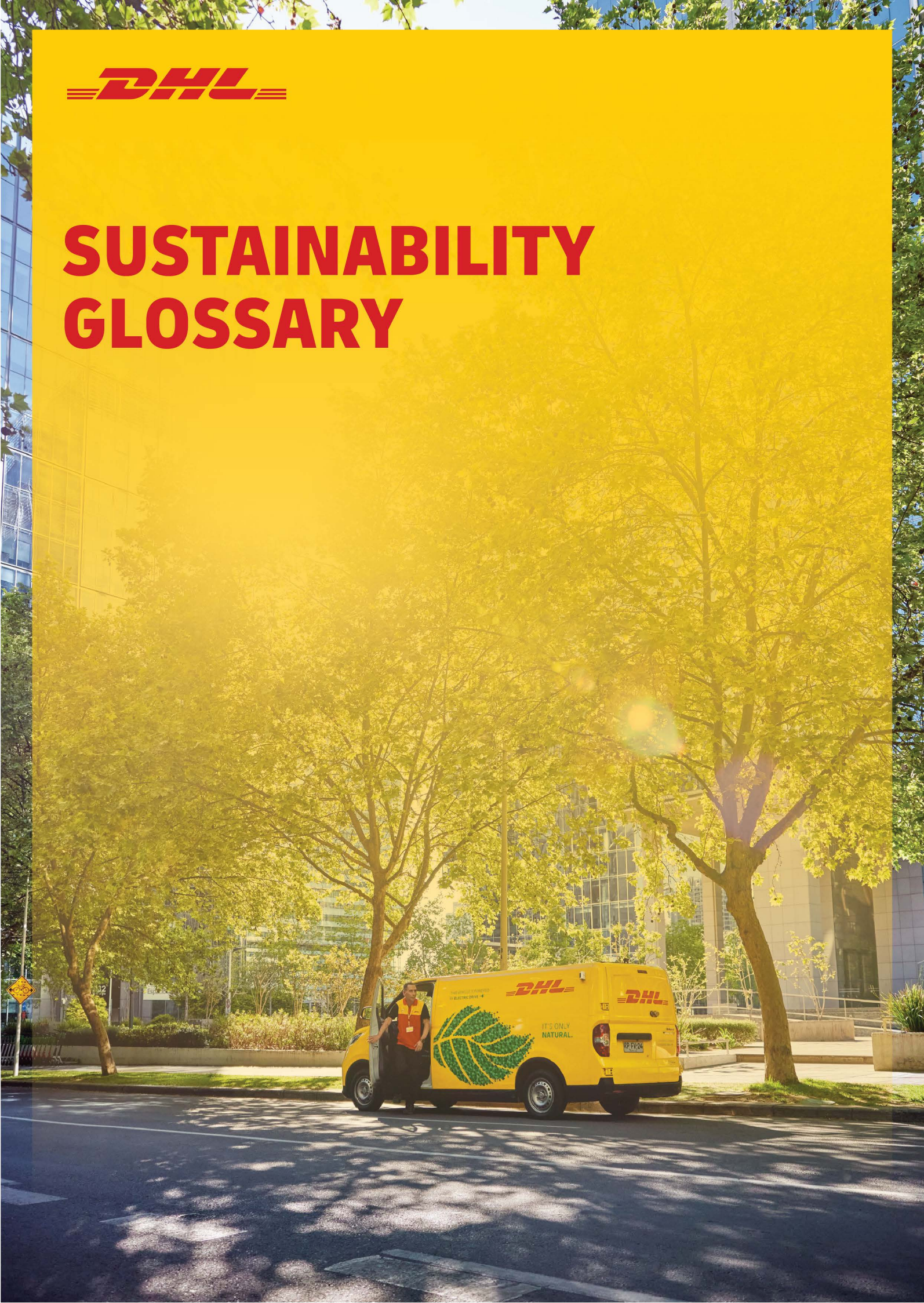




SUSTAINABILITY GLOSSARY



GLOSSARY

When we talk about sustainability, we often use specific terminology. This glossary of words and concepts will help you to better understand the actions we have taken (and will take) to become a truly sustainable logistics company.

