

# DELIVERING SUSTAINABLY

DHL Express



# Introducing our panel

## SPEAKER:



**Leendert van Delft**

VP Global Sales Programs,  
Marketing & Global E-commerce

DHL Express

## SPEAKER:



**James Stephens**

VP Corporate Affairs  
DHL Express UK

## TODAY'S HOST



**Duncan Herron**

VP Marketing,  
DHL Express UK

# DELIVERING SUSTAINABLY

Leendert van Delft



# READ A LITTLE. LEARN A LITTLE.

Sustainability is complex.  
But not complicated.

- Book and Claim
- Insetting and Offsetting
- HEFA vs. PtL
- Scope 3 Emissions
- Science Based Targets
- GHG Emissions

# Why it is - *Now More Than Ever* – Important to focus on sustainability

We're extremely passionate about sustainability at DHL. Not only are we fervent about driving sustainability within the logistics industry, but we're also working hard to help our customers improve their credentials too.

## 1. PURCHASE DECISIONS

# 50%

of digital buyers state that environmental concerns impact their purchasing decisions

(Source: GlobalWebIndex)

## 2. CUSTOMER LOYALTY

# 88%

of customers are more likely to be loyal to a company which supports environmental issues

(Source: Cone)

## 3. WILLINGNESS TO PAY

# 77%

of buyers are willing to pay more for a product that is sustainable.

(Source: IBM)

Clean operations  
for climate protection



# What your customers are looking for

Using sustainability to create your competitive advantage

**50%**

**of buyers are (very) interested in an environmentally-friendly delivery method**

**38%**

**of consumers feel that retailers are doing a good job of using sustainable delivery practices**

29% rated it as important and 19% as very important to have the seller recommend the most environmentally friendly delivery option

**20%**

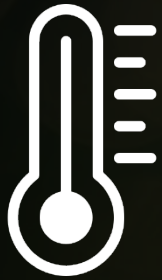
**of buyers indicate they would pay more for a delivery from an environmentally friendly company**

This may not sound like a lot, but the experience of companies that offer premium delivery pricing says that it represents millions in incremental revenue. In addition, age plays an important part as Gen Z and Millennials (27%) more willing to pay a premium than 55+ (14%)

Source: Descartes Research Report: 'Sustainability is Not a Challenge, It's an Opportunity' (2022)

