber AG

Dr. Sigrid Nikutta
Freight Transport, Berlin

a)
- DB Cargo Polska S.A. (Chairwoman)
- Vossloh AG (until May 31, 2020; Deputy Chairwoman)

b) › DEVK Allgemeine Versicherungs-AG (Advisory Board)
› Deutsche Bank Ost (Advisory Board)
› Deutsches Zentrum für Luft- und Raumfahrt (DLR) (Deputy Chairwoman of the Senate)
› Verein Berliner Kaufleute und Industrieller (VBKI) (Executive Board)
› Kombiverkehr Deutsche Gesellschaft für kombinierten Güterverkehr mbH&Co. KG (Administrative Board)

Ronald Pofalla
Infrastructure,
Mülheim an der Ruhr
a) › DB Netz AG (Chairman)
› DEVK Rückversicherungs- und Beteiligungs-AG
b) › Verband der Sparda-Banken e. V. (Advisory Board)
› Initiativkreis Ruhr GmbH (Advisory Board)

Martin Seiler
Human Resources and Legal Affairs,
Unkel
a) › Schenker AG
› DB Cargo AG
› DB Gastronomie GmbH (Chairman)
› DB JobService GmbH (Chairman)
› DB Zeitarbeit GmbH (Chairman)
› DB Station&Service AG (Chairman)
› DB Energie GmbH (Chairman)
› DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a. G. Betriebliche Sozialeinrichtung der Deutschen Bahn
› DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a. G. Betriebliche Sozialeinrichtung der Deutschen Bahn
b) › DB Stiftung gGmbH (Advisory Board)

SUPERVISORY BOARD

Michael Odenwald
Secretary of State (retired),
Chairman of the Supervisory Board,
Kleinmachnow
a) › Fraport AG
› DB Stiftung gGmbH (Advisory Board)

Klaus-Dieter Hommel*
Deputy Chairman of the Supervisory Board (since May, 15, 2020),
Chairman of the Eisenbahn- und Verkehrsgewerkschaft (EVG),
Großefehn-Felde
a) › DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a. G. Betriebliche Sozialeinrichtung der Deutschen Bahn
› DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a. G. Betriebliche Sozialeinrichtung der Deutschen Bahn
› DEVK Pensionsfonds-AG
› DEVK Rechtsschutz-Versicherungs-AG
› DB Fernverkehr AG
› DB Regio AG
› DB Vertrieb GmbH

Alexander Kirchner* (until March 25, 2020)
Deputy Chairman of the Supervisory Board,
Runkel
a) › DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a. G. Betriebliche Sozialeinrichtung der Deutschen Bahn (Chairman)
› DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a. G. Betriebliche Sozialeinrichtung der Deutschen Bahn (Chairman)
› DEVK Rückversicherungs- und Beteiligungs-AG (Chairman)

Torsten Westphal* (March 25 to May 31, 2020)
Deputy Chairman of the Supervisory Board (March 25 to April 25, 2020),
Trade Union Secretary (since April 22, 2020),
Magdeburg
a) › DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a. G. Betriebliche Sozialeinrichtung der Deutschen Bahn
› DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a. G. Betriebliche Sozialeinrichtung der Deutschen Bahn
› DEVK Allgemeine Versicherungs-AG
› DEVK Vermögens- und Beteiligungs-AG
› Sparda-Bank Berlin eG

Jürgen Beuttler*
Head of Purchasing, Real Estate, Compliance of DB Fernverkehr AG,
Wiesbaden

Martin Burkert* (since June 18, 2020)
Deputy Chairman of the Eisenbahn- und Verkehrsgewerkschaft (EVG),
Nuremberg
a) › DB Cargo AG (Deputy Chairman)
› S-Bahn Berlin GmbH (Deputy Chairman)
› DB JobService GmbH (since July 28, 2020; Deputy Chairman)
› DEVK Vermögens- und Beteiligungsgesellschaft (November 1, 2015 to April 29, 2020; Deputy Chairman; since April 29, 2020 Chairman)
› DEVK Pensionsfonds-AG (since April 28, 2020)
› DEVK Allgemeine Lebensversicherungs-AG (since April 29, 2002)
› Adler Versicherung AG
b) › Signal Iduna Gruppe (Advisory Board)

Werner Gatzer (since February 18, 2020)
Secretary of State in the Federal Ministry of Finance,
Teltow
a) › PD – Berater der öffentlichen Hand GmbH (Chairman)
› Flughafen Berlin Brandenburg GmbH
b) › Bundesanstalt für Immobilienaufgaben (BimA) (Chairman of the Administrative Board)

Dr. Ingrid Hengster
Member of the Management Board of the KfW Bank Group,
Frankfurt am Main
a) › Thyssen Krupp AG (until September 30, 2020)
› KfW Capital GmbH&Co. KG (Chairwoman)
› KfW IPEX-Bank GmbH (since November 1, 2020; Chairwoman)
› Deutsche Investitions- und Entwicklungsgesellschaft mbH (since November 1, 2020; Deputy Chairwoman)
b) › Europäische Investitionsbank (EIB), Luxembourg (expert of the Administrative Board)

Jörg Hensel*
Chairman of the Central Works Council of DB Cargo AG,
Chairman of the Divisional Works Council of DB Cargo,
Chairman of the European Works Council DB AG,
Hamm
a) › DB Cargo AG
› DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a. G. Betriebliche Sozialeinrichtung der Deutschen Bahn
› DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a. G. Betriebliche Sozialeinrichtung der Deutschen Bahn (since December 11, 2020)
b) › DEVK Pensionsfonds-AG (Advisory Board)
› DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a. G. Betriebliche Sozialeinrichtung der Deutschen Bahn (until February 29, 2020; members' representative)

Cosima Ingenschay* (since March 25, 2020)
Federal Director of the Eisenbahn- und Verkehrsgewerkschaft (EVG),
Berlin
a) › DB Station&Service AG (since June 1, 2020; Deputy Chairwoman)
› DB Netz AG (until March 31, 2020)
› DEVK Rechtsschutz-Versicherungs-AG
› DEVK Vermögens- und Beteiligungs-AG (since April 1, 2020; Deputy Chairwoman)
› DEVK Allgemeine Versicherungs-AG (since April 1, 2020; Deputy Chairwoman)
› DGB Rechtsschutz GmbH (since February 1, 2020)
b) › DEVK Allgemeine Versicherungs-AG (since April 1, 2020; Chairwoman of the Advisory Board)

Prof. Dr. Susanne Knorre
Management consultant,
Hanover
a) › Salzgitter AG
› Rain Carbo Germany GmbH (until August 2, 2020: RÜTGERS Germany GmbH)
› Norddeutsche Landesbank
› STEAG GmbH

Jürgen Knörzer*
Chairman of the Central Works Council of DB Regio AG,
Schwarzach
a) › DB Regio AG
› DEVK Allgemeine Versicherungs-AG (Advisory Board)

Dr. Jürgen Krumnow (until March 25, 2020)
Self-employed entrepreneur,
Wiesbaden

Kirsten Lühmann
Member of the German Parliament,
Hermannsburg
a) › Nürnberger Beamten-Lebensversicherung AG
› Nürnberger Beamten Allgemeine Versicherung AG

Heike Moll*
Chairwoman of the Central Works Council of DB Station&Service AG,
Munich
a) › DB Station&Service AG
b) › DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a. G. Betriebliche Sozialeinrichtung der Deutschen Bahn (Advisory Board)

Dr. Immo Querner (since March 25, 2020)
Former member of the Management Board of HDI VaG and Talanx AG,
Management consultant,
Celle
a) › Ampega Investment GmbH, Cologne** (until August 31, 2020; Deputy Chairman)
› E+S Rückversicherung AG, Hanover** (until August 31, 2020)
› Talanx Finance S.A., Luxembourg** (until August 31, 2020; Administrative Board, Chairman)
› HDI International AG, Hanover** (until August 31, 2020)
› Talanx Service AG, Hanover** (until August 31, 2020)
› Talanx Systeme AG, Hanover** (until August 31, 2020)
› Gesamtverband der deutschen Versicherungswirtschaft e. V., Berlin (until August 31, 2020; Executive Committee as association director)
b) › INSR ASA, Oslo (since May 20, 2020; Administrative Board)
› Ampega Asset Management GmbH, Cologne** (until August 31, 2020; Chairman)
› Ampega Real Estate GmbH, Cologne** (until August 31, 2020)
› Talanx Reinsurance Broker GmbH** (until August 31, 2020; Chairman)
› Frankfurter Wertpapierbörse (until August 31, 2020; member of the Stock Exchange Council)

Eckhardt Rehberg
Member of the German Parliament,
Marlow

Mario Reiß*
Chairman of the Works Council of DB Cargo AG, NL South-East,
Süptitz
a) › DB Cargo AG
b) › DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a. G. Betriebliche Sozialeinrichtung der Deutschen Bahn (Advisory Board)

Regina Rusch-Ziemba* (until March 25, 2020)
Employee of the Eisenbahn- und Verkehrsgewerkschaft (EVG),
Hamburg

a)
- DB Station&Service AG
- DB Fahrwegdienste GmbH
- DB Engineering&Consulting GmbH
- DB JobService GmbH
- DB Bahnbau Gruppe GmbH
- DEVK Allgemeine Lebensversicherungs-AG (Chairman)
- DEVK Allgemeine Versicherungs-AG
- DEVK Pensionsfonds-AG

Christian Schmidt
Member of the German Parliament,
Lawyer,
Fürth

Jens Schwarz*
Chairman of the Group Works Council of Deutsche Bahn AG,
Chemnitz

a)
- DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a. G. Betriebliche Sozialeinrichtung der Deutschen Bahn (Deputy Chairman)
- DEVK Rechtsschutz-Versicherungs-AG

b)
- DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a. G. Betriebliche Sozialeinrichtung der Deutschen Bahn (Advisory Board)

Veit Sobek*
Chairman of the Central Works Countil of DB Netz AG,
Halberstadt

a)
- Bundesbahn-Wohnungsbaugesellschaft Kassel GmbH
- DB broadband GmbH (since July 1, 2020)

b)
- DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a. G. Betriebliche Sozialeinrichtung der Deutschen Bahn (Advisory Board)

Elisabeth Winkelmeier-Becker (since March 25, 2020)
Parliamentary Secretary of State in the Federal Ministry of Economics and Energy,
Siegburg

a)
- Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG) (since August 26, 2020)

Oliver Wittke (until March 25, 2020)
Member of the German Parliament,
Gelsenkirchen

Dr. Tamara Zieschang
Secretary of State in the Federal Ministry of Transport and Digital Infrastructure,
Magdeburg

a)
- Deutsche Flugsicherung GmbH (since February 26, 2020; Chairwoman)

b)
- Deutsche Bundesstiftung Umwelt (since April 1, 2020; Board of Trustees)

SUPERVISORY BOARD COMMITTEES

Members of the Executive Committee
- Michael Odenwald (Chairman)
- Alexander Kirchner (until March 25, 2020)
- Torsten Westphal (since March 25, 2020 until April 25, 2020)
- Klaus-Dieter Hommel (since May 15, 2020)
- Secretary of State Dr. Tamara Zieschang
- Jens Schwarz

Members of the Audit and Compliance Committee
- Dr. Jürgen Krumnow (Chairman; until March 25, 2020)
- Dr. Immo Querner (Chairman; since March 25, 2020)
- Secretary of State Dr. Tamara Zieschang
- Jörg Hensel
- Regina Rusch-Ziemba (until March 25, 2020)
- Cosima Ingenschay (since March 25, 2020)

Members of the Personnel Committee
- Michael Odenwald (Chairman)
- Alexander Kirchner (until March 25, 2020)
- Torsten Westphal (since March 25, 2020 until April 25, 2020)
- Klaus-Dieter Hommel (since May, 2020)
- Secretary of State Dr. Tamara Zieschang
- Jens Schwarz

Members of the Mediation Committee
- Michael Odenwald (Chairman)
- Alexander Kirchner (until March 25, 2020)
- Torsten Westphal (since March 25, 2020 until April 25, 2020)
- Klaus-Dieter Hommel (since May 15, 2020)
- Secretary of State Dr. Tamara Zieschang
- Jens Schwarz

Berlin, March 2, 2021

Deutsche Bahn Aktiengesellschaft
The Management Board

* Employees' representative on the Supervisory Board.
** Group mandates; parent company of group: HDI VaG, Hanover.

