

FINANCE FOR THE FUTURE

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**Deutsche Post DHL
Group**

**Deutsche Post DHL Group: Committing to clean operations for climate protection
Climate Leader**

What?

Deutsche Post DHL Group is a logistics company with operations in 220 countries and territories across the world. In 2017, the group committed to achieving net zero by 2050.

In 2019 ESG has been embedded in all three bottom line. Since then the Group aims to be Provider, Employer and Investment of Choice by delivering excellence in a sustainable way. The key commitments for each dimension of ESG (like clean operations for climate protection) have been revealed in 2021.

For its environmental commitment, 'clean operations for climate protection', Deutsche Post DHL Group has a science-based target to reduce its carbon emissions to under 29 million tonnes by 2030, from a 2021 baseline of 39 million tonnes. To meet this commitment, the group will invest up to €7 billion

in initiatives such as sustainable aviation fuels, electric vehicles and carbon neutral buildings.

The group's social commitment is to be a great company to work for, for all employees. On governance, the group aims to be a 'highly trusted company', which includes having robust governance over ESG and compliant business practices everywhere that Deutsche Post DHL Group operates.

Building on the strategy, a sustainability roadmap defines ambitious targets measured against specific KPIs, which have been integrated into Deutsche Post DHL Group's internal management reporting processes and its financial reporting system.

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The judges were impressed by the board's commitment to “walk the talk”, with clearly defined 2030 targets in place relating to sustainable fuel, electrification and carbon neutral design. It was evident from the range and scale of activities described that Deutsche Post DHL Group has the potential to make a significant impact.

Finance for the Future Awards judges

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Why?

For Deutsche Post DHL Group, having a large business with broad global reach comes with responsibilities: for the environment, people and communities in the areas where it operates.

The group's environmental focus on clean operations is driven by an understanding of where it has the most scope for reducing carbon emissions. Deutsche Post DHL Group has over 320 aircraft, and air freight causes the largest proportion of the group's emissions.

Through the size of its commitment to clean operations – €7 billion – the group hopes to contribute to encouraging the market for sustainable aviation fuels, showing that there is demand for this product. Although sustainable aviation fuels are currently a more expensive option, Deutsche Post DHL Group believes that acting now will become a competitive advantage in the future. The group has already found this to be the case for electric vehicles.

Both investors and customers are showing their interest in sustainability too. Investors are asking directly about sustainability topics on investor calls. Meanwhile, customers are asking questions about the group's 'insetting' initiatives – environmental projects that customers can participate in.



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All finance teams see ESG as an opportunity to grow and to take a broader view of the business. This gives even more opportunity to start a dialogue with HR, operations, to discuss business performance and to support key business initiatives. It gives more transparency into the business.

Bettina Paschke, VP ESG Accounting, Reporting & Controlling, DHL Express

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How?

Deutsche Post DHL Group is working at every level of the business to drive forward its strategy and achieve its ESG commitments:

- › A board-level sustainability committee is in place, attended by the CFO. The group also developed a governance policy about ESG reporting to ensure accuracy of data and controlling of ESG targets. The policy defines the duties and responsibilities of all stakeholders involved in the process. The board has 30% of their bonuses linked to the group's ESG KPIs, split equally among the three elements.
- › Within finance, group finance provides leadership over ESG and set up an ESG community for discussing new initiatives, implementation and reporting. Informal collaboration networks also exist among finance teams to discuss sustainability topics and share learning.
- › As part of the new strategy, responsibility for ESG reporting and KPIs shifted to finance teams. Finance also contributed to developing the new sustainability roadmap and setting KPIs for the three ESG commitments. To help prepare finance teams for their enhanced role in sustainability, Deutsche Post DHL Group held an ESG day in 2021. A newly developed online training and regular ESG for Finance newsletters are shared to increase the capacity of finance staff.
- › To meet the clean operations commitment, Deutsche Post DHL Group aims for its aircraft to use 30% sustainable aviation fuels by 2030. The group is also expanding its number of electric vehicles over time, buying electric vehicles when it increases or upgrades its fleet. The final element of clean operations is making sure that all new buildings are carbon neutral by design.
- › These investments into clean operations are supported by changes to the group's investment process. At group level, more information now needs to be included in business cases for investments to show that the investment is in line with the group's ESG requirements. This approach has been cascaded down to other divisions of the group. The group also takes into account whether new investments are aligned with the EU Taxonomy.
- › Deutsche Post DHL Group includes its ESG KPIs in the group planning process. Finance has provided support to break down the group's ambitions into clear operational goals, supported by detailed planning and budgeting.
- › Alongside this, reporting against the ESG KPIs has been connected to the Deutsche Post DHL Group's finance system. The finance system is now a single source of truth for both financial and non-financial reporting. This enables group finance to present a comprehensive monthly report to the CFO.

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