# The Paris **Climate** Agreement in short ...

A binding international treaty since 2016 on climate change



NET ZERO  
EMISSIONS



**1.** Limit the avg. Global temperature increase to **<1.5° C** and achieve **net zero emissions** by mid-century

**2.** Enhance **resilience** and adaptation to climate impacts which are certain to occur

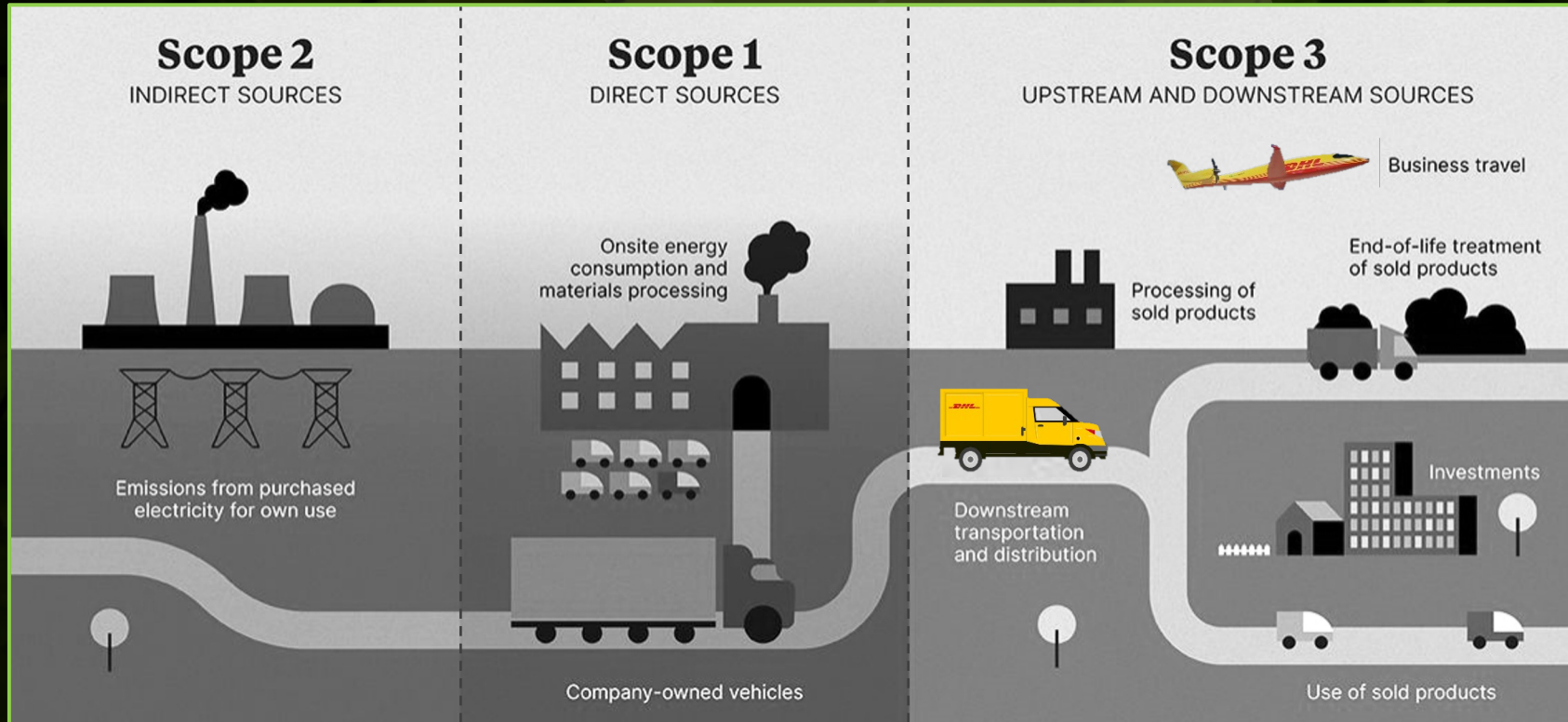
**3.** **Align financial flows** in the world with the agreement objectives

Companies are under increasing pressure **to report and reduce emissions**. And soon it will become **mandatory...**

Some definitions

# Scope 1, 2 and 3 Footprint

The Green House Gas Protocol Corporate Standard classifies a company's GHG emissions into three 'scopes'



- **Scope 1** covers direct emissions from owned or controlled sources
- **Scope 2** covers indirect emissions from the generation of purchased electricity, heating etc. consumed by the reporting company
- **Scope 3** includes all other indirect emissions that occur in a company's value chain, *including downstream transportation and distribution*



# Carbon Footprint Example

E-commerce Merchant: Home24.com

For most companies, the main drivers of carbon emissions lie primarily in **Scope 3**



The example of pure-play e-commerce company *home24* shows that Scope 3 emissions - those that occur outside the organisation, e.g. in the **supply chain** - dominate the company's carbon footprint.

The biggest Scope 3 emission comes from **transport and distributions**. Companies rely on a complex logistics and delivery network. Freight, delivery and packaging form the three main elements of an e-commerce company's footprint.

Source: <https://www.planetly.com/articles/sustainability-in-e-commerce-7-ways-your-brand-can-reduce-its-carbon-footprint>