GRI 102-56

Independent Auditor's report

To Deutsche Bahn Aktiengesellschaft, Berlin

AUDIT OPINIONS

We have audited the consolidated financial statements of Deutsche Bahn Aktiengesellschaft, Berlin, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2020, the consolidated statement of income and the reconciliation of consolidated comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January to 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Deutsche Bahn Aktiengesellschaft for the financial year from 1 January to 31 December 2020. We have not audited the content of the corporate governance report pursuant to No. 7.1 of the German Federal Public Corporate Governance Code in accordance with the German legal requirements.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2020, and of its financial performance for the financial year from 1 January to 31 December 2020, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the corporate governance report referred to above.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

OTHER INFORMATION

The executive directors are responsible for the other information. The other information comprises the corporate governance report pursuant to No. 7.1 of the German Federal Public Corporate Governance Code.

The other information comprises further the remaining parts of the "2020 Integrated Report" – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Berlin, 3 March 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Thomas Kieper	Philipp Medrow
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Notes to sustainability

Sustainability reporting

GRI 102-50 102-51 102-52 102-54 102-56

The 2020 Integrated Report refers to the year under review, this being calendar year 2020. For the purpose of comparison, most of the key figures are also presented for 2019 and 2018. The Integrated Report is published on an annual basis. The 2020 Integrated Report was published on March 25, 2021 (2019 Integrated Report: March 26, 2020). The Integrated Report addresses the *material stakeholder groups* *50* of Deutsche Bahn Group (DB Group). The reporting covers all material economic, social and environmental aspects. All fully consolidated DB Group companies are included in the reporting. Deviations from this reporting scope are noted as such.

The data collection methods and bases of calculation used for the data in the Integrated Report are based on the relevant standards.

The Integrated Report was prepared in accordance with the GRI standards in the core option. Content regarding general and specific standard information is referenced in the *Global Reporting Initiative (GRI) content index* *268 f.* At the same time, the information in the Integrated Report also serves as a communication on progress regarding the implementation of the *UN Global Compact's Ten Principles* *269.* Moreover, material contents, indicators and passages of text were audited by an independent third party, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), with limited assurance.

Governance

GRI 102-16

COMPLIANCE

GRI 103

Targets and management approach

Compliance is an integral element of the corporate culture at DB Group. The Group Management Board approved an initiative for a strong compliance organization aimed at further developing the Compliance Management System used in DB Group to keep it at the cutting edge and to develop effective compliance practices for the long term. The topic of compliance has been made even more visible in this context as it has been embedded in the *Strong Rail strategy* *68 ff.*

The Compliance Management System (CMS) is based on national and international legal requirements and established standards, such as the Institute of Public Auditors (Institut der Wirtschaftsprüfer; IDW) auditing standard IDW PS 980 in Germany. DB Group also applies the directive of the Federal Government on corruption prevention in the German Federal administration. The CMS aims to ensure that compliance risks are identified at an early stage and appropriate countermeasures are implemented. We continuously monitor the effectiveness of our CMS and make any necessary adjustments. Compliance remains a component of the *internal control system (ICS)* *169,* even after its revision in the year under review. Intra-Group auditors therefore review the CMS within DB Group as part of the ICS audits under the German Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz; BilMoG). We also have our CMS checked externally.

DB Group compliance management is typified by a combination of centralized and decentralized units at the operational and organizational levels. The Chief Compliance Officer (CCO) manages the further development of our CMS and reports directly to the Chairman of the Management Board. The CCO is assisted in his duties by more than 250 employees responsible for compliance issues. Corporate management focuses its compliance work on centralized governance activities in particular, while operational responsibility is exercised in the business units and service units.

Various formats ensure that central and local compliance officers can engage in extensive dialog. In 2020, the digital dialog formats for this were made more robust. This includes revising the Compliance Cockpit, the central working platform for all employees in compliance functions.

The impact of the Covid-19 pandemic led to further emphasis on compliance during the year under review, as demonstrated, for instance, by a new focus on risk analysis and advice from compliance officers regarding a change in processes due to the pandemic. A key area was the proper use of third-party funds. There were also a greater number of questions about how to handle donations, which were answered.

Compliance instruments

Specific compliance instruments have been developed to protect DB Group, its employees and executives. This includes binding compliance directives, risk and process analyses, a compliance reporting system, training and communication measures, and a whistle-blower management system.

The DB Group Code of Conduct is the cornerstone of our CMS. It defines the standards and expectations about how our bodies, executives and employees should conduct themselves on a daily basis. It is supplemented by binding directives that specify applicable legal provisions governing national and international business and contact with customers. It is essential that DB Senior Management leads by example. In the year under review, a high-ranking disciplinary committee was set up to sanction misconduct among Senior Management. It supplements the Compliance Committee, which deals with tip-offs regarding serious legal violations that are of major concern to the Group.

Compliance risk analyses are a key component of DB Group risk management and are conducted by the business units and service units. A Group-wide survey of compliance risks is conducted in accordance with governance requirements set by corporate management. The compulsory framework concept contains minimum requirements for planning and conducting the survey, as well as reporting and follow-up.

A compact compliance annual report provides the Management Board with information on compliance risks related to DB Group's business activities. The report separately sets out the risk exposure of business units, service units and corporate management functions and highlights existing risk-reducing factors and countermeasures. The Management Board is also kept regularly informed during the year about the further expansion of the compliance program and any significant compliance cases. The CCO also reports on compliance issues at meetings of the Supervisory Board's Audit and Compliance Committee.

We are continually optimizing our instruments so that we can achieve our compliance goals on a sustainable basis. As part of the "Initiative for a strong compliance organization," particular emphasis was placed on two measures. Using several small films, the new compliance communication campaign highlights how important the principles described in our Code of Conduct are for all DB Group employees. In addition, a new mandatory training program was designed primarily for Senior Management in DB Group. This supplements the well-established compliance coaching run by the heads of the Group's Compliance, Audit and Legal functions.

The compliance awareness plan takes a risk and needs-based approach, which determines the order in which all executives and employees are to be trained. By holding in-person events or conducting e-learning sessions, it is possible to train almost all managers and employees who either need to be trained or are exposed to medium and high risk, over a period of two to two and a half years. In the year under review alone, more than 39,000 executives and employees attended in-person events on preventing corruption. The new e-learning modules developed during the previous year were also extensively used. Together with the e-learning modules developed specifically for DB Schenker and DB Arriva, about 81,000 e-learning units on preventing corruption were completed.

There is a Group-wide whistle-blower system to obtain information about potential violations of laws or internal regulations. The way in which submitted tip-offs are handled is regulated in detail. The processes implemented protect whistle-blowers. In addition to other measures, clearly defined requirements regarding the rigor and relevance of whistle-blowing tip-offs serve to take account of the interests of the persons concerned.

There are various ways of submitting a whistle-blowing tip-off. These include three trusted legal practitioners, who are legally bound to secrecy, and an ombudsperson, in addition to the compliance teams in the corporate management, business units and service units. There is also a Group-wide electronic whistle-blower system, which makes it possible to submit tip-offs anonymously. It can be used in 22 languages and is not just available to employees, but customers, suppliers and other stakeholders, too. In the year under review, tip-offs in the double-digit range were received through the whistle-blower system for instances of corruption.

Business partner compliance

Successful long-term business operations require the careful selection of business partners and suppliers who must then be informed of the DB Group values and commit to collaboration based on shared values. DB Group has developed various formats to increase awareness among its business partners and incorporate sustainable business practices more firmly in the supply chain.

The *e-learning module on the DB Code of Conduct for Business Partners* was revised in the year under review and is freely available online. It provides information about integrity, binding legal standards, and ethical matters and sets out clear compliance requirements as reflected in our Code of Conduct for Business Partners. Real-world examples demonstrate how our principles should be applied.

Contracts and contractual partners are audited for compliance risks. Integrity clauses in the General Terms and Conditions of Purchase are used to counteract potential compliance risks. Other compliance regulations are agreed based on risks. This applies to the appointment of intermediaries, for example. If serious misconduct occurs, the group of decision makers shall decide to block the awarding of tenders on the basis of clear criteria, stipulating how to deal with the contractor or supplier. If a tender is blocked, the earliest that a business partnership can be reestablished or continued is after the blocking period expires or after the company takes action to clean up its practices, which the client deems to be sufficient and which can often take many years to complete.

Compliance with antitrust laws and preventing antitrust damages

Online and on-site training courses ensure that executives and employees are always kept aware of antitrust legislation. The formats of the training courses are individually tailored to the requirements of the business units and the central units. The target group includes all executives and employees who are in contact with competitors or have other roles that are critical with regard to competition. The training courses are supplemented, in particular, by regulations specific to business units and close cooperation with (antitrust) legal experts.

Measures to prevent antitrust damage are an important component of antitrust compliance. To this end, we operate a comprehensive antitrust damage prevention system. An important part of this system is to use contractual conditions in markets where antitrust violations are most likely, which obligate suppliers to introduce or maintain antitrust compliance programs.

Human rights

TARGETS AND MANAGEMENT APPROACH

GRI 103

Protecting and promoting human rights are of the utmost importance to us. Human rights is a topic that cuts across many different areas in DB Group. We report on how we safeguard human rights with regard to working conditions, anti-discrimination measures, and occupational health and safety within DB Group, particularly in the chapter *Social* *88 ff. and 262 ff.*

We also expect our business partners to uphold human rights, and our requirements in this regard are set out in the DB Code of Conduct for Business Partners, as well as other documentation. This Code refers to the core labor standards of the International Labor Organization (ILO), such as protection against child and forced labor and against discrimination in employment and occupation. It contains regulations on fair pay, regulated working hours, and the preference for regular employment. The right to auditing may be agreed in contracts with business partners, including adverse legal consequences if the Code is not complied with.

We oppose modern slavery in all its forms, be it forced or compulsory labor, servitude, human trafficking, or child labor, and we report on this in accordance with the provisions of the UK Modern Slavery Act.

Due to greater geographical risks, specially developed social minimum standards apply to DB Schenker's global activities. This policy details the overriding DB Group Code of Conduct and provides, particularly in the international context, minimum standards for situations in which national and international legislation does not stipulate any appropriate social measures. Compliance with the Social Minimum Standards is regularly audited on-site by intra-Group auditors at selected locations.

If human rights violations are suspected, employees, customers, suppliers, and any other parties that may be of concern are provided with various channels to report such violations, including the option to report anonymously. In addition to central whistle-blowing management and trusted legal practitioners, these provisions also include our electronic whistle-blower system. DB employees can contact the Human Resources ombudsperson, and a follow-up process is in place to examine the alleged human rights violations reported. In 2020, the whistle-blower system reported suspected cases of human rights violations in the medium double-digit range (mainly cases relating to potential problematic working conditions and potential discrimination).

Human rights is also an integral part of DB Group *stakeholder dialog* *49 f.*

DATA PROTECTION

Targets and management approach

GRI 103

Data protection and autonomy should be championed as the foundation for free, democratic and long-established sovereign societies. In DB Group, we aim to establish exemplary, innovative and sustainable data protection processes and set a high level of data protection as a mark of quality, allowing employees, customers and business partners to associate DB Group with trust, respect, transparency and integrity when it comes to data protection. In doing so, we fulfill data protection regulations, particularly those of the EU General Data Protection Regulation (GDPR) and in-house data protection policies.

In order to suitably implement our targets, we are aiming to meet the overarching target of ensuring that the flow of data, both within DB Group and within offices outside of DB Group, is compliant with data protection regulations. We are working toward achieving this by raising awareness of privacy issues throughout DB Group, in particular by informing and training employees, having a high-quality expertise in consultancy work, as well as ongoing measures to raise awareness.

In addition, the data protection level in DB Group is analyzed on an ongoing basis using Data Protection Online Monitoring (DOM). This involves interviewing about 10,000 executives and using their answers to deduce the level of data protection in DB Group and to support specific measures that help optimize data protection among data controllers. Regular data protection audits also ensure a high standard of data protection within DB Group.

We are also committed to innovation and the further development of existing instruments and methods for professional data protection management. Another focal point is the expansion of internal and external networks to improve DB Group's public image with regard to data protection.

We work toward achieving these objectives through a highly effective data protection organization with central and local units: the Group's Data Protection team is centrally located, supporting and advising the Group companies regarding compliance with data protection regulations, especially in regard to issues relevant to the Group. There are four departments within the central data protection organization: Employee and Customer Data Protection I (administration) and Employee and Customer Data Protection II (training and communication on data protection) are responsible for protecting employee and customer data, covering various areas of responsibility. In addition to these departments, there are the Audit and Technical Data Protection department and the National & International Data Protection Management department, which is responsible for the national and international guidelines on privacy and manages the entire decentralized data protection organization. This organization comprises, at national level, data protection specialists and authorized data protection representatives, as well as privacy managers at the international level.

Local data protection experts at individual Group companies all over the world are available to employees and managers if they have any questions or concerns about privacy. These experts ensure that the rules are implemented and enforced in accordance with the law.

