



# PPN 06/21 – CARBON REDUCTION PLAN

## DHL SUPPLY CHAIN UK

This carbon reduction plan captures DHL Supply Chain Limited and  
McGregor Cory Limited, together referred to as 'DHL Supply Chain UK'.

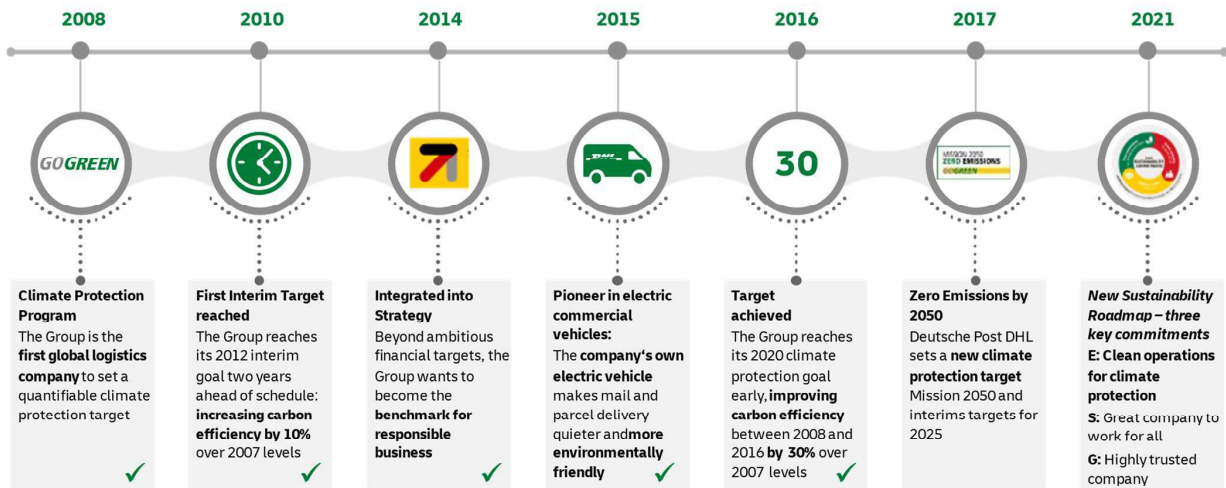
**27.03.2023**



## COMMITMENT TO ACHIEVING NET ZERO

DHL is committed to achieving Net Zero emissions by 2050. DHL has also joined the UN Initiative Race To Zero. We are convinced that limiting global warming to 1.5°C is crucial for our planet; the decisive factor is how we jointly shape the transition to a climate-neutral world.

### DHL IS A ‘GREEN’ PIONEER IN LOGISTICS



### BASELINE EMISSIONS FOOTPRINT

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

As a global leader in supply chain management, our response to climate change is to “manage what we measure”. We introduced a global carbon accounting system to measure our own fuel and energy use to calculate greenhouse gas emissions in 2009. Since 2010, Carbon Accounting and Controlling has been established as a line function within DHL’s Corporate Accounting and Controlling department, emphasizing the business relevance of GoGreen.

Our internal management information system tracks both carbon emissions and carbon efficiency. We calculate our greenhouse gas emissions based on widely-accepted international standards including the Greenhouse Gas Protocol (GHG Protocol) standards, the Corporate Accounting and Reporting Standard as well as the Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the Global Logistics Emissions Council (GLEC) Framework. Our data is also collected and processed in accordance with the requirements of EN 16258 and ISO 14064 standards.

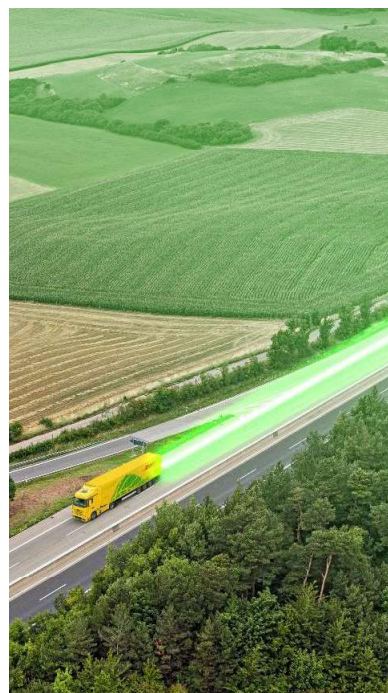


## **BASELINE YEAR: 2021**

### **Additional Details relating to the Baseline Emissions calculations.**

With the launch of the GoGreen programme in 2008, DHL became the first logistics company in the world to set a measurable climate protection target. By 2020, DHL committed to improve its CO<sub>2</sub> efficiency by 30 percent compared with the base level from 2007 – we have been measuring and communicating on our progress ever since. Since 2021, we have changed our sustainability reporting – the non-financial statement can now be found in the Annual Report with further material ESG information, and is complemented by the [ESG Presentation and the ESG Statbook](#). Our Annual Report can be found in the [Reporting Hub](#).