A

AUDITOR

An auditor is the person who performs an audit. This means, for example, that they assess a company's management system by questioning, observing, and hearing how the organization is structured and run, and – most importantly – by determining whether certain specifications and requirements have been met.

B

BOOK & CLAIM

Removing the requirement for physical traceability through a supply chain, a book and claim system is designed to drive market uptake of certified sustainable material (e.g. green electricity or sustainable fuels). It drives demand via the sale and purchase of environmental attributes decoupled from physical molecules of the material. While creating a critical mass of certified material, it also provides market access to all within the industry, regardless of their location or size. A common example of a book and claim system would be a green electricity tariff based on renewable energy certificates (REC).

C

CARBON FOOTPRINT

See “GHG EMISSION FOOTPRINT”.

CARBON-NEUTRAL BUILDING / FACILITY

Carbon Neutral Building refers to a DHL internal rating standard for building emissions. It includes buildings' operational carbon emissions according to Scope 1 & Scope 2, with 75% or more carbon emission reduction and a maximum of 25% offsets with verified carbon credits allowed (compared to the baseline of calculating a site's carbon footprint based on purchasing all energy requirements using non-renewable energy only). The reduction of emissions is achieved by renewable energies, such as solar PV, and the deployment of energy-efficient technologies. The World Green Building Council's approach was used as a basis when we developed our internal standard focusing on operational carbon, energy efficiency and fast implementation. Buildings fulfilling these requirements labelled carbon neutral buildings are verified by our third-party auditor annually.

CARBON REPORT

A carbon report, or "GHG emission report", provides transparency about greenhouse gas emissions produced, i.e. as a consequence of a company's overall commercial activity (Corporate Carbon Report) or for a service provided to a customer (Customer Carbon Report).

CIRCULAR ECONOMY

An economic system aimed at eliminating waste and the continual use of resources. Circular systems employ reuse, sharing, repair, refurbishment, remanufacturing and recycling to create a closed-loop system, minimizing the use of resource inputs and the creation of waste, pollution and carbon emissions.

CLIMATE NEUTRAL

Climate neutrality can be achieved when greenhouse gas emissions are reduced to a minimum and all remaining greenhouse gas emissions are neutralized (offset) with carbon removal measures. If the amount of total greenhouse gases emitted is equal to the total amount of removed emissions, then this is referred to as "climate neutral". It is also referred to as "net-zero emissions".

CARBON DIOXIDE (CO₂)

Carbon dioxide (CO₂) is a molecule consisting of carbon and oxygen. Like nitrogen, oxygen, CO₂ is a natural component of the air. Although air consists of only 0.038% CO₂, it is one of the most important greenhouse gases and contributes significantly to climate change.

CO₂ EQUIVALENTS (CO₂e)

Greenhouse gas emissions are measured in CO₂ equivalents (CO₂e). In order to evaluate the contribution of various greenhouse gases (GHG) to global warming, their impact is recalculated over a certain period of time (typically 100 years), to the equivalent amount of CO₂ released. CO₂ is therefore used as an "exchange currency" in order to make efforts comparable. One tonne of



methane (CH₄), for example, is considered the equivalent of 28 tonnes of CO₂e over a period of 100 years.

CORPORATE GOVERNANCE

Corporate governance is the system of rules, practices, and processes by which a firm is directed and controlled. Corporate governance essentially involves balancing the interests of a company's many stakeholders, such as shareholders, senior management executives, customers, suppliers, financiers, the government, and the community.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The term Corporate Social Responsibility (CSR) describes the voluntary contribution of business to sustainable development that goes beyond the legal requirements. CSR stands for responsible corporate action in the actual business activity (market), through ecologically relevant aspects (environment) to relations with employees (workplace) and interaction with the relevant interest groups (stakeholders).