Data protection at DB Group

In addition to the cross-industry trend toward digitalization and networking, the Covid-19 pandemic also shaped 2020. As a result, data protection advice addressed questions relating to the Covid-19 contact tracing app, conditions while working from home and the use of video conferencing tools, data collection for follow-up contacts, and the information required for customers and employees.

To cater to the high demand for data protection advice, further progress was made on the data protection organization 4.0 concept as part of efforts to further develop the national and international decentralized data protection organization and support the Strong Rail strategy. This concept aims to professionalize data protection in DB Group. To this end, a strong regulatory organization was created using clear descriptions of tasks, roles and responsibilities, and is supported by interface management for managing data protection issues with and between corporate management, business units and Group companies.

Cooperation between the governance divisions of Data Protection, Information Security, Group Security, and Compliance is also essential for a high level of security within DB Group. By continuously improving cooperation, they can tap into synergies, and together they can help achieve the best possible protection for employees and customers.

DATA PROTECTION MANAGEMENT SYSTEM

Optimizing and further developing the Data Protection Management System (DPMS) are among the core responsibilities of the Group Data Protection function. This involves a systematic coordination between roles and responsibilities for data protection, systematic processes, detailed specifications, intensive training, advising business departments, and monitoring implementation. The DPMS aims to improve knowledge management in the entire data protection organization and for all data controllers within DB Group, to create more transparency in the area of data protection, and to implement the new legal accountability obligations for all personal data processors.

In the year under review, the DPMS monitored personal data empowerment and the further development and process optimization of the data protection organization. Various formats tailored to different target groups were developed to inform employees and executives about data protection topics using clear practical examples through self-study and online talks. These formats are used to transfer knowledge and to increase the visibility of the data protection organization in DB Group.

Previous formats for cooperation and dialog were streamlined, reorganized and standardized (complaint management, for example). The internal and external websites on data protection were redesigned and revised to make it easier to find information. A toolkit was created to ensure that everyone who gives advice has a standardized level of knowledge. The toolkit particularly supports new employees working in data protection with their day-to-day consulting work.

In 2020, the data protection advice was very much focused on European standards. In particular, the case law of the Court of Justice of the European Union (CJEU) and the changing legal situation around e-privacy influenced the advice greatly. For instance, advice focused in particular on the CJEU's judgments regarding Privacy Shield ("Schrems II") and the use of cookies ("Planet49") as they then made it necessary for us to comprehensively review our current partnerships with third parties outside DB Group.

Consulting work also focused on how automation is treated under data protection law, particularly piloting self-driving vehicles, and included advice on digitalization topics, such as HR analytics, cyber security and advice for DB start-ups. Protecting employee data is an ongoing priority. Advice was sought on employee data protection in particular when virtual onboarding was quickly implemented to enable us to recruit about 25,000 new employees and to clarify all data protection issues related to working from home. Due to the Covid-19 pandemic, there was a great deal of demand for data protection advice regarding the use of collaboration tools and video conferencing systems. In addition, due to Microsoft's "Evergreen IT" approach, the continual evolution of Office 365 is an ongoing topic for data protection advice, as is the review of cookie banner solutions used on DB websites and DB apps as well as regular, structured auditing of cloud solutions in DB Group.

In addition, the Group Data Protection function ensures that there is continuous communication and consultation with the relevant data protection supervisory authorities.

In addition to the ongoing audit of Group-related procedures for protecting customer and employee data, a priority during the year under review was to audit the use and rollout of mobile devices for all DB Group employees. In addition, audits in 2020 focused on numerous apps for customers and employees, as well as new visual observation technologies (drones, for example).

Data Protection Advisory Board

GRI 102-43

Digitalization and data protection dominated discussions in 2020. They focused on data protection-related aspects and the protection of the right to privacy for employees and customers. Topics discussed included the *Digital Rail for Germany* → 132 program, the work of the Data Intelligence Center, and activities related to video surveillance and Corporate Digital Responsibility. Discussions also focused on ensuring data protection and security when migrating data from IT applications to the DB Enterprise Cloud. In addition, the Advisory Board discussed in depth Germany's Covid-19 contact tracing app, the Corona-Warn-App, and its use at work.

Since 2010, the Data Protection Advisory Board has been advising the Management Board on relevant data protection issues, making an important contribution to stakeholder dialog. In 2020, for the sixth consecutive year, the committee gave out the Data Protection Award, which recognizes innovative and exemplary data protection projects within DB Group. The Gold Data Protection Award 2020 went to DB Cargo UK's project team "Little Monsters – IT Data Security Campaign," a digital campaign that used four "little monsters" to greatly increase awareness around data security and data protection issues in an accessible and friendly way.

INFORMATION SECURITY

Targets and management approach

GRI 103

Information security is a priority given an increasingly interconnected global environment and the rapid progress of digitalization. It is essential that companies identify risks in good time, establish countermeasures early on, and react quickly and decisively to incidents. Our ultimate goal is to protect information technology (IT) and operational technology (OT) infrastructure on a sustainable basis.

The Chief Information Security Officer (CISO) is responsible for information security in DB Group. He reports to DB Group's Chief Information Officer (CIO) and to the Management Board. This ensures that Senior Management are aware of these topics. Key responsibilities are to further develop information security in DB Group and develop a lasting information security culture. This includes establishing sustainable processes, measures and solutions based on internationally recognized, workable standards that apply equally to new and existing IT/OT projects. All suppliers that work with us must also ensure they have clearly defined security standards. This applies to our partnerships with large cloud providers, such as Microsoft Azure and Amazon Web Services, as well as small and medium-sized suppliers, and all suppliers working on the Digital Rail for Germany program.

Due to the topic's constantly evolving nature and the rapid progress in technological developments, the Information Security division works closely with universities to support research and training for young talent. National and international networking is another of the division's core tasks, especially in European rail transport. One example is its cooperation with the French state-owned railway SNCF and a university in Berlin.

GROUP SECURITY

Targets and management approach

GRI 103

Security is an important commodity and a basic requirement of our customers and employees. We are responsible for millions of people and goods on a daily basis. Our security organization maintains an ongoing dialog with security authorities. Consistently sharing status information between the Group Security function and the Federal police headquarters is a round-the-clock task shared by DB Group and the Federal police in the rail security center. The six operations centers in DB Security's regional divisions coordinate regional security issues and are available 24/7 to be contacted by the business units, non-Group train operating companies (TOC), and authorities. In total more than 5,000 Federal police officers and about 4,200 security personnel are deployed across Germany. DB Group and the Federal police are constantly recruiting new employees and expanding their training capacities. More than 120 vocational trainees started their three-year apprenticeship in September 2020. More than 400 young people across Germany are currently undertaking specialist training in safety and security at DB Group. In 2020, the number of criminal offenses affecting DB Group and its customers increased slightly. Increases in criminal incidents on Group-owned property were recorded, which came as a result of the increased presence of security personnel on trains and in stations, meaning more offenses were discovered.

Enforcing mandatory face covering rules on trains and in stations was a particular challenge for security in 2020. In the course of the regular duties of the train and security personnel, as well as during special deployments of security teams with the Federal police and local law enforcement, passengers seemed willing to wear masks on the whole. Fewer than 5% of customers needed to be told about the requirement.

Security at DB Group

DB Group spends about € 170 million annually on the security of its customers and employees. As part of a law enforcement partnership, over 5,000 Federal police officers and about 4,200 of DB Group's own security personnel work together, with technical support, to combat crime and disruptive activity and increase the security of our customers and employees. Security personnel on trains and in stations first and foremost work to ensure that all passengers and station visitors feel safe. In 2020, the number of bag and baggage thefts on trains and in stations fell by more than a third. Our measures to protect our employees and customers, coordinated with employee special interest groups, also contributed to this. This includes further improvements to training frameworks for all business units and further investment in technical equipment for location-based scheduling. The use of bodycams, in particular, continues to make a significant contribution to ensuring greater safety and provides protection against attacks. The cameras are now being used at 13 major stations in nine metropolitan areas. Their use in practice confirms previous experience: employees with bodycams are significantly less likely to be attacked. In the year under review, ongoing training continued for our about 20,000 customer-facing employees. Despite restrictions due to Covid-19, de-escalation and self-defense training took place under strict hygiene protocols.

24/7 threat management

In 2020, Group Security created a new central office that employees can contact at any time to report threats and personal difficulties. Whether employees receive a serious threat before, during or after their shift, or if they are experiencing stress in their personal lives, specially trained employees receive their reports and decide how to best support them. Possible measures range from immediate police deployment and preemptive staffing measures to providing advisory services and having security personnel or other security experts clarify unclear situations.

Greater security on trains and in stations

We continued the program supported by the Federal Government to expand video technology in stations. This included a new video system that was installed at Frankfurt central station with about 300 full-HD cameras. Live images from the system are available to DB control centers and the Federal police. The Federal police have exclusive access to the footage saved. Thanks to state-of-the-art camera technology with extended viewing angles and higher image resolution, coverage can be expanded in accordance with data protection requirements while reducing the number of cameras. We operate a total of about 40,000 video cameras on trains and in stations.

Technical Safety Working Group

In 2020, working with the Federal Ministry of the Interior (Bundesministerium des Innern, für Bau und Heimat; BMI), the Federal Ministry of Transport and Digital Infrastructure (Bundesministerium für Verkehr und digitale Infrastruktur; BMVI) and the Federal police, we developed structural, staffing and organizational measures and explored their feasibility. The goal of this was to further increase the safety of rail transport and its facilities in the long term. The insights from this work and the results of testing individual measures in practice lay the groundwork for further developing the safety of trains and facilities. Measures based on findings from the Technical Safety Working Group have been quickly implemented at some stations.

Increased presence and situation-specific deployment

Our updated security policy provides for a considerable increase in the presence of our security personnel. In addition to two-person and on-call teams formed from about 4,200 DB security personnel members, there is a new form of deployment with the Mobile Support Group (MSG), consisting of eight rapid response personnel and a team leader. In 2020, six MSGs were partly deployed across regions, primarily to support colleagues on patrol in the event they encountered violent people or in situations where they expected there to be many potential troublemakers. The focus here is on communication and de-escalation. The MSGs have additional credentials that, if necessary during their deployment, allow them to receive particularly effective support from police forces, too. Part of their training is carried out in cooperation with the Federal police. We used about € 10 million in 2020 for MSGs and for expanding forms of deployment for specific situations. In addition to meeting requirements stipulated in transport contracts, this also meets safety requirements on trains and in stations.

Attacks on employees

The enforcement of pandemic-related rules has increased the potential for conflict for customer-facing employees. In 2020, our employees were attacked a total of 2,083 times, while the number of serious injuries fell to 7%. About 10% of cases were related to the enforcement of social distancing and hygiene rules. The most frequently affected professions are the train crew at a rate of 46% and security and law enforcement at 33%.

Building block Safe travel

10

With the *employee building block* 70 Safe travel, employees defined safety as a core area of action for DB Group. Thanks to cooperation between the Group Security function and the business units and coordination with employees, measures are being implemented to increase the safety of employees and customers.

- A higher-level point of contact was set up in December 2020 with 24/7 threat management.
- With the Germany-wide rollout of a safety check on the RIS Communicator (RIS app) at DB Regional, measures to protect train personnel were developed in a targeted manner.

Procurement

Our purchasing activities in 2020 were perfectly aligned with our aim to develop our procurement function into a world-class procurement organization. The building blocks of the Strong Rail strategy were translated into components of the strong procurement strategy in 2019. Procurement takes a three-pillar approach: “Strong Rail – strong procurement – reliable suppliers.” As a result, procurement’s strategic direction is directly linked to the Strong Rail objectives. The extensive development of the nine building blocks in procurement (supplier management, risk management, HR and organization management, product group management, procurement network, end-to-end processes, digitalization, innovation management and procurement place2be) guarantees a robust, highly effective and cutting-edge procurement organization that secures growth with reliable suppliers.

GRI 102-9 102-10

EFFECTS OF THE COVID-19 PANDEMIC

The Covid-19 pandemic poses additional challenges for procurement. Flexible forms of work were introduced in procurement two years ago. This groundwork, an advanced organizational culture, and an increasing focus on digitalization made it possible for us to transition smoothly to working from home under difficult circumstances. Thanks to the comprehensive development of our risk management system and the greater involvement of the procurement network in identifying, analyzing and assessing risk, targeted risk strategies were drawn up to minimize the impact of the pandemic on supply and to stabilize supply chains. This enabled us to secure our operational processes. For instance, collective efforts ensured that *construction activities* 133 f. could continue at almost full capacity despite Covid-19 restrictions. The procurement function was a member of the *Covid-19 task force* 54 and was involved in making key decisions during the Covid-19 pandemic.