# Offsetting vs. Insetting



**‘We cannot offset our way out of climate change’**



# Your Sustainability Health Check

Using sustainability to increase sales and create loyal customers



Laying the Foundation	Creating your Strategy	Sustainability in your marketing plan	Power up your Sustainable Potential
<ul style="list-style-type: none"> <li>✓ <b>Write your green mission statement</b> and benchmark what others in your industry are doing</li> <li>✓ <b>Create your Green Team</b> – and engage the right employees</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Use a tool or partner that can help to calculate your carbon and GHG emissions</b> and complete an Eco-Assessment</li> <li>✓ Measure your <b>Scope 1, Scope 2</b> and <b>Scope 3</b> Footprint and come up with a strategy to reduce CO<sub>2</sub>e amongst all scopes: <i>E.g. implement a Green Procurement Policy or use carbon reduced shipping solutions</i></li> <li>✓ <b>Use a framework</b> to track progress</li> </ul>	<ul style="list-style-type: none"> <li>✓ Build sustainability in your <b>marketing strategy</b></li> <li>✓ <b>Promote your commitments and accomplishments</b> on your website and elevate your brand and improve your reputation using social media and other media</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Offer sustainable shipping options to your customers</b> and communicate this clearly during the whole buying process</li> <li>✓ <b>Consider building in the costs for your sustainable shipping options in your shipping charges</b> - and explain how much CO<sub>2</sub>e will be reduced for each service</li> <li>✓ Use <b>sustainable packaging solutions</b></li> </ul>
<p style="text-align: center;"><b>83%</b></p> <p style="text-align: center;">of shoppers will seek out eco-friendly brands and products</p>	<p style="text-align: center;"><b>88%</b></p> <p style="text-align: center;">of customers are more likely to be loyal to a company which supports environmental issues</p>	<p style="text-align: center;"><b>53%</b></p> <p style="text-align: center;">say sustainability is important to them when shopping online</p>	<p style="text-align: center;"><b>42%</b></p> <p style="text-align: center;">will consider to pay more for sustainable shipping options and 69% would choose to pay more for eco-friendly packaging</p>

Sources: 'CONE' & Descartes: 'Sustainability is Not a Challenge, It's an Opportunity' (2022)



# SUSTAINABLE AVIATION FUEL (SAF) IS A GREEN ALTERNATIVE TO TRADITIONAL JET FUEL

Kerosene (normal jet fuel) is obtained from petroleum, but SAF is produced from **alternative feedstock** with an improved sustainability profile (e.g., used cooking oil, corn, waste, hydrogen or CO<sub>2</sub> synthesis)

- The chemical structure of SAF is similar to traditional fossil-fuel based jet fuels. This allows for the use of SAF as a 'drop-in' fuel, blending with kerosene in aircraft without any engine modifications. Current blending rates are capped at 50% due to legal obligations
- SAF can effectively reduce lifecycle emissions of typical aviation fuel emissions by up to 70-80%
- SAF reduces other harmful emissions like particulates and Sulphur by 90% and 100% respectively

## JET FUEL vs SAF

Life-cycle carbon footprint (gCO<sub>2</sub>e/MJ)<sup>1</sup>

89



JET FUEL

SAF

1 - Jet fuel based on CORSIA baseline prescribed by SBTi. SAF LCA values based on ICCT data, assuming full lifecycle emissions from Used cooking oils, and vegetable oils derived from plants

As approx. 90% of our footprint is emitted by our air network, **Sustainable Aviation Fuel** is our key lever to **improve carbon emissions**

**GOGREEN  
PLUS**

Sustainable  
Aviation Fuel

- Currently, we already have SAF in use in San Francisco (SFO), East Midlands (EMA), Amsterdam (AMS) and Malpensa (MXP)
- bp and Neste commit to supply DHL Express with more than **800 million liters of Sustainable Aviation Fuel** until 2026

# So what about the playing field of SAF?

Some numbers to keep in mind

## Total SAF production 2021 and 2022:

*“The International Air Transport Association (IATA) estimated that Sustainable Aviation Fuel production has reached at least 300 million liters in 2022 - a 200% increase on 2021 production of 100 million liters.”*

Looking at our SAF purchased, this shows our significant position:

# 21%

of the global supply of SAF in **2021**  
was purchased by DHL

[ 2021 = 17 kTonne / 21 m liters ]

# 15%

of the global supply of SAF in **2022**  
was purchased by DHL

[ 2022 = 30 kTonne / 37 m liters ]

# YOU CAN INVEST WITH US IN SAF VIA OUR **GOGREEN+ SERVICE**

AND ACTIVELY REDUCE YOUR SCOPE 3 EMISSIONS

**Your company decides how much they would like reduce their CO<sub>2</sub>e and how much to invest into Sustainable Aviation Fuel**

