



More information on DHL's approach to Corporate Citizenship can be found at www.dhl.com/corporatecitizenship

The Logistics of Corporate Citizenship. DHL shares its experience...

Lo-gis-tics (n) – The planning and implementation of a complex task.



About DHL

DHL offers expertise in express, air and ocean freight, overland transport and logistics solutions, combined with worldwide coverage and an in-depth understanding of local markets. DHL's international network links more than 220 countries and territories worldwide. Over 160,000 employees are dedicated to providing fast and reliable services that exceed customers' expectations.

DHL is 100% owned by Deutsche Post World Net and our commitment to Corporate Citizenship is summed up in their Corporate Values as:

“We are committed to goals that generate benefits for the communities where we work. We respect the traditions, structures and values of the countries where we operate. The protection of the environment is part of our corporate strategy. We promote our employees' social commitment.”

With annual revenues of nearly 22 billion in 2003, DHL is the global market leader of the international express and logistics industry, specializing in providing innovative and customized solutions from a single source.

DHL's approach to Corporate Citizenship is based on our commitment to doing our best all of the time.

As an example of our approach to corporate philanthropy, we work closely with other organizations in the belief that we can achieve more in partnership with others than working alone, with each of us using our core competencies to help those in need.

In DHL's case, our core competencies are logistics and transportation. Therefore, we deliver humanitarian assistance, computer equipment and medicines to the places where they are required, in conjunction with other organizations who donate items, provide training or distribute supplies to the individuals that need them.

Everybody's talking about it...

Every now and then, a best practice method or tool arrives on the scene as the latest way to do business or to better manage a process. In past years, there have been numerous conferences on total quality management, customer relationship management and, more recently, Prince2 for Project Management. Today, some would say that the latest 'in thing' is Corporate Citizenship. But is it more than that, and will it really result in deeply embedded ethical business practices?

The logistics and transportation sector within which DHL operates, like many others, has had to steer its way through new methods, tools and guidelines and has consulted a range of stakeholders in order to develop an approach to Corporate Citizenship that works for us.



1 DHL Americas are placing two different types of alternative fueled vehicles into delivery routes in New York and Los Angeles, replacing a percentage of retiring vehicles. One is fully electric, the other is diesel-electric.

2 DHL staff arranged an Easter treat for HIV/AIDS orphans from the Masibambisane Children's home in South Africa.

3 DHL is currently the major sponsor of lifesaving associations in Australia, New Zealand and Japan. According to a study by the World Health Organization, almost a quarter of all drownings worldwide in 2000 occurred in the Southeast Asian region.

4 Our new Nordic area headquarters is an environmentally friendly building which also put the welfare of the staff high on the list of requirements. There are a number of themed areas where staff can relax.

Taking it forward



At DHL, we used the World Economic Forum's Global Corporate Citizenship Initiative's 'Framework for Action' as the basis of our approach.

Its first step is to provide leadership. Corporate Citizenship affects all areas of the business, so active senior management sponsorship is vital. So are Principles to guide policy and practice. In our sector, the key companies came together and developed a set of Corporate Citizenship Principles that cover the areas of human rights, labour standards and environmental protection.

The second step is to define what corporate citizenship means for your company and your industry. For DHL, the outcome of this phase of work was our focus on three themes: People, Communities and Environment, and a firm belief that we could add most value to the rest of society by working in partnership with other organizations, each using our core competencies. In our case, this is logistics and transportation.

Then the third step is 'make it happen' – in our experience this is the most challenging phase. Everyone can talk about being a better corporate citizen but actually doing something tangible about it can be extremely demanding.

The last step is to 'be transparent about it'. This means to build confidence by communicating consistently with different stakeholders about what you are doing. The reporting that is increasingly being demanded often means new management processes and systems must be developed and existing ones reinforced or enhanced. In our experience, a fair proportion of the internal data that needs to be gathered is not currently captured – not because we haven't been doing work in this area, but because we did not need to measure it before. As with all good quality management information, when it is fully developed it will allow us to make better business decisions.