In the year under review, we also procured large quantities of protective products for the Federal Government. With the *Eurasian land bridge* 11, we use environmentally friendly logistics services for transport to Germany.

We have also set up a countermeasure program with partners in our procurement network to compensate for the financial damage caused by the Covid-19 pandemic. In this context, we have expanded the MyProFit program to include a recovery program.

INNOVATION AND DIGITALIZATION

Another focus for procurement is innovation management and further developing the digitalization strategy and roadmap. This takes two approaches: "guided sourcing" for putting product group strategies into action and "guided buying" for digital, seamless, user-centered processes. Using the in-house procurement app DB Marketplace enables an end-to-end, (partially) automatic process from request to invoicing. The procure-to-pay process is being further developed together with Group Accounting, FINANCE4DB and the business units. About 1.1 billion orders were processed in 2020 through the DB Marketplace order channels, SAP individual orders, and framework agreements that enable buyers to order themselves. Other focus areas in digitalization include big data analyses to support the product group strategies and operational processes, as well as the new Supplier Management and Rating Tool (SMaRT). The SMaRT platform enables even more efficient and transparent cooperation with our suppliers.

STRATEGIC SUPPLIER MANAGEMENT

Our supplier management contains four essential elements: supplier qualification, development, evaluation and stabilization. The processes and cooperation models in supplier management are continuously being developed. We concluded contracts with a total of about 20,000 suppliers in 2020, 530 of which fulfill 80% of procurement volumes.

We make the greatest possible contribution to sustainable mobility development through strong partnerships in transparent supply chains. Our suppliers take an active role in ensuring mutual success with their sustainability performance and capacity to innovate. We have refined our social and environmental responsibility in many product group strategies and have embedded it in our contract-awarding practices as suitability, performance, evaluation and implementation criteria. The Code of Conduct for Business Partners is the starting point for forming sustainable supply chains and making procurement decisions. We monitor our partners' compliance with the Code's requirements through on-site audits if their industry, the country where their registered office is located, or their supply chains are exposed to increased risk.

We place great importance on conducting comprehensive sustainability assessments on our suppliers. More than 600 suppliers, which account for 60% of our procurement volume, have already submitted their assessments to us. Fortunately, the majority of reevaluated suppliers have improved their sustainability performance. This allows us to reduce risks and increase resilience in the supply of goods and services. In many product groups, our suppliers can benefit from a simplified qualification process if they submit an up-to-date sustainability assessment.

We are continuing to develop sustainable performance and decision-making criteria in a continuous dialog with industry associations and *Railsponsible*, the rail transport industry's sustainable supply chain initiative. All 15 Railsponsible members play a key role in making supply chains more transparent with more than 1,500 supplier assessments. Climate protection and safeguarding social minimum standards are the strategic focal points for responsible procurement management at Railsponsible.

In addition, a core aim of strategic supplier management is to enable access to supplier innovations. For instance, we have placed a clear emphasis on globalization and digitalization in supplier management with our sponsorship of the 2020 Railway Forum Digital Edition. The *Railway Forum* has become a recognized meeting point for actors in the railway industry.

PROCESS CONFORMITY AND INTERNATIONAL ACTIVITIES

Procurement ensures operational excellence when carried out in line with processes. An audit of contracting activities as part of the *Performance and Financing Agreement (Leistungs- und Finanzierungsvereinbarung; LuFV)* 235 f., commissioned by the German Federal Audit Office (Bundesrechnungshof) and conducted by an auditing firm specifically commissioned for the task, found that no directive or legal provisions governing the awarding of contracts or any other provisions were violated. Trusted cooperation with industry associations and initiatives also makes it possible for us to orient our supplier portfolio predominantly toward system providers with proven expertise in the rail transport sector. Strategically we are focusing on a high rate of consolidation and long-term framework agreements.

We focus our procurement activities in Germany, but we also rely on suppliers worldwide for competition reasons and to ensure reliability of supply. Our supplier development is focused on Asia. Our International Procurement Office Asia in Shanghai, founded in 2015, has identified about 700 suppliers for DB Group and supported their development and participation in tenders in accordance with the applicable processes. For instance, an Asian supplier qualified for the corporate attire product group, and we established a sustainable and transparent supply chain with them. The International Procurement Office is also responsible for identifying innovative products and technologies in the rapidly developing Asian market, for example in the areas of digitalization and electric vehicles. GRI 102-4

In 2020, we also received our first freight cars and a mini locomotive manufactured in China. With new suppliers for vehicle replacement parts, we increased supply reliability during the Covid-19 pandemic and tested the quality of the purchased goods on-site with engineers at the plants. International procurement markets are generally considered in all product group strategies, and procurement opportunities are explored, taking into account various criteria: quality, logistics and costs. With regard to increased construction activity, we are increasingly looking at the suitability of European construction companies from Denmark, Italy, the Netherlands and Spain. The objective is to qualify the suppliers before there is a specific tender.

Environmental

EMPLOYEES FOR ENVIRONMENTAL PROTECTION

Through *training* *no. 90,* professional development programs and various campaigns, we bring environmental protection to life for our employees. In 2020, 54 courses with a total of about 760 participants took place in Germany.

CLIMATE PROTECTION

GRI

Greenhouse gas footprint overview

305-1
305-2
305-3

Absolute CO₂e emissions by journeys, transports and stationary facilities (million t)	**2020**	2019	2018
Regional rail passenger transport	2.06	2.66	2.91
thereof in Germany	1.62	1.98	2.15
Long-distance rail passenger transport	0.04	0.04	0.05
Bus transport	1.50	1.78	1.72
thereof in Germany	0.51	0.57	0.60
Rail freight transport	1.38	1.70	1.83
Road freight transport [1]	2.07	3.98	3.67
Air freight [1]	5.45	6.07	6.78
Ocean freight [1]	1.92	2.27	2.27
Other transport [2]	0.11	0.11	0.11
Stationary facilities	1.46	1.38	1.47
Total	**15.99**	**19.99**	**20.81**

Well-to-wheel (WTW), scope 1–3.

DB Group uses the financial control approach as per the Greenhouse Gas Protocol to calculate greenhouse gas emissions.

[1] With pre- and onward carriage.

[2] Including DB Connect, internal traffic.

Absolute CO₂e emissions according to scope 1–3 (million t)	**2020**	2019	2018
Total	16.0	20.0	20.8
Share of scope 1 (%)	19.0	18.9	18.4
Share of scope 2 (%)	21.3	19.7	20.5
Share of scope 3 (%)	59.7	61.4	61.1

Our greenhouse gas footprint shows the amount of greenhouse gases that we emitted in one year. It consists of the emissions from all journeys and transports by rail, road, air and shipping for which DB Group is responsible, and the emissions of stationary facilities such as stations or workshops and emissions of the fleet. These figures provide the basis for calculating specific greenhouse gas emissions and determining our *climate target* *82 f.* within the limits set. They also act as a benchmark for our efficiency improvement measures and provide a basis for us to compare our performance with other companies. Our CO_2e emissions fell significantly in 2020. In addition to efficiency improvements and network effects, this is mainly attributable to the Covid-19 pandemic, which led to a decline in transports.

- The scope 2 emissions of 3.41 million tons of CO_2e take into account market-based mechanisms, meaning that this figure includes all contractually regulated instruments for generating and trading electricity from renewable energies. In accordance with the scope 2 guidelines of the Greenhouse Gas Protocol on dual reporting, we also report location-based scope 2 emissions. If we take the respective national energy mixes as a basis for the reporting, the scope 2 emissions amount to 4.31 million tons of CO_2e.
- The majority of our greenhouse gas emissions are scope 3 emissions from our subcontractors. We are in contact with our preferred carriers and develop strategies to decarbonize air and ocean transport, particularly in the Clean Cargo Working Group (CCWG) and the Sustainable Air Freight Alliance (SAFA).

RESOURCE EFFICIENCY

Donating food from onboard catering

In 2020, surplus stock was higher than usual due to Covid-19. We donated this surplus to various charitable organizations. For several years, we have been checking what *salvageable food* *no. 153* can still be eaten, and then we donate it to food banks across Germany. We also donate tableware and have so far given more than 28,000 items to the Bahnhofsmission (railway station mission).

Recycling of ballast and concrete sleepers

GRI
301-1
301-2

For maintenance of the ballast bed, we have set up a materials cycle for ballast, *concrete sleepers* *no. 73* and tracks. Every year, between 3 and 4 million tons of old material are removed from the network and almost the same amount is reintegrated. In 2020, about 1.5 million tons of ballast were mechanically removed on-site by track-bound ballast cleaning machines or mobile processing plants, of which about 0.7 million tons were processed and immediately reused. This significantly reduces the amount needed for new ballast, in addition to reducing the associated transport costs and greenhouse gas emissions. For the most part, the rest of the material is processed into *recycled ballast* *no. 51* in an external, certified disposal facility for us to reuse, or it is prepared as gravel or crushed sand for road building. About 3.2 million tons of ballast were used in 2020, about 0.5 million tons (16 %) of which were recycled ballast.

AIR QUALITY CONTROL

GRI
305-7

Absolute airborne pollutants from journeys and transport as of Dec 31 (t)	**2020**	2019	2018
Particulate emissions	5,758	6,336	6,746
Nitrogen oxide (NOx) emissions	102,324	123,371	134,335
Sulfur dioxide (SO_2) emissions	13,350	46,354	46,934
Hydrocarbon (NMHC) emissions	7,203	9,201	9,519

Combustion-related, well-to-wheel (WTW), scope 1–3.

Our target was to reduce harmful, combustion-related soot particulate emissions produced by our rail and road vehicles by 55 % by 2020 compared to 2010. We exceeded this target: we reduced emissions by 61.4 % in 2020 (previous year: 56.1 %). The ongoing modernization of our vehicle fleet is our main action in this area. The high electrification rate of our rail network also plays a key role here because the vehicles themselves do not produce local pollutant emissions, except for abraded particles; emissions are only produced remotely when electricity is generated. The calculation is based on the fuel consumption and composition of our vehicle fleets. We have been exclusively using low-emissions *construction vehicles and machinery* *no. 11* at our urban construction sites since mid-2018.

Our combustion-related pollutant emissions are largely influenced by our ocean freight activities, which emit over 84 % of soot particles. We also constantly strive to make improvements in this area in cooperation with carriers. In addition, stricter statutory regulations on sulfur content in fuels have been in force worldwide in shipping since January 2020. These new regulations aim to reduce air pollutants, in particular sulfur dioxide.

Our vehicles comply with stringent emissions standards

Our rail and road vehicles meet high Euro standards and thus ensure a lower level of pollutant emissions:

- Our trucks used in long-distance transport comply with the strictest emissions standards, Euro 5 and 6.
- All of our car fleet meets Euro 5 and 6 emissions standards.
- In rail transport, 16 % of the rail vehicle fleet (previous year: 18 %) has the lowest pollutant level UIC 0. The share of rolling stock with low-pollutant electric traction increased to 63 % (previous year: 60 %).
- The share of our buses meeting the Euro 5 and 6 standards increased to 76 % (previous year: 72 %).

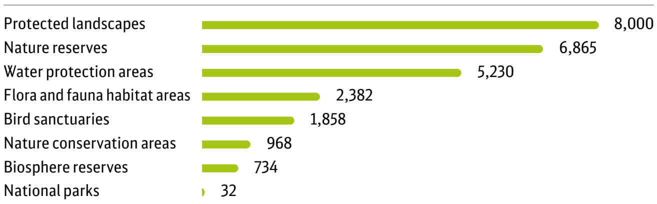
NATURE CONSERVATION

Responsibility for the plant and animal world

DB Group's rail routes, buildings and spaces often provide a unique habitat for protected species. We develop eco-friendly solutions to offset any impact that our work has on the natural world. In order to protect birds and small animals against electrocution, we are working with conservation associations and authorities to revise the directive on the protection of birds on catenaries.

IT systems to document protected areas

Where DB lines meet conservation areas in Germany 2020 (km)



There may be overlaps between conservation areas.

We use geographic information systems, which store data about train lines and surrounding land and all digitally available information on protected areas in Germany. This enables us to quickly identify the points of contact between nature and DB Group's tracks and rights of way. These findings are important for our planning. There are different restrictions and conditions in each protected area, which are described in protected area ordinances. These are stored in our system and are taken into account in construction work.

Mitigation and compensation measures

GRI 307-1

We take nature conservation into account when building rail infrastructure. Our aim is to avoid interfering with nature and the landscape as much as possible. If adverse effects nevertheless occur, we try to compensate for the loss or replace it. We document all *data* *no. 59* on these compensation obligations in the online specialist nature protection and compensation information system (Fachinformationssystem Naturschutz und Kompensation; FINK). This enables us to comply with the reporting requirements set forth by the Federal Railway Authority (Eisenbahn-Bundesamt; EBA) in accordance with the Federal Nature Conservation Act (Bundesnaturschutzgesetz). In the year under review, we recorded 6,118 projects in the system, with a total of 38,858 compensation measures, including 12,804 measures on species protection.