In 2021, we published our accelerated [sustainability roadmap](#), including committing as part of the Science Based Target initiative (SBTi) to reduce our greenhouse gas emissions by 2030 in line with the Paris Climate Agreement compared to a 2019 business as usual scenario. Following this commitment, in November 2022, the independent Science Based Target Initiative (SBTi) [officially confirmed that DHL Group’s climate targets are in line with the SBTi criteria](#) and thus reflect the current state of climate science. DHL Group will significantly reduce its logistics-related 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 to 3 (direct emissions from the use of fuels and indirect emissions from purchased energy – Scope 1 and Scope 2 emissions by 42 percent by 2030, and absolute Scope 3 emissions from categories 3: upstream fuel and energy-related activities, 4: upstream transportation and distribution and 6: business travel are to be reduced by 25 percent by 2030), and thus actively contribute to limiting global warming to 1.5 degrees. For this reason, our previous baseline of 2019 as published in the carbon reduction plan dated 16.11.2021, has been revised to 2021 (in this version) as part of our annual update.



**Covering around 85% of total scope 3 emissions** of the DHL Group, outlined for DHL Supply Chain UK in the tables are the scope 3 categories; 3 - upstream fuel and energy-related activities, 4 - upstream transportation and distribution and 6 - business travel, included in the target boundary for the approved science-based target. In line with the GHG protocol, all of our contracted transportation and distribution activities are included in category 4, so category 9: downstream transportation and distribution is not applicable to our business. DHL Supply Chain UK has calculated Scope 3 emissions from category 5 - waste generated in operations to be 0.001 million tonnes of CO<sub>2</sub>e (estimated to contribute to under 0.1% of DHL Group’s total GHG inventory), and will further extend reporting next year to include category 7- employee commuting (estimated to be 0.61 million tonnes of CO<sub>2</sub>e for DHL Group) as well as other categories.

### **BASELINE YEAR EMISSIONS: 2021**

<b>EMISSIONS</b>	<b>TOTAL (tCO<sub>2</sub>e) Well-to-Wheel (WtW)</b>
<b>Scope 1</b>	221,002
<b>Scope 2</b>	403
<b>Scope 3</b> (categories 3,4 and 6 as included in SBT boundary. Quantification / estimates for others provided in commentary.)	372,851
<b>Total Emissions</b>	<b>594,255</b>

## CURRENT EMISSIONS REPORTING

### REPORTING YEAR: 2022

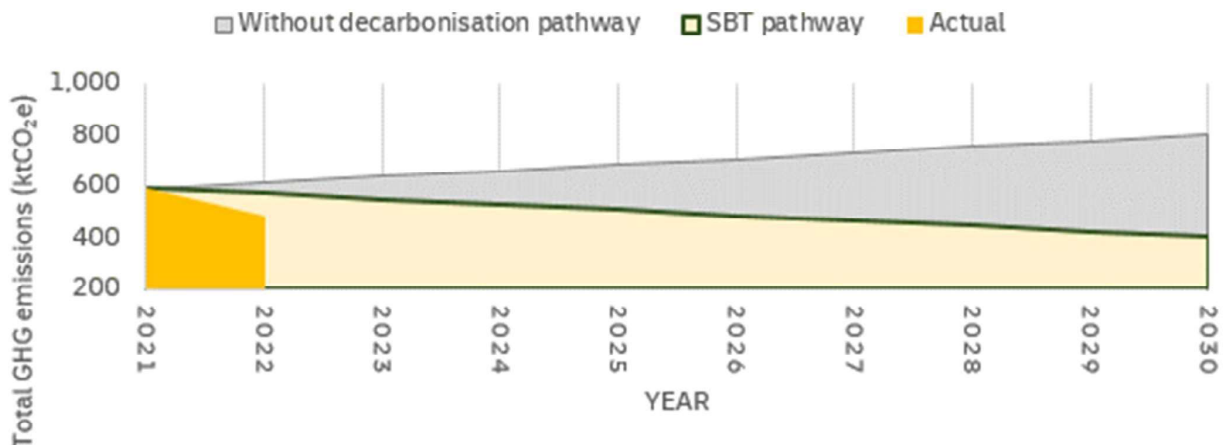
EMISSIONS	TOTAL (tCO <sub>2</sub> e) Well-to-Wheel (WtW)
<b>Scope 1</b>	217,064
<b>Scope 2</b>	145
<b>Scope 3</b> (categories 3,4 and 6 as included in SBT boundary. Quantification / estimates for others provided in commentary.)	311,278
<b>Total Emissions</b>	<b>528,487</b>