D

DECARBONIZATION

Decarbonization refers to the process of eliminating or reducing the amount of greenhouse gas emissions emitted, e.g. through the combustion of fossil fuels or energy use in buildings.

DIRECT EMISSIONS

Direct emissions can be charged directly to an organization due to the fact that it generates them and is thus the source. The organization is able to influence or control the emissions. In the Greenhouse Gas Protocol, such emissions are also referred to as Scope 1 emissions.

E

EN 16258 – SINCE 2013

This European standard sets out a uniform method for calculating and declaring energy consumption and greenhouse gas emissions in transport services (goods and passenger transport). In Q4 2023, it was discontinued and succeeded by the international standard ISO 14083. After a transition period, DHL Group intends to comply with ISO 14083 instead of EN 16258, with expected implementation in the course of 2024.



ESG APPROACH

An integrated sustainability approach taking in: Environment, social and governance (ESG).

EU TAXONOMY

The EU Taxonomy is a mandatory regulation by the European Union with global application for European companies. It establishes a classification system which supports investors, companies, issuers and project promoters in assessing which economic activities are sustainable (=Taxonomy aligned). Its goal is to support the EU's objective of climate neutrality by 2050 as committed in the European Green Deal.

EUROPEAN GREEN DEAL

A set of policy initiatives by the European Commission (announced in Dec 2019) with the overarching aim of making Europe climate neutral by 2050.

E-VEHICLES

An electric vehicle (EV) is powered by electricity. This can mean road vehicles (e.g. e-cars or e-bikes), rail vehicles, water vessels or aircraft (e-planes). The electricity used can be stored in batteries in the vehicle (BEV) or permanently supplied from outside (e.g. conductor rail, overhead line, induction). Also fuel cell electric vehicles (FCEV) are considered electric vehicles, as the hydrogen is transferred into electricity to move them.

G

GLEC FRAMEWORK– SINCE 2016

The GLEC (Global Logistics Emissions Council) Framework is a universal set of rules used as a voluntary industry standard to provide a uniform calculation standard for greenhouse gas emissions along global supply chains, thereby making it possible to compare companies' emissions; in conjunction with EN 16258 GLEC Framework version 2 formed the basis for ISO 14083. GLEC Framework version 3, published in 2023, is fully compatible with ISO 14083.

GHG EMISSION FOOTPRINT

A GHG Emission Footprint describes the total greenhouse as (GHG) emissions caused by an individual, event, organization, service, or product, expressed as carbon dioxide equivalents. Greenhouse gases, including the carbon-containing gases carbon dioxide and methane, can be emitted through the combustion of fossil fuels, land clearance and the production and consumption of food, manufactured goods, materials, wood, roads, buildings, transportation and other services.

GHGP - GREENHOUSE GAS PROTOCOL

The Greenhouse Gas Protocol (GHGP) provides GHG emission accounting and reporting standards, sector guidance, calculation tools, and trainings for business and government. It establishes a comprehensive, global, standardized framework for measuring and managing GHG emissions from private and public sector operations, value chains, products, cities, and policies.

GOGREEN PLUS CERTIFICATE

A GoGreen Plus Certificate is a third party verification statement documenting the GHG emissions reduced through the use of DHL's low emission transport service (GoGreen Plus), compared to the use of conventional fossil fuels. A third party auditor (such as SGS) has verified the tracked greenhouse gas emissions and the related reductions against the Carbon Management System and according to the "Greenhouse Gas Protocol – Product Life Cycle Accounting and Reporting Standard."

GRI

The Global Reporting Initiative (GRI) is an international independent standards organization with a focus on the economic, environmental and social impacts of a company, and hence its contributions – positive or negative – towards sustainable development. Users of the GRI Standards identify issues that are of primary importance to their stakeholders. If not already financially material at the time of reporting, these impacts may become financially material over time.

H

HYDROGEN VEHICLES

A hydrogen vehicle is a vehicle that uses hydrogen fuel for motive power. The power plants of such vehicles convert the chemical energy of hydrogen to mechanical energy either by burning hydrogen in an internal combustion engine or, more commonly, by reacting hydrogen with oxygen in a fuel cell to power electric motors.