Vegetation control as a means of ensuring safe rail operations

In 2020, 1.3 t of herbicides in total were applied to our tracks, and with a track length of about 61,000 km, about 4 % of the tracks were treated. The amount applied is equal to 0.5 kg / km of track. As flazasulfuron, flumioxazin and glyphosate were applied, only substances that have been approved by the German Federal Office of Consumer Protection and Food Safety (Bundesamt für Verbraucherschutz und Lebensmittelsicherheit; BVL) specifically for use in the vicinity of tracks were used during the treatment. Between 2020 and 2022, we are developing and testing alternative methods and application strategies. As a result, the amount of glyphosate used can vary significantly. In addition, we only use glyphosate where we have the necessary official permits. For this reason, too, the amount used may vary.

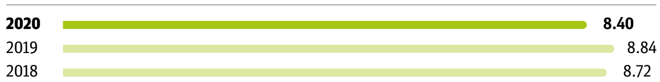
PROTECTING BIRDS FROM CATENARY SYSTEMS

We erected overhead catenary systems that protect *birds* *no. 33* against electrocution. This is achieved in part by using longer insulators. We recorded about 3,400 short-circuit events caused by animals in 2020. About 92 % of them involved birds and about 8 % involved small mammals. To improve the situation, bird protection measures are carried out on the insulators as part of the full overhead line inspection. Traction current lines in areas that have a high risk of bird collisions are also being made safe, for example by fitting special *bird diverters* *no. 140.*

Water consumption

Water consumption refers to the water taken from the public supply. In 2020, water consumption fell by a total of 5 % despite an increase at DB Schenker. This was as a result of reduced water consumption in Germany and at DB Arriva in particular.

Water consumed (million m³)



ENVIRONMENTAL MANAGEMENT

GRI 307-1

Environmental management system expanded

Share of DB Group companies with certified environmental management systems in accordance with ISO 14001 as of Nov 30 (%)	2020	2019	2018
DB Group	48	53	45
in Germany	22	22	22
in Europe (excluding Germany)	53	64	52
worldwide (excluding Europe and Germany)	76	71	61

Our environmental targets are supported by a Group-wide *environmental management system* *no. 131* that is in accordance with DIN ISO 14001. The system's compliant integration into our Group regulations has been verified by an independent institute. Based on this, 79 % of our 290 environment-related Group companies set up an appropriate environmental management system in 2020. This proportion decreased slightly. The Group Sustainability and Environmental Unit is responsible for complying with and further developing Group-wide environmental management standards. In 2020, no significant fines or other penalties were issued to Group companies for environmental offenses.

Social

RECRUITING

Demographic preparedness as of Dec 31 (%)	**2020**	2019	2018
Percentage of staffing needs covered in Germany	97.7	97.1	96.1

Germany (companies with about 83 % of domestic employees).

Supply for staffing requirements improved slightly. Regional differences have balanced each other out overall.

PERSONNEL DEVELOPMENT

Training and professional development

As an intra-Group partner for learning, development and change processes, DB Training conducts the vast majority of training and professional development with about 25,000 events for about 250,000 participants per year. More than 3,000 training sessions are offered, addressing all employee groups and functions within DB Group. Qualifications are offered for in-person, digital or blended learning schemes. A modern infrastructure, such as the Cologne-Dellbrück training center and the training workshop in Leipzig, provides space for creativity, new solutions and new digital learning formats, such as virtual reality (VR) training for rail operations and vehicle technology.

DB Academy is responsible for the qualification of about 10,000 executives and potential executives of DB Group. The portfolio offers them training according to their individual career and development stages, enabling them to apply leadership standards and implement strategic areas of action at DB Group.

The Covid-19 crisis has significantly impacted training and qualification activities. Existing training formats need to be developed and adapted to a more digital everyday working environment. In 2020, a large number of digital alternatives were created in a very short time, such as digital onboarding as part of the DB welcome event. With regard to vocational training, existing IT infrastructure could be used, allowing the training to go ahead in a purely virtual format when the Covid-19 crisis started. Practical components of the vocational training were rescheduled and held in person in accordance with a Covid-19 safety policy once the first shutdown ended. Learning apps and DB Learning World as a central learning platform proved effective for use in digital learning scenarios. In addition, the training centers' site policies were adapted; all training centers were rearranged and operated in accordance with hygiene standards following Covid-19 safety regulations. DB Academy and DB Training have also developed additional online services to support all employees and executives during the Covid-19 crisis. Numerous target group-specific sessions were created, including "Leadership in times of crisis," "Getting through the crisis together" and "Back to the new normal." There was very high demand for these, and they received highly positive feedback (about 5,000 users).

Training and development costs for employees [1] (€ million)	**2020**	2019	Change absolute	Change %	2018
Total	210	221	- 11	- 5.0	188
Per employee (FTE) (€)	965	1,052	- 87	- 8.3	942

[1] Germany, including vocational trainees and dual-degree students and including executives from 2019.

Training and continuing education days in customer-oriented job families (days)	**2020**	2019	2018
Per employee (FTE)	11.9	10.7	8.8

Germany (companies with about 77 % of domestic employees).

Includes only training and development days in customer-oriented job families for permanent employees, excluding vocational trainees and dual-degree students.

Training and development costs per employee fell at a very high level. The number of training and development days increased.

Securing new talent

Young professionals hired as permanent personnel by type of training (NP)	**2020**	2019	2018
Vocational trainees	2,420	2,352	2,358
Dual-degree students	197	169	201

Germany (companies with about 98 % of domestic employees).

Hired after completion of training or dual degree studies.

More than 50 different apprenticeship occupations can be completed in DB Group. DB Group's own vocational training and dual-degree study program are the foundation of our efforts to secure the recruitment of skilled employees. This is supplemented by the job preparation program "Chance plus" for young people who need support in accessing the labor market.

- We support refugees with their integration into Germany: the Social and Cultural Integration project (Soziale und kulturelle Integration; SUKI), in collaboration with the Railway and Transport Workers Union (Eisenbahn- und Verkehrsgewerkschaft; EVG), Stiftungsfamilie BSW & EWH (foundation partnership), and the social security fund, offers integration-related services to supplement professional qualification programs for people with a refugee and migration background.
- The range of support services for DB young professionals has been further developed with ZukunftPlus e. V., and LifeHacks4u has been implemented as a Group-wide service to provide individual support for young talent in matters beyond training.
- We recognize outstanding performance and great commitment in our entry-level programs through the Excellence Program for particularly high-performing young professionals.
- 2020 was the 20th anniversary of the rail trainees against hate and violence campaign. Since 2000, more than 13,000 DB Group trainees have completed a total of 1,500 projects and set an example for respectful and tolerant teamwork.

Performance management

The My Performance Management ("mein Performance Management") tool aims to support employees' professional and personal further development to boost their personal performance. Regular feedback based on key questions from different perspectives and a well-structured presentation of results helps employees to compare how they see themselves versus how others see them, and encourages them to reflect on their working habits in a targeted manner. Regularly reviewing how each employee contributes to achieving objectives also shows the individuals and teams their strengths and areas to develop. Supervisors give executives clear guidance on performance development once a year. In a one-to-one discussion, development prospects and measures, such as talent management and succession planning, are discussed and agreed upon together. If the annual overall evaluation gives cause for a more detailed assessment of competence, this can be carried out, if necessary, with reference to the skills profile of the function in question. In addition, a spontaneous feedback tool makes it possible to request and send feedback across all hierarchies at any time and, if the user so wishes, give visible recognition of their rating.

Succession planning

During the Covid-19 crisis, the selection process for filling executive positions was digitalized. We refined our DB role model so that a candidate's fit with our strategy and employee and leadership concept can be reviewed when the position is filled. In 2020, we selected internal talent as part of a digital assessment center, and we offered virtual formats for networking and increasing visibility. In addition to our management and project management career paths, our internal career options were expanded to include an equivalent third career path: the DB expert career, which offers experienced employees with key expertise attractive opportunities for further development. Our campaign Leadership rocks! helps support and call for more diversity in DB Group. With exciting interviews and videos, the campaign showcases examples of women in management positions who are leading the way. The "Frau Dich!" (Woman up!) initiative also plays a role in inspiring and motivating women to aim for management positions with individual career advice for women.

TRANSFORMATION

Diversity

In Germany, about 217,000 employees from over 100 nations work for DB Group and about 50,500 of them are women. As of December 31, 2020, the share of women in management positions, including companies governed by gender equality legislation (with regard to the organizational structure applicable at year end), stood at 24.4% at all levels.

GRI 102-8

Management level by gender as of Dec 31 (NP)	**2020**	2019	2018
Supervisory Board	20	19	20
Share of women (%)	35.0	31.6	25.0
Senior executives	243	227	222
Share of women (%)	16.9	13.2	14.4
Upper management	1,039	993	959
Share of women (%)	18.4	17.9	17.7
Middle management	2,382	2,172	2,187
Share of women (%)	22.0	21.3	21.8
Executives (excluding the Supervisory Board) in total	**3,664**	**3,392**	**3,368**
Share of women (%)	20.7	19.8	20.1

Germany (companies with about 98% of domestic employees).

The share of women in management positions increased in 2020, demonstrating our efforts to increase the number of women in management. The increase in executives is mainly due to adjustments at DB Netz AG.

GRI 102-8

Employees by age as of Dec 31 (NP)	**2020**	2019	2018
< 30 years	29,929	28,986	27,351
30–49 years	92,950	89,092	85,605
≥ 50 years	90,008	89,037	87,936
Total	**212,887**	**207,115**	**200,892**

Germany (companies with about 98% of domestic employees).

The share of employees over 50 continues to be high (about 42%).

Employees with severe disabilities by age as of Dec 31 (NP)	**2020**	2019	2018
< 30 years	326	308	276
30–49 years	2,620	2,721	2,768
≥ 50 years	9,540	9,677	9,751
Total	**12,486**	**12,706**	**12,795**

Germany (companies with about 98% of domestic employees).
Includes employees and vocational trainees with severe disabilities or similar.

The employment rate for people with severe disabilities in Germany is about 6%. In Group companies, it is about 50% higher than the statutory quota of 5%.

EMPLOYMENT CONDITIONS

Collective agreements

GRI 102-41

Employees by employee type as of Dec 31 (NP)	**2020**	2019	2018
Employees subject to collective bargaining agreements	184,508	177,286	169,494
Civil servants	17,081	19,087	21,113
Employees on individual contracts [1]	11,298	10,742	10,285
Total	**212,887**	**207,115**	**200,892**

Germany (companies with about 98% of domestic employees).

[1] The figures for employees on individual contracts primarily include executive employees (managers), employees paid above the wage agreement level (known as non-tariff employees) and employees with individual contractual agreements.

In addition to country-specific legislation, the working conditions for our employees primarily follow the collective bargaining agreements that have been concluded with the trade unions in the respective countries.

In principle the collective bargaining agreements apply to employees in Germany. The activities of civil servants in DB Group are based on statutory allocation under Article 2, Section 12 of the Rail Restructuring Act (Eisenbahnneuordnungsgesetz). The same wage agreement provisions within DB Group therefore apply on this basis to civil servants, insofar as the legal regulations governing civil servants do not conflict with this.

Employees with collective agreements as of Dec 31 (NP)	**2020**	2019	Change absolute	Change %	2018
Employees with collective wage agreements	201,555	196,327	+5,228	+2.7	190,556
Share (%)	94.7	94.8	–0.1	–0.1	94.9

Germany (companies with about 98% of domestic employees).

The share of employees subject to collective bargaining agreements remains at a very high level.

Social and fringe benefits

In addition to offering compensation that is fair and commensurate with performance, an attractive employer-financed company pension scheme and support for private provision, we also offer a wide range of social and fringe benefits. The five major social partners (Bahn-Sozialwerk, Bahn-Betriebskasse, Verband Deutscher Eisenbahner Sportvereine, DEVK-Versicherungen and Sparda-Banken) offer benefits packages for our employees. In cooperation with BSW and awo lifebalance, we offer our employees various options for childcare. Up to 90 childcare places are available at our facility Bahnbini in Frankfurt am Main, and 192 places are available at external childcare facilities. During the summer vacation, our employees' children can take part in our DB RasselBAHNde vacation program at various DB sites. Parents also receive support from awo lifebalance in their search for childcare options, emergency and vacation care services, as well as with the placing of au pairs and day care personnel. Through awo lifebalance, we also offer our employees extensive support in caring for relatives.

