

Corporate citizenship: The DHL experience

Richard Corriette, Vice President Corporate Citizenship Unit, DHL, highlights the Best Practice challenge for global companies...

Corporate citizenship is now a business imperative. Some companies simply believe that it is the right thing to do, but there are also a number of external pressures. For example, customers are increasingly rigorous in the demands that they make on their suppliers, building in ethical standards as a condition of doing business. Interest groups keep a close eye on corporations and will make life uncomfortable for those they perceive as behaving badly. And of course, there is a complex range of laws and regulations that business must abide by.

Regardless of these external pressures, at DHL, we have always prided ourselves on being a company that acts responsibly towards our stakeholders – our people, our customers and the local communities in the many countries in which we operate. We recognise that we now need to build on these important relationships and adopt a more systematic approach that allows us to demonstrate that what we are doing really is providing benefits for our stakeholders. So we are now developing a strategy with three corporate citizenship workstreams: internal, external and environmental.

Logistics and transportation play a fundamental role in the economic development of countries, allowing access to foreign markets. The provision of these services to developing countries enables them to play their part on the world economic stage, which helps to bring political stability.

While the benefits to communities are clear, being a good corporate citizen also brings benefits to companies. In our view, the advantages include:

- Working on capacity building (eg. training, development) enhances staff skills and experience;
- Implementing community projects improves the reputation and standing of the business within that community, supporting business relationships and recruitment;
- Dialogue with stakeholders can prompt companies to re-visit their policies and activities, as they learn more about what others require of them;
- Companies can gain new business (and retain existing business) because increasingly, a customer's choice of supplier is influenced by the supplier's ability to demonstrate commitment to corporate citizenship – for



example, through having an effective environmental policy in place.

An important issue for all businesses

This last issue of good corporate citizenship throughout the supply chain is worth emphasising. Companies that have spent time building their credibility as good corporate citizens want to ensure that they are not caught out by using suppliers who are found to have suspect practices. They now ask their suppliers for evidence of their commitment to corporate citizenship, often in the form of policies or statements covering areas such as the environment and human rights.

A company's reputation as a responsible corporate citizen, as well as the competitiveness of its services, will increasingly be the basis upon which customers decide whether or not to do business with it.

DHL as a corporate citizen

The pioneering spirit of DHL influences the way we approach global corporate citizenship. Our people are proud of the work we have done in developing countries, particularly in respect of humanitarian assistance and the progress we have made in limiting our environmental impacts.

Our challenge is to take a more structured, consistent approach that demonstrates continuous improvement in relation to a range of issues:

Environment

We are a transportation company, and we cannot operate without using vans, trucks, ships and aircraft. However, we



can reduce pollution through operational practices, such as highly effective route planning and regular vehicle maintenance, as well as through the use of alternative fuels and transport modes (for example, quadracycles, trains or boats in cities with canal networks). Some of our countries have used gas-, electric- or even people-powered vehicles for some time.

We now have 229 sites that are certified to ISO 14001 (an internationally recognised environmental standard), and our Global Environmental Management System (GEMS) is our framework for managing the environmental aspects of our facilities and operations.

Security

DHL has always regarded security as key to our business – some of the shipments that we transport for our customers are invaluable (prototypes, for example). Other security issues, such as terrorist activity and illegal immigration, have come to the fore more recently. Our Security Strategy deals with these issues and includes the development of new tagging technology (Radio Frequency Identification), which provides real-time tracking of shipments so that we know their exact position.

Humanitarian assistance

We have formalised our ad hoc approach to this and are an active participant in the World Economic Forum's (WEF's) Disaster Resource Network, where we offer our core competence of express delivery and logistics to help make sure that supplies get to the people that need them. For example, we helped to deliver food and medical supplies to Iraq shortly after the end of the recent war.

Community investments

Another area where we contribute our core competence is in capacity building – helping to build a country's future through training, skills development and dealing with health issues. We participate in two other WEF initiatives here – the Global Digital Divide Initiative (where we deliver donated computers to developing countries, and other organisations ensure training and maintenance) and the Global Health Initiative (which is concerned with the prevalence of HIV/AIDS, tuberculosis and malaria).

We also co-ordinate with our parent company, Deutsche Post World Net, in order to maintain consistency in approach across the Group.

How do we manage this?

DHL operates in over 220 countries and territories, thereby covering a huge range of cultures, work practices and local regulations. Our success was built upon local management having the authority to make fast decisions and therefore respond quickly to customer requests. Local autonomy is needed for us to provide our customers with excellent levels of service, as well as to ensure that we abide by local regulations.

At the same time, it is vital that we have a global approach to corporate citizenship, that we are able to demonstrate that, as a company, we are 'walking the talk'. So we must find a way to reconcile the global and local requirements.

We are doing this by setting global policies for the various elements of corporate citizenship, which set minimum standards to which we expect all countries to conform. These policies set out Best Practice at a high level and we provide guidelines for those that are responsible for ensuring that the policy is meaningful to their staff locally.

Another key issue is that of relative priorities. For example, the priorities of our business in the Nordic countries, where the environment is of critical importance to our customers, are not the same as the priorities in the developing African countries in which we operate. From the centre, where we have a dedicated Corporate Citizenship Unit within the Chief Executive's Office, we must provide the relevant support to the countries in identifying, understanding and tackling the issues that are of most relevance to them.

In our view, Best Practice for global companies covers two aspects:

- Keeping up-to-date with the fast changing external world, forming a global view of what this means for the company and taking action through setting strategic corporate citizenship goals;
- Providing the countries in which the company operates with leadership, appropriate knowledge, guidance and support to give them confidence that they are supporting the company's corporate citizenship aims.

More information on DHL's approach to corporate citizenship can be found on our website.

DHL



Richard Corriette
Vice President Corporate
Citizenship Unit
www.dhl.com