- DHL Express will use the contribution to **invest** into SAF and an independent auditor will annually verify the **emission reduction value** of the purchased SAF, as well as verifying **all of their investment** has been exclusively used for SAF
- **Your company** will receive a **certificate** with the emission reduction value which can be used to **reduce their own Scope 3 footprint**
- Complementary **Carbon Footprint reports**

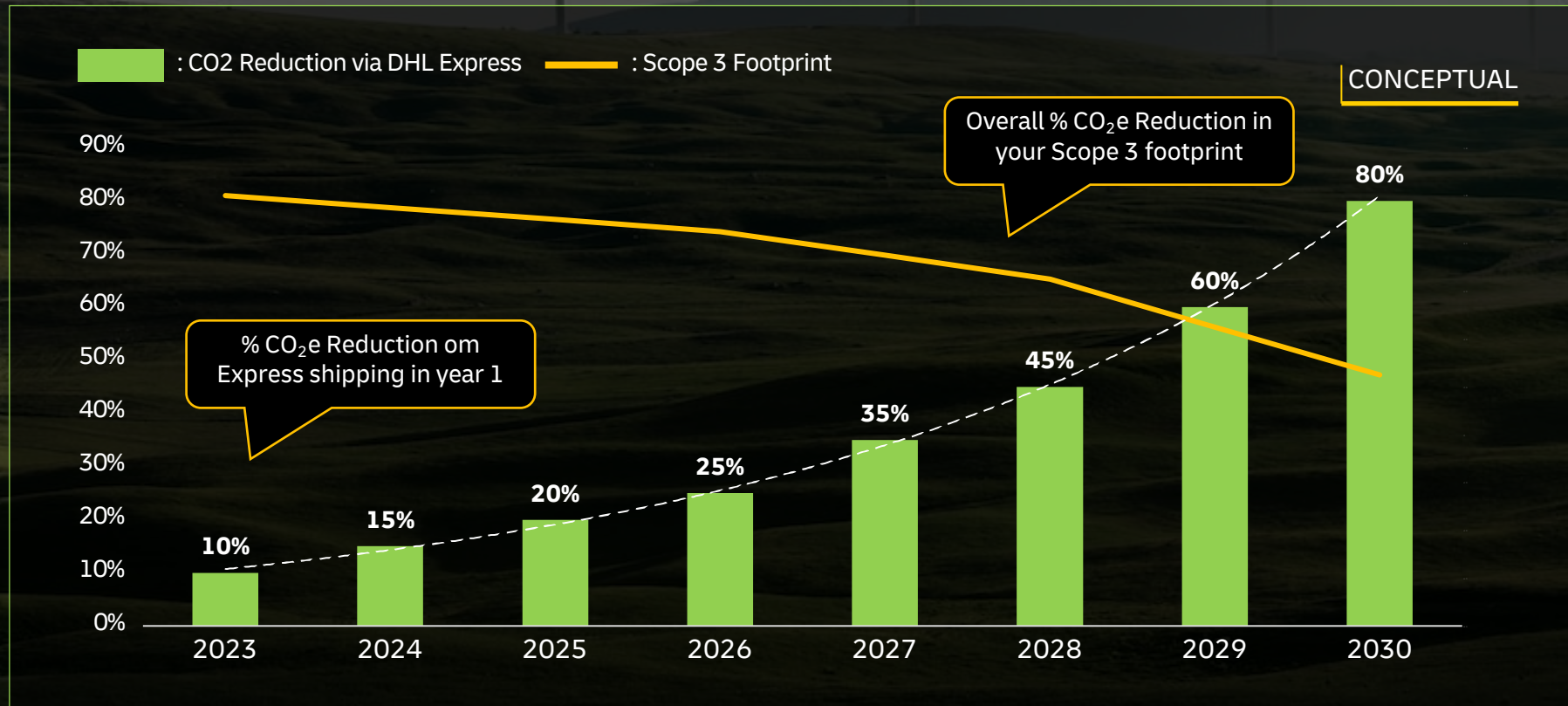


We can help you shaping your sustainability roadmap

# Most companies are choosing a gradual approach for their reduction pathway



You don't need to reduce 100% of your emissions overnight. Choose a gradual approach that fits with your CO<sub>2</sub>e reduction plans and with your budgeting requirements.