GRI 102-8

WORK-LIFE BALANCE

Employees by working hours and gender as of Dec 31 (NP)	2020	2019	2018
Full-time	193,844	188,820	180,163
thereof women	37,243	36,122	34,078
Part-time	23,184	22,480	20,729
thereof women	13,292	13,072	12,340
Total	**217,028**	**211,300**	**200,892**

Germany (companies with 100 % of domestic employees, about 98 % in 2018).

DB Group offers various part-time models. This supports a better balance between career and family.

Employees by contract type as of Dec 31 (NP)	2020	2019	2018
Permanent	206,970	200,392	190,770
thereof women	47,541	46,033	43,549
Temporary	10,058	10,908	10,122
thereof women	2,993	3,161	2,869
Total	**217,028**	**211,300**	**200,892**

Germany (companies with 100 % of domestic employees, about 98 % in 2018).

The share of employees with permanent employment contracts in Germany remained very high at over 95 %.

Agency personnel as of Dec 31 (NP)	2020	2019	2018
Total	2,232	3,458	3,751

Germany (companies with about 99 % of domestic employees).

Use of agency workers reduced due to the Covid-19 pandemic.

EXECUTIVE EMPLOYEES AND EMPLOYEES NOT COVERED BY COLLECTIVE WAGE AGREEMENTS

We are continually developing the employment conditions for executives and employees not subject to collective wage agreements. The remuneration policy and the structure of ancillary services is based on the DB Group's strategy. Since 2020, variable compensation has consistently been aligned with the *top objectives of the Strong Rail* 71 strategy. In the context of continued efforts to standardize variable remuneration systems in the integrated rail system, the variable compensation system for employees covered by collective bargaining agreements was aligned with the profit share system for executives and employees not covered by collective bargaining agreements with effect from 2020.

- To improve work-life balance, executives and employees not subject to collective wage agreements are able to negotiate a sabbatical of up to six months. We also support the provision of part-time executive employment and interim management.
- We launched the "Special semi-retirement for executives in DB Group" program. The purpose of the program is to reduce executives' individual workload while maintaining the employability of older executives until the statutory retirement age.

MEASURES AGAINST DISCRIMINATION

We are committed to ensuring a working environment that is free from discrimination and bullying. Capable assistance for clarifying and handling conflict situations is available from the intra-Group ombudsperson for all employees as well as HR personnel, in addition to the rules in the Group Employer/Works Council Agreements (Konzernbetriebsvereinbarung; KBV), such as the KBV for equal treatment and protection against discrimination, or the KBV for balancing work, family and life stage, as well as guidelines such as those on the Federal General Act on Equal Treatment (Allgemeines Gleichheitsbehandlungsgesetz) and on company integration management, or compliance guidelines. The focus in all this is on non-bureaucratic and independent extrajudicial settlement of conflicts. The ombudsperson also coordinates the intra-Group pool of mediators. Actively engaging with disputes and preventive efforts contributes to a constructive dispute resolution environment, and so to a cooperative and positive corporate culture.

Occupational safety and health management

Our workplace safety policy is designed to continuously decrease the number of accidents and the severity of accidents. In view of the Covid-19 crisis, the central occupational health and safety management unit has made a great deal of progress with the business units and service units to protect all employees. Thanks to our cross-functional cooperation, we were able to implement preventive measures across the Group in a very short time. In doing so, we have not only strictly complied with legal requirements in consultation with works concils and DB management as well as the statutory accident insurance scheme for Federal agency and railway personnel (Unfallversicherung Bund und Bahn; UVB), but we also set minimum requirements for protective measures throughout Germany, irrespective of the various Federal state-specific regulations. Group-wide models for risk assessments were created and occupational health and safety instructions were issued based on the so-called AHA+L rules: social distance, observe good hygiene practices, wear masks, and ventilate spaces well.

In 2020, the planned adjustments were made to the framework guidelines on occupational health and safety. Furthermore, the Occupational Health and Safety Working Group discussed Group-wide action to improve the quality of preventive health and safety measures as defined by the zero-accident approach. This approach has the strategic objective of having "no work accidents or work-related illnesses." Its top priority is to prevent fatal and severe work accidents and occupational diseases. If a fatal or serious work accident nevertheless occurs, we cooperate closely with the competent authorities and do everything possible to prevent similar causes of accidents in future. We are represented in the Zero Accident Forum of the German Statutory Accident Insurance's Institute for Occupational Health and Safety (Institut für Arbeitsschutz der Deutschen Gesetzlichen Unfallversicherung; IFA). The Zero Accident Forum is a network of companies that enables them to learn from one other so that they can reduce the number of accidents at work, including on the way to and from work, to zero.

DB Cargo has launched online training for office workplaces to supplement guidance from managers. This approach was further developed into a blended learning concept for the entire DB Group. It will be piloted in 2021. The Group-wide working group also discussed and adapted the business units' other best practices and then made them available to everyone. This includes digitalizing healthcare services and implementing a common IT solution.

Sickness rate based on hours (%)	2020	2019	2018
DB Long-Distance	5.8	6.7	6.8
DB Regional	7.6	7.9	8.0
DB Cargo	6.4	7.1	7.4
DB Netze Track	5.0	5.6	5.7
DB Netze Stations	5.5	6.5	6.8
DB Netze Energy	3.4	4.2	4.3
Other	5.4	6.3	6.4
DB Schenker	8.1	6.7	6.6
DB Group	**6.0**	**6.5**	**6.7**

Germany (companies with about 97 % of domestic employees).

The sickness rate has fallen despite the Covid-19 pandemic.

Occupational accidents and LTIF	2020	2019	2018
Fatal accidents [1]	6	7	6
thereof in Germany [2]	2	5	4
Lost time injury frequency (LTIF) [2],[3]	21.5	25.0	24.4

[1] Worldwide (companies with about 98% of employees).

[2] Germany (companies with about 97% of domestic employees).

[3] Lost time injury frequency = LTIF (work accidents that cause the employee to be absent for longer than one calendar day) ×1,000,000/working hours.

We recognize that we have a duty with regard to occupational health and safety. Compliance with internal standards and national laws serve to protect employees. A safe work environment as well as healthy and motivated employees contribute to the Group's success. There were digital events and active communication measures on the topic of occupational health and safety to achieve the goal of raising awareness among executives and employees about safety and their responsibility for their safety. We are continuously working to optimize safety. With LTIF, we have established an indicator to aid us in further reducing the frequency of accidents.

About 65 companies in Germany are included in the LTIF calculation. Close examination of the LTIF shows a differentiated picture, even in international comparison, as all areas of activity within DB Group are included in the calculation, rather than just sub-areas. Our goal within the scope of our occupational health and safety policy is to continuously and sustainably reduce the LTIF, and our zero-accident measures play a role in this. To this end, we involve the business units and service units in the Group-wide Occupational Health and Safety Working Group, thereby promoting an overall culture of safety to ensure the safety of our employees.

The LTIF in Germany has fallen. As there is ever greater digitalization in DB Group, we aim to further develop the necessary IT applications for occupational health and safety in 2021, allowing us to press ahead with implementing digital formats. We are working to place greater emphasis on executives' responsibility and their function as role models. As a result, we intend to implement more learning strategies for executives.

GRI 102-43

OCCUPATIONAL HEALTH AND SAFETY COMMITTEES AT DB GROUP

In Germany, companies with more than 20 employees are legally required to have an occupational health and safety committee (Arbeitsschutzausschuss). The key here is how the operation is defined (production facility, branch, "Wahlbetrieb" for works council election purposes). The majority of DB Group companies in Germany fall under this category with more than 20 employees, so the majority of all employees (more than 75%) are represented in occupational health and safety committees.

NUMBER OF EMPLOYEES AND EMPLOYEE STRUCTURE

Employees as of Dec 31 (NP)	2020	2019	Change absolute	Change %	2018
DB Long-Distance	19,873	18,370	+1,503	+8.2	17,626
DB Regional	39,299	38,462	+837	+2.2	37,879
DB Cargo	30,586	29,998	+588	+2.0	29,311
DB Netze Track	51,714	50,107	+1,607	+3.2	48,143
DB Netze Stations	6,864	6,595	+269	+4.1	6,187
DB Netze Energy	1,928	1,829	+99	+5.4	1,789
Other	60,589	58,131	+2,458	+4.2	56,526
Integrated rail system	**210,853**	**203,492**	**+7,361**	**+3.6**	**197,461**
DB Arriva	48,796	55,283	-6,487	-11.7	55,327
DB Schenker	76,629	79,136	-2,507	-3.2	78,780
DB Group	**336,278**	**337,911**	**-1,633**	**-0.5**	**331,568**

As of December 31, 2020, there was a slight decline in the *number of employees* 95.

Employees by regions as of Dec 31 (NP)	2020	2019	Change absolute	Change %	2018
Germany	217,028	211,300	+5,728	+2.7	205,041
Europe (excluding Germany)	89,990	96,901	-6,911	-7.1	96,465
Asia/Pacific	16,806	16,980	-174	-1.0	16,885
North America	9,163	9,390	-227	-2.4	9,798
Rest of world	3,291	3,340	-49	-1.5	3,379
DB Group	**336,278**	**337,911**	**-1,633**	**-0.5**	**331,568**

The share of employees outside of Germany fell slightly to about 35% (as of December 31, 2019: about 37%).

New hires

New hires by gender (excluding young professionals) as of Dec 31 (NP)	2020	2019	2018
<30 years	8,247	8,693	8,085
Share of women (%)	29.3	28.8	31.4
30–49 years	10,600	10,922	9,909
Share of women (%)	21.4	21.9	23.2
≥ 50 years	2,853	3,143	2,821
Share of women (%)	21.1	20.4	22.0
DB Group	**21,700**	**22,758**	**20,815**

Germany (companies with about 98% of domestic employees).
This does not include the acceptance or hiring of vocational trainees and dual-degree students.

The number of newly hired employees in Germany is again at a very high level.

Employee turnover

Employee turnover (NP)	2020	2019	2018
Retirement-related turnover	3,478	3,212	2,883
thereof women	696	692	570
Other employee turnover	9,218	10,043	8,524
thereof women	1,862	2,129	1,732
Total	**12,696**	**13,255**	**11,407**

Germany (companies with about 98% of domestic employees).

The figures indicate non-restructuring-related turnover of permanent employees. Part-time working in the lead-up to retirement is also included in retirement-related employee turnover.

Employee turnover (%)	2020	2019	2018
Retirement-related turnover	1.6	1.5	1.4
thereof women	1.4	1.5	1.2
Other employee turnover	4.3	4.8	4.2
thereof women	3.8	4.5	3.8
Total	**5.9**	**6.3**	**5.7**

Germany (companies with about 98% of domestic employees).
The figures indicate non-restructuring-related turnover of permanent employees. Part-time working in the lead-up to retirement is also included in retirement-related employee turnover.

Turnover has fallen significantly, demonstrating DB Group's attractiveness as an employer.

GRI 102-56

Independent Practitioner's Report on a Limited Assurance Engagement on Sustainability Information [1)]

To Deutsche Bahn AG, Berlin

We have performed a limited assurance engagement on the disclosures in the sections "To our stakeholders – Sustainability management" and "Notes to sustainability" of the Integrated Report of Deutsche Bahn AG, Berlin (hereinafter "the Company"), for the period from 1 January to 31 December 2020 (hereinafter the "Report").

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Report in accordance with the principles stated in the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter the "GRI-Criteria").

This responsibility of the Company's executive directors includes the selection and application of appropriate methods of sustainability reporting as well as making assumptions and estimates related to individual sustainability disclosures, which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as they have considered necessary to enable the preparation of a Report that is free from material misstatement whether due to fraud or error.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis – IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the disclosures in the Report based on the assurance engagement we have performed.

Within the scope of our engagement we did not perform an audit on external sources of information or expert opinions, referred to in the Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the disclosures in the Company's Report for the period from 1 January to 31 December 2020 have not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Inquiries of Company's management and relevant personnel involved in the preparation of the Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Report
- Identification of the likely risks of material misstatement of the Report under consideration of the GRI-Criteria
- Inspection of processes for collecting, controlling, analyzing and aggregating selected data at specific sites of the Company on a sample basis
- Analytical evaluation of selected disclosures in the Report
- Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the group management report
- Evaluation of the presentation of the selected disclosures regarding sustainability performance

Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the disclosures in the Company's Report for the period from 1 January to 31 December 2020 have not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria.

Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement. The report is not intended to provide third parties with support in making (financial) decisions. Our responsibility lies solely toward the Company. We do not assume any responsibility towards third parties.