### EMISSIONS REDUCTION TARGETS

In order to continue our progress to achieving Net Zero, we have adopted the following carbon reduction targets.

DHL’s 2020 goal to improve CO<sub>2</sub>e efficiency by 30 percent compared with an initial base level from 2007 was achieved in 2016, four years ahead of schedule. In 2017, DHL set an ambitious to reduce all logistics-related greenhouse gas emissions to net zero by the year 2050. With our mission to achieve net-zero emissions by 2050 (‘Mission 2050’), we strive for clean operations for climate protection. For DHL Supply Chain UK, a pathway aligned to the DPDHL SBT target will see a reduction of our greenhouse gas emissions by over 30% to under 500 ktCO<sub>2</sub>e by 2030. Progress against these targets can be seen in the graph below:

### DSC UK DECARBONISATION PATHWAY BY YEAR 2021-2030



### CARBON REDUCTION PROJECTS

#### Completed Carbon Reduction Initiatives

DHL has been designing and implementing climate and environmental protection measures for over a decade, and has helped lead the way towards a green, sustainable future for logistics.

The following environmental management measures and projects have been completed or implemented in DHL Supply Chain UK. The carbon emissions reduction achieved by these schemes equate to 65,768 tCO<sub>2</sub>e, an 11% reduction against the 2021 baseline and the measures will be in effect when performing the contract.



### Supporting policies and Governance

- **Policies:** Our **Environmental and Energy Policy** defines measures to minimize our effects on the environment. In line with our investment policy, all new acquisitions must be demonstrably more carbon efficient than existing assets.
- **Management system:** We implement our environmental standards across the company and create a uniform framework for 'green' thinking and action (based on ISO standards). DHL has developed and maintains an Environmental and Energy Management System known as the EMS 10 Steps. The EMS 10 steps approach has been formally evaluated by an independent third party assessor (SGS), and has been used as the framework for obtaining external accredited certification to both ISO 14001 and ISO 50001 standards for many of our operations in different countries. In 2022, 58% of DHL's global ISO-relevant operational sites were certified as ISO 14001 and/or ISO 50001 compliant, as well as being audited by independent third party auditors.

### Our approach to reducing emissions across our transport and real estate

Our energy and fuel efficiency measures are guided by two basic principles; 'burn less' and 'burn clean'. 'Burn less' measures help us reduce the energy and fuel consumption of our operations. We then turn to 'burn clean' measures to capture additional emissions savings. The 'burn less' and 'burn clean' approach covers both technology and behavioral-based measures.

Provided below are examples of a diverse range of measures to optimise DHL's vehicle fleet, buildings and logistics networks that have been, and are continuing to be, implemented:

### Employee Engagement is a key part of our GoGreen programme:

- **Training** – DHL's Certified GoGreen Specialist training program has been designed to equip all of our employees with the tools to empower them to make greener choices at work and beyond. We have set a target for 80% of our full-time equivalent employees to be Certified GoGreen Specialists by 2025 and the roll out of the training is ongoing, with 37% having completed the training to date.
- We also make use of internal social media platforms to drive action and help promote awareness and involvement at a local level, including during World Environment Day.





- An important aspect of engaging our employees is recognizing and rewarding their input towards sustainability. Our internal recognising excellence scheme, publications and CEO Award scheme, which features a Sustainability category, are example tools we use to recognise our colleagues for their GoGreen actions.

Our operational First Choice core tools and OMS principles provide a means for driving a GoGreen continuous improvement focus in to our operations on a daily basis and ensuring any changes such as driving waste efficiencies and minimising energy usage are celebrated, reported and sustained.