OK. BUT WHAT IS THE ROI?

# NOW MORE THAN EVER

“**Now** must be our moment for action”



Do you want to retain and attract customers and increase customer loyalty?



Do you want to attract and retain young talent for your company?



Do you want to be ahead of the curve of forthcoming legislation and changing regulatory landscapes?



Do you want to achieve their #sustainability targets as signed off by their CEO?



In short, does you want to have a license-to-operate?



There is no way around sustainable logistics in the future: **We are deciding today what kind of world we and our children will live in 30 years from now.** And our aspiration is to make a substantial contribution to ensure that this **will** be a better world.

#NowMoreThanEver

# DHL EXPRESS UK

James Stephens



# Science Based Target Initiative

The SBTi is a global body enabling businesses to set ambitious emissions reductions targets in line with the latest climate science. It is focused on accelerating companies across the world to **halve emissions before 2030 and achieve net-zero emissions before 2050**.

DPDHL has committed to reduce the Group's annual greenhouse gas emissions in absolute terms from **39 million tonnes CO<sub>2</sub>e in 2021** to below **29 million tonnes CO<sub>2</sub>e in 2030** across the three scopes 1, 2 and 3.

- From 2021, DPDHL is committed to reducing absolute direct emissions from the use of fuels and indirect emissions from purchased energy – known as Scope 1 and Scope 2 emissions – by **42 percent by 2030**.
- Absolute Scope 3 emissions from fuel and energy related activities, upstream transportation and distribution and business travel are to be reduced by **25 percent by 2030**.

The Board of Management remuneration will **be linked to the achievement of ESG targets** and the sustainability roadmap.

**You Can't Manage What You Don't Measure!**

## Clean operations for climate protection



DPDHL will invest **€7 billion until 2030 in Clean Operations** to reduce our emissions from 36.5 MT in 2022 to under 29 MT by 2030, and thereby commit to Science-Based Targets initiative (SBTi)<sup>1</sup>.



<sup>1</sup>) MT = million tonnes; We measure our carbon emissions (CO<sub>2</sub>e) using the Well-to-Wheel (WtW) measurement logic.