Berlin, 3 March 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Hendrik Fink — ppa. Thomas Groth
Wirtschaftsprüfer
(German Public Auditor)

[1)] PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the sections "To our stakeholders – Sustainability management" and "Notes to sustainability" of the 2020 Integrated Report and issued an independent practitioner's report in the German language, which is authoritative. The following text is a translation of the independent practitioner's report.

Additional information

GRI
102-54
102-55

GRI Content Index

This Integrated Report was produced in accordance with the GRI international standards in the core reporting option.

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102-3 Location of headquarters	●	55–56
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102-5 Ownership and legal form	●	55–56
102-6 Markets served	●	55–56, 60–62, 115–117, 121–122, 127–129, 138, 139–140, 142–144, 147–149, 152, 154–156, 162, 163–164, 3 (Brochure Deutsche Bahn Universe)
102-7 Scale of the organization	●	55–56, 95, 116, 121, 128, 138, 143, 148, 152, 155, 162, 185, 190
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102-10 Significant changes to the organization and its supply chain	●	258–259
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3. ETHICS AND INTEGRITY		
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● Fulfilled ◒ Partially fulfilled ○ Not fulfilled

[1] Due to the very heterogeneous and decentral IT system landscape in foreign companies, it is currently not possible to complete this figure.

[2] The focus is on stationary consumption. Traction is not disclosed as absolute energy consumption, but rather with specific values for primary energy consumption and greenhouse gas emissions.

GRI
102-16

UN Global Compact Index

The UN Global Compact is the largest and most important initiative in the world for responsible corporate management. Upon joining the UN Global Compact in 2009, DB Group made a commitment to support its ten principles, and regularly reports on its activities and services in a Communication on Progress.

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Glossary

-A-

Accessibility
Understood as universal design, meaning a design of products, environments, programs and services in such a way that they can be used by all people. Accessibility at train stations refers to a wide range of aspects, from information and services to the structural design. The overall objective is to dismantle all attitude-based and environmental barriers that prevent passengers from full, effective and equal participation in the rail system.

Airborne pollutants
Air pollution that can have a detrimental effect on the environment. An airborne pollutant can be caused naturally or by people, for example nitrogen oxides or sulfur oxides.

-B-

Bond
Interest-bearing security which is used to borrow funds on the capital market. Helps mid-term to long-term debt financing by companies.

Bus kilometers (bus km)
The journey of a bus over a distance of 1 km.

-C-

Capacity utilization
How much of possible capacity is actually used.

Capital employed
Includes property, plant and equipment (including intangible assets), and the net current assets.

Carbon Disclosure Project (CDP)
An international organization which runs a global disclosure system for investors, companies, cities, countries and regions, to measure and control their environmental impact. It is now the world's largest emissions register for business-related greenhouse gas emissions.

Clean Cargo Working Group (CCWG)
Working Group made up of shipper, carrier and freight forwarder (including DB Schenker) to improve the emissions of cargo ships at sea.

Climate
The entirety of the meteorological events (for example temperature, precipitation, wind), which describe the average condition of the atmosphere at a certain location for a duration of at least 30 years.

CO_2 equivalents (CO_2e, greenhouse gas emissions)
Gases that affect climate change, such as methane and nitrous oxide, which are converted into CO_2 based on their equivalent climate impact.

Combined transport
Combined transport of containers or entire trucks on rail and road.

Commercial paper program (CP program)
Contractual framework or model documentation for the issuance of short-term bonds.

Compass index
Measures the implementation of the compass principles for strong teamwork within DB Group. It is a key indicator for the transformation of the organization as part of the Strong Rail strategy. It is collected annually as part of the employee survey and the culture barometer (from 2021).

Compliance
An important component of corporate governance. This is understood as compliance with laws and directives, as well as voluntary codes of conduct in the company.

Contract logistics
Service packages comprising multiple logistics activities. The service provider not only organizes transport orders, but also independently assumes parts of the value-added chain.

Contracting organization
In general, the Federal states are responsible for ordering regional rail passenger transport services from transport companies. This is carried out by a total of 27 different public transport authorities.

Costs of capital
Based on fair values as a weighted average of risk-adequate market returns for the minimum return requirement calculated for debt and equity capital.

Credit facilities
Credit facilities granted by banks which can be utilized if necessary. These are firm commitments of credit lines with different maturities, some of which serve as liquidity reserves that are available at all times, while the umbrella credit lines are available in particular to foreign subsidiaries for working capital financing and as a guarantee line.

Credit rating
Classification of creditworthiness provided by rating agencies which impacts the refinancing options and expenses of a company.

Customer satisfaction
Satisfaction of customers and partners with a product/offer or a service, surveyed on a representative basis and evaluated on behalf of DB Group by independent market research institutes by telephone, in person or online.

Customer satisfaction index
Index generally rated on a grading scale of 1 (very satisfied) to 6 (very dissatisfied). These grades are converted and shown on a scale of 0 to 100 (0 points = grade 6; 20 points = grade 5; 40 points = grade 4; 60 points = grade 3; 80 points = grade 2; 100 points = grade 1).

-D-

DBeco plus
Service for rail freight transport customers to have their goods transported without CO_2 emissions on all electrified lines within Germany and Austria.

DB traction current
Electric traction current, with which DB Netze Energy supplies intra-Group train operating companies in Germany.

Debt coverage
Key financial indicator that describes the relationship between the current financial strength and the financial liabilities of the company (adjusted net financial debt).

Debt issuance program
Contractual framework or model documentation for the issuance of bonds. This guarantees a high degree of flexibility in our issue activities.

Derivative financial instruments (derivatives)
Financial instruments, the price or value of which depends on the future rates or prices of other goods, assets or reference values (interest rates, indices). These are contracts in which the contracting parties agree to buy, sell or swap assets at specified conditions in the future, or alternatively make value equalization payments.

Diversity
Refers to the variation within the workforce with regard to gender, ethnicity and social background, age, religion, sexual orientation and identity, as well as physical and mental ability. Diversity also encompasses employees' variety of perspectives, values, professional experience and skills.

-E-

Earnings before interest and taxes (EBIT)
Operating profit/loss before interest and taxes.

Earnings before interest, taxes, depreciation and amortization (EBITDA)
Operating profit/loss before interest, taxes, depreciation and amortization.

Ecosystem (digital)
Ecosystems are networks of partners who work on common (or competing) value-added chains for a value proposition. In partnership-based value chains, the created value exceeds the sum of the isolated value creation stages, for example, through a simple and better customer experience or increased efficiency in production.

EcoVadis
EcoVadis is the operator of a collaborative platform that provides sustainability ratings for suppliers within global supply chains. The EcoVadis method comprises criteria from the four areas: environment, fair labor and human rights, ethics, and sustainable procurement.

Employee satisfaction index
As part of the Group-wide employee survey conducted every two years, the index is calculated using questions about motivation, job satisfaction and (emotional) loyalty to the company on a scale from 1 to 5 (best possible value).

Employee survey
This has been conducted within DB Group, every two years since 2012. The aim of the employee survey is to give the individual divisions, business units and the entire DB Group a status update for various organizational and cultural frameworks. Another objective of the survey is the subsequent improvement processes, which are triggered by the discussion of the results.

Energy mix
Composition of electricity broken down by type of energy generation (for example renewable energies, gas and other).

Equity method/at-equity accounting
Procedure for the accounting of subsidiaries which are not included in the consolidated financial statements on the basis of full consolidation with all assets, equity and liabilities. The book value of the subsidiary is adjusted by the development of the pro rata equity in the investment.

Equity ratio
Key financial indicator based on the balance sheet structure: proportion of equity in the total assets as a percentage.

European Train Control System (ETCS)
Europe-wide standardized train control system. The migration to ETCS affects both the infrastructure and the vehicles. ETCS can be realized on several levels, which depend, among other things, on the rail infrastructure and the desired speed.

Existing network
Existing rail network and therefore core of the infrastructure.

- F -

Facilities quality
To ensure maintenance funds are used according to demand and to assess improvements stemming from implemented measures, the condition of structural and technical facilities undergo periodic and event-based evaluations.

Final energy
The energy form for which an end consumer receives an invoice, for example the quantity of fuel added or the traction current obtained.

Floating rate note (FRN)
Bond with a variable interest rate.

- G -

Gearing
Key financial indicator which, as a structural indicator, describes the ratio of net financial debt to equity as a percentage.

German Sustainability Code
Provides a framework for the reporting of non-financial performance which can be used by organizations and companies of any size and legal form.

Global Reporting Initiative (GRI)
An international organization which is committed to the dissemination and improvement of sustainability reporting. The GRI guidelines are regarded as the most widely used and most internationally recognized reporting standard for sustainability.

Greenhouse Gas (GHG) Protocol
A globally recognized standard for the qualification and management of greenhouse gas emissions which is used by many companies, non-governmental organizations (NGOs) and governments.

Gross capital expenditures
Overall capital expenditures made in property, plant and equipment, and intangible assets regardless of the type of financing.

Gross profit
Amount of revenues remaining after deduction of the variable (= sales-related) costs or direct (= contract-related) costs.

- H -

Hybrid bond
A corporate bond that is credited as equity under certain requirements within the framework of the IFRS accounting regulation. As a rule, hybrid bonds have very long maturities or no fixed repayment amount, but can be terminated by the issuer after a defined minimum term has elapsed.

Hydrocarbons (NHMC)
These are found in, for example, crude oil, natural gas or coal. Their emissions are regarded as harmful to the environment.

- I -

IFRS 16
An accounting rule of the International Accounting Standards Board (IASB), which, since 2019, has obligated companies preparing balance sheets in accordance with IFRS to record all lease agreements with a contract term of more than one year in their balance sheets.

Interest-free loans
Loans from the Federal Government that have to be repaid, but are not interest-bearing. These result from financing contributions from the Federal Republic of Germany for capital expenditures for track expansion and replacement.

Intermodal competition
Competition between different modes of transport, for example between rail and air transport.

International Financial Reporting Standards (IFRS)
Internationally recognized accounting standards. Since 2002, IFRS has been regarded as the overall concept of standards adopted by the International Accounting Standards Board. Previously adopted standards are still cited as International Accounting Standards (IAS).

Interoperability (multisystem capability)
Ability of rolling stock to adapt to different technical standards (for example track gauges or power systems) and therefore to run as seamlessly as possible between different rail networks in individual countries.

Intramodal competition
Competition within a mode of transport, for example within the railway sector.

Investment grants
Financing contributions from third parties in specified capital expenditures projects without future repayment requirements.

ISO 14064
International Standard, here: Part 1: Specification with guidance on the quantitative classification and reporting of greenhouse gas emissions and the removal of greenhouse gases at an organizational level.

ISS ESG
ISS ESG produces, among other things, ESG research and ratings on companies and countries.

-K-

K brake shoe
Brake shoe made from composite materials (K), see also V brake shoes.

-L-

LL brake shoe
Brake shoe made from composites (LL: low noise, low friction), see also V brake shoe.

Local transport
Transport services with the products IRE, RB, RE and S-Bahn (metro).

Long-distance transport
Transport services with the products ICE and Intercity/Eurocity.

Lost time injury frequency (LTIF)
Describes the relationship between accident frequency and hours actually worked based on one million working hours.

-M-

Mode of transport
Transport medium such as road or rail.

MSCI ESG ratings
MSCI ESG Research is a global provider of sustainability analyses and ratings. MSCI ESG ratings are aimed at measuring the resilience of a company against long-term, financially relevant ESG risks.

-N-

Net capital expenditures
Gross capital expenditures less investment grants from third parties, for example for infrastructure capital expenditures.

Net financial debt
Balance from interest-bearing external liabilities and leasing liabilities as well as cash and cash equivalents and interest-bearing external receivables.

Nettable plan assets
Assets that are netted against total pension obligations on the balance sheet.

Noise
Noise which disturbs people and the environment or is damaging to health.

Noise barrier
System of active noise abatement on rail lines, mostly made from materials such as aluminum, wood, concrete. New noise barriers are walls made from wire baskets filled with stones (gabions).

Noise prevention
Legal claim to noise remediation measures on new construction and expansion lines.

Noise reduction
Reduction of noise with active measures at the source (for example whisper brakes on freight cars) and to stop the spread (for example noise barriers), and passive noise remediation measures (for example soundproof windows).

Noise remediation program
Voluntary program of the Federal Government implemented by DB Group to reduce the noise on existing Federal rail lines.

-O-

On-demand services
Services that are provided to the customer when they need and request them.

Operating income after interest
Profit figure that includes financing costs to assess profits in the long term (particularly relevant for infrastructure business units). Therefore, in comparison with EBIT, the **operating interest balance is also taken into account.**

Overall punctuality
Covers all rail transport on DB Netz AG infrastructure at DB Netze Track.