Using our knowledge and skills to help others

If organizations with different skills work together, focusing their endeavours on what they do best, the combined effect is greater than if we all worked on our own – as with any team effort.

The World Economic Forum sets a standard for business in respect of addressing poverty: "If the developed world is to continue to enjoy sustained economic and social progress, the developing world must be integrated into the global community. To remain prosperous, the industrialized world must make a serious commitment to addressing poverty – of both resources and opportunity – throughout society. The private sector is a major force in this endeavour, particularly via the wealth it creates through its activities, its problem-solving capability and by delivering ways to ensure that business practices are environmentally sustainable and corporate governance systems are responsible."

Apart from the deliveries that DHL makes within its strategic partnerships (e.g., 536 tonnes of humanitarian assistance since January 2003 as part of the Disaster Resource Network, and around 14,000 computers and other types of technology to schools and hospitals in developing countries as part of the Global Digital Divide Initiative), we also help small organizations (social entrepreneurs and NGOs) who are doing good work addressing social development by providing advice in areas in which they are less experienced, for example, website design to attract more interest or marketing advice to publicize successes. This is not enormously time-consuming for us and, from their feedback, it does seem to have benefited those with whom we have worked. We are finding that we can help in smaller ways as well as with our larger corporate efforts.

In addition to this work from the center, our local offices are also firmly rooted in their communities and undertake many activities to help local organizations, charities, schools and hospitals.

Putting it into practice

Corporate Citizenship touches all areas of any business and therefore, as much as possible, we look to embed it into the organization through the line management. We have a small core team, the Corporate Citizenship Unit, based in the Office of the CEO, whose role is to guide and co-ordinate. We do not expect our managers to be experienced in all aspects of Corporate Citizenship; rather we coach them in those that fit with their role.

Most change programs look to introduce a process of continuous improvement, whereby results of the activities are measured and then fed back for consideration at the planning stage. We believe that Corporate Citizenship is no different to this. The objectives of the program need to account for the fact that new pieces of work sometimes need to be added if a higher priority issue arises. We run a change agenda as part of our program.

How can Corporate Citizenship help a company to do well, while 'doing good'?

Companies are part of the communities in which they operate. So it is important that they pay the right taxes, treat their employees well, pay them fairly and provide a safe and stimulating environment for them to meet their full potential. It is also important that the local community sees a company as a 'good neighbour' – one that will do more than just contribute to the local economy. Companies must be aware of the impact that they have on the environment around them, whether this is in a big city or in a remote part of the world.

The markets now expect business to act responsibly, and they judge the long-term sustainability of the company.



You are not alone...

It is not enough to look only within your own organization. The companies within your supply chain need to meet the same standards as you set yourselves, and increasingly requirements are becoming more stringent. More than a few organizations have found themselves to be the target of a campaign because their suppliers failed to meet the standards that were expected by some stakeholders.

For us all this will be the greatest challenge... This is why business will have to collaborate in partnership with others.

Can this sit comfortably with your investors?

Those organizations (especially joint stock corporations) that do not have an effective Corporate Citizenship strategy are at risk of alienating the consumers of their products. This has not only a commercial knock-on effect, but equally important is of concern to the investment communities. Financial analysts monitor and assess the increasing interest in Corporate Citizenship, and businesses that are considered not to be taking appropriate action are increasingly defined as higher risk than those that do. Therefore, as with any key business matters, your Investor Relations department will like to be kept up to date with progress.

The road ahead...

Corporate Citizenship is not easy to grasp and even harder to come to terms with in commercial terms but it cannot be avoided. It isn't a fad that will be out of fashion in a few years. It isn't spending shareholders' money inappropriately, rather it is about responsible investment and decision-making. It is engaging your employees and your local communities in progressive steps that will ultimately reward the environments in which your company works and aids your organization in building a healthier commercial future.

Our journey

DHL is on its journey towards corporate citizenship and, for all the progress we have made, we are aware that we still have much to do. And we know that the road will change as we travel it, as it responds to the world's shifting priorities.