# DHL Express UK has a strong track record as a sustainable logistics provider

**497**

PuD EV in place by the end of 2023 and on track to achieve 2030 target

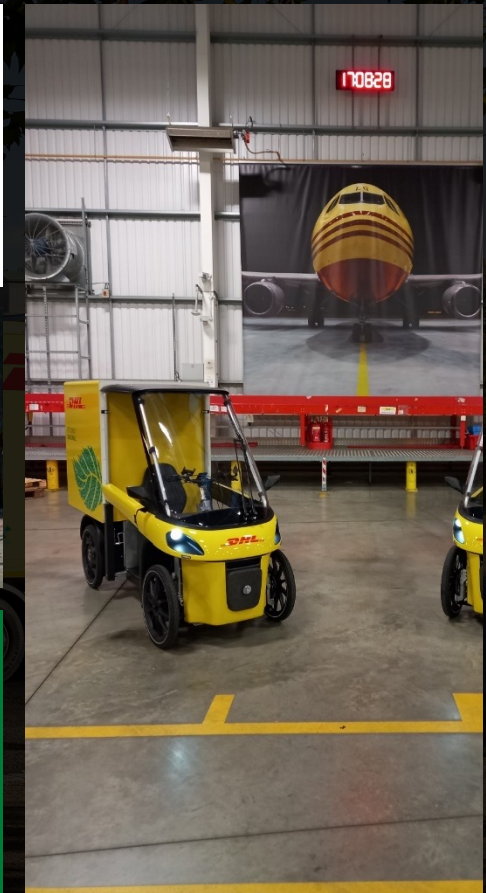
**9**

sites built to BREEAM Very Good or Excellent Standard



**1,295**

PuD EV's in place by 2027



**100%**

green electricity in the UK

**475+**

EV chargers for PuD and cars in 30 sites



**UK**

leading the deployment of EV throughout the EU



**62.79%**

Waste Recycling achieved in the UK

**All**

designed to new DHL Carbon Neutral Standard

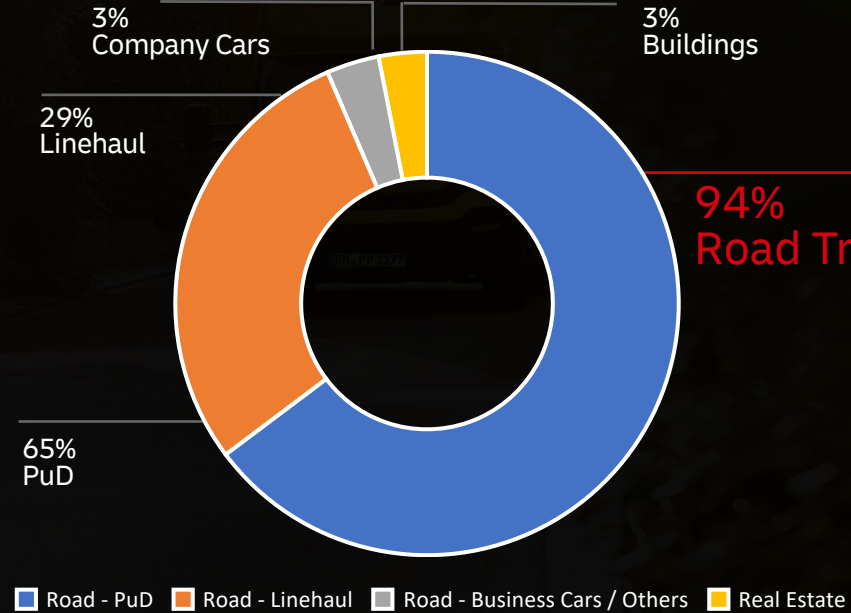
Note: 2022 data

# DHL Express GHG Emissions in 2022

- DHL Express UK Total Emissions 48,843\* tonnes CO<sub>2</sub>e
- At 94%, the largest share for the UK is generated by the road transport fleet
  - PUD = 31,682
  - Linehaul = 14,083
  - Buildings = 1,501
  - Company Cars = 1,576

\* Not including UK aviation

## CO<sub>2</sub> emissions at DHL Express UK





# Emissions Reduction



# Delivering a Sustainable Fleet

- New electric tractor unit to be trialed in 2024
- Optimise alternative zero emission solutions with partners and HGV providers
- Continue exploration of optimised trailer designs and load solutions
- Maximise route optimisation, asset utilisation and vehicle maintenance
- Align Company Car policy to a zero- emission solution as soon as practically possible
- Working with PUD (van) OEM's to develop the next level of zero emission solutions. Longer range, lighter battery designs
- E Cargo bike solutions trialling in the UK