-P-

Particles
Tiny portions of matter, right down to the smallest traces, such as dust or soot.

Passenger kilometers (pkm)
Unit of measurement for the volume sold in passenger transport: product of the number of passengers transported and the average travel distance.

Percentage of staffing needs covered
Represents the number of active staff, including part-time employees, trainees and dual degree students converted into full time employees, divided by the full-time staffing requirements, trainees and dual-degree trainees.

Preferred carrier
Key transport partner (freight carrier) of our logistics provider DB Schenker.

Primary energy
Energy which is available in its original energy form or source, such as coal, natural gas, sun, wind and nuclear fuel.

Procurement volume
Net total of all order values from individual orders and batches from framework agreements that were concluded by the respective product areas.

Punctuality
Share of on-time stops in relation to all stops along and at the end of routes in Germany. A stop is considered on time if the scheduled arrival time is exceeded by less than six minutes in passenger transport or less than 16 minutes in freight transport. In addition, since 2020, DB Regional (bus) has also evaluated buses that have departed more than one minute too early as not on time, with retroactive effect.

-R-

Renewable energies
Energy from sources that are theoretically unlimited in supply, such as water, wind or sunlight.

Renewable Energy Sources Act
German law to promote the supply of electricity from renewable energies.

Requirement plan
New construction and expansion lines integrated in the Federal Transport Infrastructure Plan.

Resource
Aid, fund, reserve, raw material.

Return on capital employed (ROCE)
Key performance indicator for value-based management. Equals the return on the capital employed for business operations. Percentage ratio of (adjusted) EBIT to the capital employed.

- S -

Scope 1–3 (in accordance with GHG)
As part of carbon accounting based on the Greenhouse Gas (GHG) Protocol, emissions are divided into three scopes. For DB Group: Scope 1 = greenhouse emissions from our own vehicles with combustion drives, Scope 2 = traction current supply, Scope 3 = third-party emissions from business relationships, such as transport services of our subcontractors. Due to our business model, we report on the main transport-related emissions within Scope 3.

Scope of consolidation
Group of subsidiaries of a group, which are included in the consolidated financial statements.

Senior bond
Bond that is operated in the event of insolvency before other issued bonds of the same company with a lower rank (for example hybrid bonds) and therefore has a higher level of security, but also a lower interest rate.

Sickness rate
Shows the share of labor that is lost due to illness in relation to the overall labor and therefore only includes employees who are still paid a salary.

Soot particles
Dust-like emissions arising from the combustion of diesel fuels, which also include particulate matter.

Specific
Relative to a specific (reference) size, for example based on the volume sold.

Stakeholders
Interest and stakeholder groups and representatives.

Stationary facilities
Buildings and facilities such as plants and train stations.

Station pricing system
Transparent and non-discriminatory pricing system for the use of passenger stations. The station prices depend largely on the performance level and level of equipment at the respective station.

Supply chain
The stages of production illustrated as an orderly sequence of activities. These activities add value, consume resources and are connected with each other in processes.

Supply reliability
Measure of the reliability of the energy supply. Can also be used for sub-areas, such as supply security of the energy supply in Germany or the energy supply of rail operations.

Sustainability
Guiding principle for the compatibility of environmental, social and economic objectives for sustainable and generationally compatible development.

Sustainable development goals (SDG)
Political targets set by the United Nations with a view to ensuring sustainable development on an economic, social and environmental level. The goals took effect on January 1, 2016, and run until 2030, applying to all member states.

Sustainalytics
Service provider specializing in the analysis and assessment of the companies' performance in the field of sustainability.

Swap
The basic concept for financial instruments that involve the exchange of future cash flows. This allows financial risks (interest, currencies, raw materials) to be hedged in a targeted manner.

- T -

Ton kilometers (tkm)
Measurement for volume sold in freight transport: product of the freight carried (tons) and the distance traveled (kilometers).

Traction
Propulsion to move trains. Depending on the energy source, drive unit and power transmission, a distinction is made, among other things, between electric, diesel electric and diesel hydraulic traction. Traction units that, in addition to electric traction, also have diesel-assisted traction are also referred to as hybrid vehicles.

Traction current mix
Composition of the traction current of all train operating companies in Germany supplied by DB Netze Energy (in addition to other suppliers) through the traction current grid.

Train-path
The share of the rail track capacity that is required for a train to be able to travel between two places in a set time.

Train-path kilometers (train-path km)
See Volume produced.

Train-path pricing system (TPS)
Fee system of DB Netz AG including the train-path use by customers depending on the relevant market segments and the train-path kilometers traveled.

Transport contract
Agreement between the contracting organization and train operating company on the provision of regional passenger transport services.

- U -

United Nations Global Compact
The world's largest initiative for responsible corporate management. On the basis of its ten universal principles, it pursues the vision of an inclusive and sustainable global economy to the benefit of all people, communities and markets, today and in future.

- V -

V brake shoe
Brake shoe made from composites (V) which halves the rolling noise of freight cars. Collective term for K and LL brake shoes.

Vegetation control
Checking and cutting / removing vegetation in and on the tracks using mechanical and chemical (only in the immediate vicinity of the tracks) procedures.

Volume produced
Distance covered by train operating companies on the rail network. Unit of measurement: train-path kilometers (train-path km).

Volume sold
Key performance indicator measuring the service provided in passenger and freight transport. Units of measurement: passenger kilometers (pkm), ton kilometers (tkm).

- W -

Well-to-wheel (WTW)
Method for calculating emissions considering the entire chain of effects from the extraction and provision to the conversion of energy (in vehicles or facilities).

Whisper brake
See K and LL brake shoe.

List of abbreviations

-A-
AEG General Railways Act
AGV MOVE Mobility and Transport Services Association
AI Artificial Intelligence
AktG Stock Corporation Act
ARN Arriva Rail North
ATO Automatic train operation
AUD Australian dollar

-B-
bbl Barrel
BEV Federal Railway Fund
BGB German Civil Code
BGH German Federal Supreme Court
BilMoG German Accounting Law Modernization Act
BIM Building information modeling
BKartA Federal Cartel Office
BMAS Federal Ministry of Labor and Social Affairs
BMF Federal Ministry of Finance
BMI Federal Ministry of the Interior, Building and Community
BMU Federal Ministry for the Environment, Nature Conservation and Nuclear Safety
BMVI Federal Ministry of Transport and Digital Infrastructure
BMWi Federal Ministry of Economics and Energy
BNetzA Federal Network Agency
BSWAG Federal Rail Infrastructure Extension Act
Bus km Bus kilometers

-C-
CCO Chief Compliance Officer
CCWG Clean Cargo Working Group
CDO Chief Digital Officer
CEF Connecting Europe Facility
CER Community of European Railway and Infrastructure Companies
CHF Swiss francs
CO_2 Carbon dioxide
CO_2e CO_2 equivalent
COSO Committee of Sponsoring Organizations of the Treadway Commission
CSA Credit Support Agreements
CSO Chief Sustainability Officer
CSR Corporate Social Responsibility
CSR-RUG CSR Directive Implementation Act
CTA Contractual Trust Arrangement

-D-
DAC Digital Automatic Coupling
DB AG Deutsche Bahn AG
DB E&C Deutsche Bahn Engineering& Consulting GmbH
DB Finance Deutsche Bahn Finance GmbH
DB Group Deutsche Bahn Group
DB IO Deutsche Bahn International Operations
DGCN German Global Compact Network
DKS Digital Customer Interface
DNK German Sustainability Code
DSD Digital Rail for Germany
DSMA Data protection management system
DSTW Digital interlocking

-E-
EBA Federal Railway Authority
EBIT Earnings before interest and taxes
EBITDA Earnings before interest, taxes, depreciation and amortization
EC Eurocity
ECB European Central Bank
ECJ European Court of Justice
EDIP European Debt Issuance Program
ERegG Railway Regulation Act
ESG Environment, Social, Governance
ESTW Electronic interlocking
ETCS European Train Control System
EU European Union
EVG Railway and Transport Workers Union

-F-
FS Ferrovie dello Stato (Italian state-owned railway)
FTE Full-time employees

-G-
GBP British pound sterling
GDL German Train Drivers' Union
GDP Gross domestic product
GDPR General Data Protection Regulation
GHG Greenhouse gas
GRI Global Reporting Initiative
GVFG Municipal Transport Financing Act
GWh Gigawatt hour

-H-
ha Hectare(s)
HR Human Resources

-I-
IC Intercity
ICE Intercity Express
ICS Internal control system
IFRS International Financial Reporting Standards
IRE Interregio-Express
ISO International Organization for Standardization
IT Information technology

-K-
KBV Group Employer/Works Council Agreement
KonTraG Corporate Sector Supervision and Transparency Act
kWh Kilowatt hour

-L-
LaTPS Noise-based train-path pricing system
LTI Long-term incentive
LTIF Lost time injury frequency
LuFV Performance and Financing Agreement

-M-
m^2 Square meters
MaaS Mobility as a Service
MaRisk Minimum requirements for risk management
MitbestG Co-Determination Act
MJ Megajoule
MRR Minimum required rate of return
MWh Megawatt hour

-N-
NABU Nature and Biodiversity Conservation Association (Naturschutzbund Deutschland e.V.)
NFR Group non-financial report
NOK Norwegian krone
NOx Nitrogen oxide emissions
NP Natural persons
NPM National Platform for the Future of Mobility
NS Nederlandse Spoorwegen N.V. (Dutch state-owned railway)

-P-
P Passengers
PCGK Federal Public Corporate Governance Code
Pkm Passenger kilometers
PKP Polskie Koleje Państwowe (Polish state-owned railway)
PPA Power Purchase Agreements
PwC PricewaterhouseCoopers

-R-
RB Regional railway
RE Regional Express
RegG Regionalization Act
RENFE Red Nacional de los Ferrocarriles Españoles (Spanish state-owned railway)
RESY Regional energy-saving system
RIC Rail infrastructure company
RMS Risk management system
ROCE Return on capital employed
RRX Rhine-Ruhr-Express

-S-
SBB Swiss Federal Railways
SBTi Science-Based Targets initiative
SDGs Sustainable development goals
SI Satisfaction index
SNCF Société Nationale des Chemins de fer Français (French state-owned railway)
SO_2 Sulfur dioxide emissions
S&P S&P Global Ratings

-T-
T Thousand
t Ton
TEN Trans-European Networks
TEU Twenty-foot equivalent unit
tkm Ton kilometers
TOC Train operating company
TPS Train-path pricing system
Train-path km Train-path kilometers
TSI Technical Specification for Interoperability

-U-
UIC International Union of Railways
UNGC United Nations Global Compact
USD US dollar

-V-
VAT Value-added tax
V brake shoes Composite brake shoes
VDB Association of the Railway Industry
VDE German unification transport projects

-W-
WACC Weighted average cost of capital
WiFi Wireless local area network

GRI 102-53

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This Integrated Report and the Annual Financial Statements of Deutsche Bahn AG, the Annual Reports of DB Fernverkehr AG, DB Regio AG, DB Station&Service AG and DB Netz AG (only available in German) as well as up-to-date information are also available on the Internet.

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DB service number

Our service number +49-180-6 99 66 33 gives you direct access to all of our telephone services. These services include our Group-wide general information phone number, schedule information and booking of train tickets, our customer dialogue and our frequent traveler system (BahnCard).

The following fees apply: calls from the German fixed-line network cost 20 cents per call; calls from the German cell phone network cost a maximum of 60 cents per call.

Leisure and business travelers can also find *answers to frequently asked questions* → and *further contact details* → online.

Social media

DB GROUP

DB Group has an extensive presence on various social media channels: Facebook, Instagram, YouTube and Twitter.

PASSENGER TRANSPORT

Our passenger transport team is available on various social media channels for conversations, discussions, and for service and product questions. Find us on: Facebook, Instagram, YouTube and Twitter.

Financial calendar

JULY 29, 2021
Interim Results Press Conference; publication of the Integrated Interim Report January–June 2021

MARCH 31, 2022
Annual Results Press Conference; publication of the 2021 Integrated Report

Sustainable production

Paper from certified sustainable sources. *The printing company is certified according to FSC® and PEFC standards. Each year, relevant audits are carried out to review compliance with the strict rules in place for handling certified paper.*

RECYCLED
Paper made from recycled material
FSC® C016267

Mineral-oil-free ink. *This report was printed using mineral-oil-free ink derived from renewable raw materials.*

Conserving resources. *Using process-free printing plates reduces time spent on development, cleaning and rubberizing after exposure. Chemicals and fresh water are no longer used to wash the printing plates, and power consumption has been reduced.*

Energy-efficient printing. *An energy management strategy has been implemented at the printing company and an energy audit was carried out in accordance with DIN EN 16247-1.*

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