IMO 2020

The International Maritime Organization (IMO) is a specialized agency of the United Nations, which seeks to improve the safety and security of international ocean shipping and minimize ocean shipping pollution. IMO 2020 is a regulation launched January 1, 2020, requiring the limit on Sulfur content in fuel oil used in ships operating outside designated emission control areas of 0.50% m/m (mass by mass). This will significantly reduce the amount of Sulfur oxides emitted by ships and should have major health and environmental benefits for the world, particularly for populations living close to ports and coasts.

INSETTING

Insetting represents the actions taken by an organization to fight climate change within its own value chain in a manner that generates positive sustainable impacts. Examples are the use of sustainable fuels to replace fossil fuels in a given mode of transport, usually via book & claim [see also definition of book & claim].

ISO 14083 – AS OF 2023

ISO 14083 is the new global standard for quantifying and reporting greenhouse gas (GHG) emissions from transport chain operations across multimodal supply chains. It provides a standardized approach and methodology for emissions accounting in the logistics industry, promoting consistency and transparency. ISO 14083 builds upon existing frameworks like the GLEC Framework. While ISO 14083 succeeds EN 16258 as the new standard, the GLEC Framework is expected to continue serving as a complementary methodology and guidance for logistics emissions calculations.

O

OFFSETTING

Compensating for carbon emissions by purchasing certificates to support projects, typically outside a company's own value chain. These could include reforestation projects that remove CO₂ from the atmosphere or measures enabling communities to use more renewable energy and less energy from fossil fuels, reducing the amount of CO₂ they emit.

R

RENEWABLE ELECTRICITY

Renewable electricity, also referred to as green electricity, is produced from renewable sources such as solar, wind, eligible biomass, geothermal and hydroelectric sources.

S

SUSTAINABLE AVIATION FUELS (SAF)

Sustainable Aviation Fuels (SAF) are jet fuels produced from sustainable feedstocks including used cooking oil and other waste oils or waste and residues. In the future, SAF based on renewable power and carbon dioxide from air or waste gases will play an increasing role. SAF achieves emissions reduction of at least 60%, but often even above 80% over the lifecycle compared to fossil jet fuel, depending on the feedstock and production method used.

SCIENCE BASED TARGETS INITIATIVE (SBTi)

The Science Based Targets initiative (SBTi) is a corporate climate action organization that enables companies and financial institutions worldwide to set GHG emission reduction targets in line with what is needed to limit global warming and reach net-zero by 2050 at latest. SBTi does this by developing standards, tools and guidance, promoting best practices and assessing and validating organisation's targets.

Decarbonization targets are considered science-based if they align with what the latest climate science says is necessary to meet the goals of the Paris Agreement - to limit global warming to 1.5°C (for Scopes 1 and 2) and well-below 2°C (for Scope 3) above pre-industrial levels.

SCOPES 1,2 and 3

The Greenhouse Gas Protocol classifies a company's GHG emissions into three 'scopes':

- **Scope 1:** Covers direct emissions from owned or controlled sources including company-owned vehicles, on-site energy consumption and materials processing.
- **Scope 2:** Covers indirect emissions from the generation of purchased electricity and heat consumed by the reporting company.
- **Scope 3:** Includes all other indirect emissions that occur in a company's value chain, including up- and downstream transportation and distribution, business travel, investments and the processing and end-of-life treatment of sold products.

SUSTAINABLE FUELS

Sustainable fuels come from renewable sources. They produce significantly fewer GHG emissions than fossil fuel over their lifecycle. Some known sustainable fuels include biodiesel, ethanol, bio-methane and hydrogen.

W

WELL-TO-WHEEL

This is a way of measuring the emissions connected to a fuel through its entire lifecycle from extraction of raw materials (“the well”) to use of the fuel (“the wheel”), including GHG emissions from production, processing, distribution and combustion.