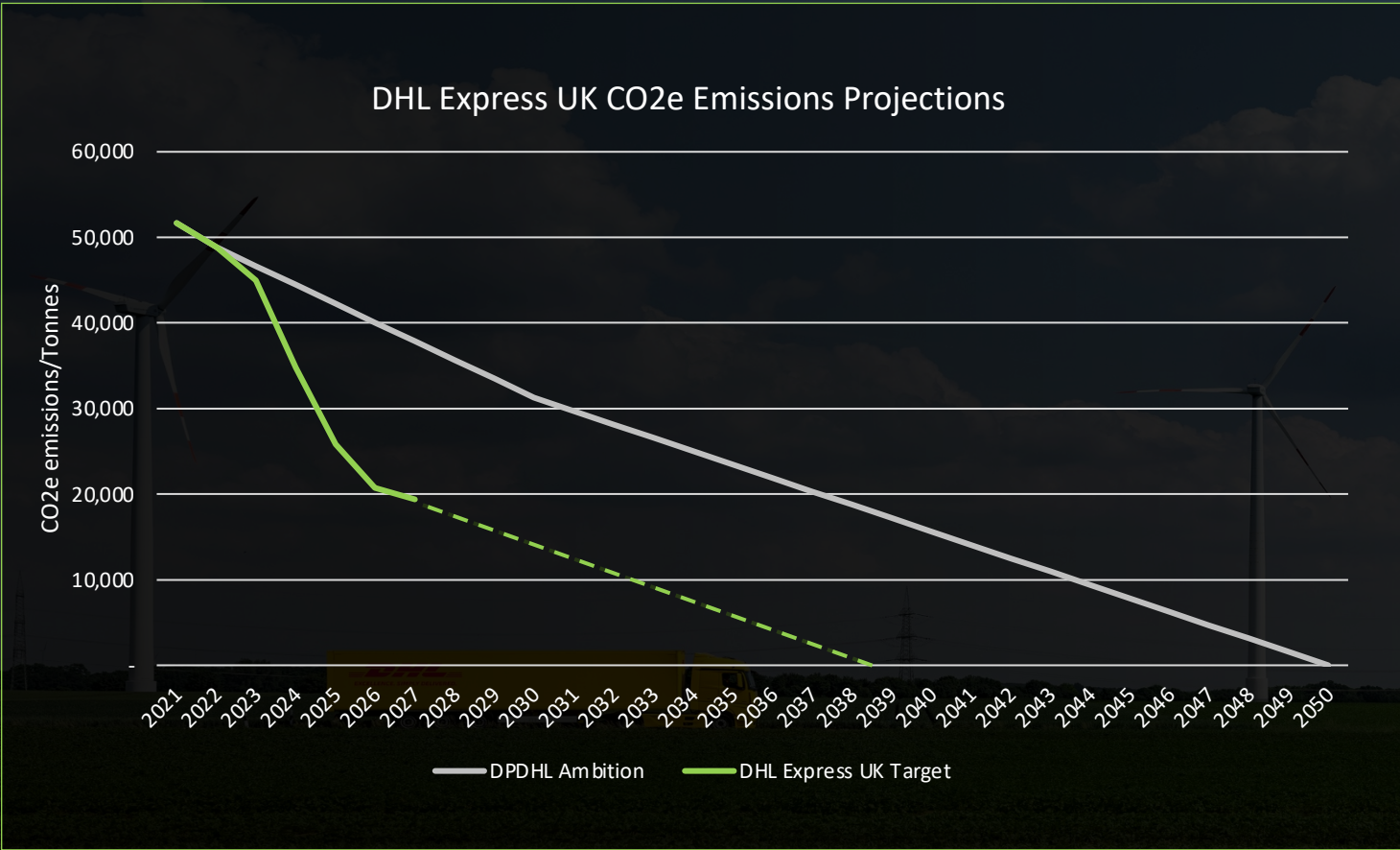


# Delivering Sustainable Buildings

- Investigate alternative energy supplies for space heating, replacing gas with ground source heat pumps.
- Investigate additional Solar Panel implementation, supporting battery storage solutions
- Enhanced BMS (Building Management Systems) usage including investigation via DIGI agenda
- Continued roll out of EV charging infrastructure
- Latest DHL Service Centre's in Exeter and Maidstone built to BREEAM Excellent standards
- New reporting system to track Carbon Footprint reduction
- Carbon Assessments for all DHL sites



# Existing DPDHL CO2 Targets



## DPDHL Ambition

- This is based on a reduction by 2030 of 42% of 2021 emissions (Scope 1+2), and Net Zero emissions by 2050

## Proposed DHL Express UK Target

- Net Zero Target date of 2039
- This is based on existing plans and assumptions on the technology that will become available\*

\*Should volumes or routes increase it will have an impact on emissions reduction

# Beyond Scopes 1 & 2...

We are looking at our Scope 3 emissions to see how we can further reduce our CO2e footprint across the rest of our business.

- Purchased Goods and Services
- Capital goods
- Upstream and Downstream Transportation & Distribution
- Business Travel (incl. Remote Working)
- Employee Commuting
- Leased Assets
- Waste Generated in Operations
- Investments



# Thank You

**NOW**  
MORE THAN EVER

**DHL**