### Transport

- We provide our drivers with behavioural and fuel efficiency training for improved fuel efficiency.
- At DHL we have established GoGreen minimum standards which comprise of commercially viable, proven technologies, which positively impact environmental performance and are built in where they are operationally applicable and commercially viable in a given customer scenario.
- We have a defined set of minimum standards for our fleet as applicable which include:
  - speed limiters,
  - idle cut off,
  - telematics to aid driver training,
  - aerodynamic enhancement kits.
- Vehicle and lightweight trailer design
- Use of vehicle solar solutions to power ancillary equipment on vehicles and trailers.
- Fleet optimisation – continuous innovation through the development of and investment in new vehicles (majority of our diesel fleet are Euro 6) and technology.
- Network optimization programs at several levels, operational, tactical and strategic, that reduce road miles. Example, through load and route optimisation and implementation of control towers – delivering operational efficiencies such as decrease in empty running and increase in trailer fill. In 2022, as part of a **sustainable delivery partnership**, 40 traders at Billingsgate Market, in London, took part in a sustainable deliveries pilot – a partnership between the City of London Corporation, DHL Supply Chain and Ford Pro.
- We continue to expand the use of alternative fuels, predominantly natural gas (Liquified Natural Gas Compressed Natural Gas bio or renewable) and Hydro-Treated Vegetable oil (HVO). We are in the process of implementing a significant number of gas vehicles in our fleet. For example, **DHL introduces 20 bio-LNG trucks into M&S fleet**.
- DHL Supply Chain launched its first 16t all-electric HGV in 2020, and continues to make further investment in the technology as applicable For example, **Volvo electric trucks**.



- Subcontractor improvements – DHL Supply Chain UK has engaged tech start-up, DigiHaul as its primary sub-contractor. The appointment of DigiHaul will optimise our carrier network and contribute towards reduction in carbon emissions in a number of ways, including from decreasing empty running.
- In 2022, DHL launched its **Global Green Carrier Certification** initiative. The programme helps to identify sub-contractors that are already contributing to sustainable logistics, while encouraging even more investment in green technologies to reduce carbon

### Real Estate

- Renewable energy is the primary source of electricity across DHL. 99% of the electricity used across DHL Supply Chain UK's real estate is from purchased from renewable sources.
- Employee engagement 'Switch Off' campaigns.
- Within our real estate, we have been defined a range of levers, including setting minimum standards, to get our buildings to operational energy carbon neutral or low carbon status, which we continue to implement. These include:
  - smart metering to support energy management and behavior-based continual improvement,
  - LED lighting with daylight and / or occupancy sensors
  - energy-efficient electric Material Handling Equipment (MHE) and high frequency MHE charging points, which use less energy and reduce charging time.
- Implementing alternative-fueled shunters, starting with electric.
- We address our heating and cooling usage through a variety of means throughout our properties. By ensuring our buildings are properly insulated and by using draught exclusion devices for example, temperature controls are kept to the minimum and the demand for energy within the building is reduced. We have also invested in innovative heat exchange technology for recycling energy generated within our buildings as well as heat pump technology as applicable.
- Carbon neutral design for all new (owned / leased) buildings, remaining emissions to be neutralised. For example, our **East Midlands Gateway** site went live in 2022.
- Additionally, our base build standard for new builds is to achieve BREEAM Excellent rating. However, we also go beyond this to achieve Outstanding ratings as applicable.

In the future, DHL will invest €7 billion by 2030 globally. With this investment, in addition to other focus areas, we will we hope to continue implementation of further measures such as:

- increasing the proportion of generation of own renewables,
- designing all new owned and leased buildings to be carbon neutral,
- achieving net zero operational carbon emissions across our real estate by 2025.





## DECLARATION AND SIGN OFF

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard<sup>1</sup> and uses the appropriate Government emission conversion factors for greenhouse gas company reporting<sup>2</sup>.

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard<sup>3</sup>.

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

<sup>1</sup> <https://ghgprotocol.org/corporate-standard>

<sup>2</sup> <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

<sup>3</sup> <https://ghgprotocol.org/standards/scope-3-standard>

**Signed on behalf of the Supplier:**

Signature

Job title: **Managing Director, Life Science and Healthcare, DSC UKI**

**Jul 5, 2023**

Date

Becky Taylor (Jul 5, 2023 13:39 GMT+1)

Signature

Job title: **Chief Financial Officer, DHL Supply Chain UK&I**

**Jul 5, 2023**

Date