



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'.

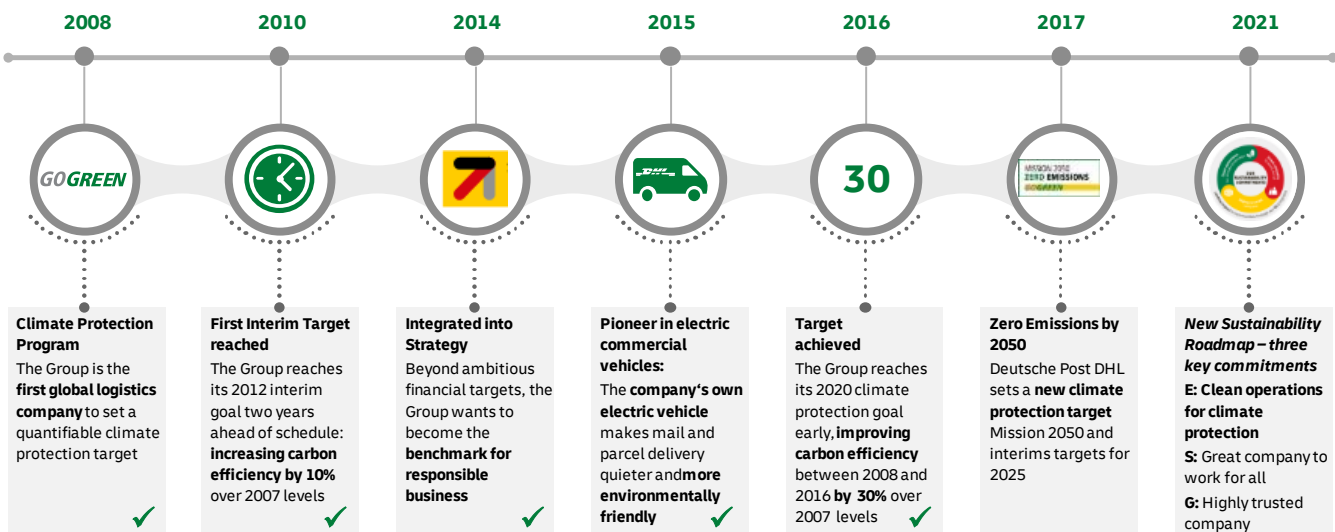
20.03.2024



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 (replaced by ISO 14083) 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 Group (formally Deutsche Post DHL Group) became the first logistics company in the world to set a measurable climate protection target. By 2020, DHL committed to improve its CO₂e 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 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 CO₂e in 2021 to below 29 million tonnes CO₂e by 2030 across 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, was revised to 2021.

Covering around 85 percent of total scope 3 emissions of the DHL Group, outlined for DHL Supply Chain (DSC) UK in the tables below are the scope 3 logistics-related categories; 3 – upstream fuel and energy-related activities, 4 – upstream transportation and distribution and 6 – business travel, which are 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. Also shown in the tables below under * Scope 3 non-logistics-related emissions are DSC UK ‘s calculations of scope 3 emissions for category 1 – purchased goods and services, category 2 – capital goods, category 5 – waste



generated in operations and category 7 – employee commuting. These categories are not included in our SBT boundary due to their materiality to DHL Group.

BASELINE YEAR EMISSIONS: 2021

EMISSIONS	TOTAL (tCO ₂ e) Well-to-Wheel (WtW)
Scope 1	221,002
Scope 2	403
Scope 3 logistics-related emissions (categories 3,4 and 6 as included in SBT boundary)	371,712
* Scope 3 non-logistics-related emissions	199,376
Total Emissions (including Scope 3 logistics-related emissions only)	593,117

CURRENT EMISSIONS REPORTING

REPORTING YEAR: 2023

EMISSIONS	TOTAL (tCO ₂ e) Well-to-Wheel (WtW)
Scope 1	178,886
Scope 2	585
Scope 3 logistics-related emissions (categories 3,4 and 6 as included in SBT boundary)	268,054
* Scope 3 non-logistics-related emissions	217,001
Total Emissions (including scope 3 logistics-related emissions only)	447,525

* *Scope 3 non-logistics-related emissions* is the total (tCO₂e) Well-to-Wheel (WtW) emissions for categories 1, 2, 5 and 7 for DSC UK. Categories 5 and 7 form part of the subset of scope 3 emissions required under the Procurement Policy Note (PPN) 06/21 guidance; however, are not, along with categories 1 and 2, included within the scope 3 categories in DHL Group's SBT boundary. These categories are therefore listed separately in the above tables. Categories 4 and 6, which DHL are also required to calculate under the PPN guidance, are included in DHL's SBT boundary and shown in the above tables under *Scope 3 logistics-related emissions (categories 3, 4 and 6 as included in SBT boundary)*. Category 8 is included within our scope 1 and 2 emissions and categories 9 – 15 are not applicable to DSC UK.

EMISSIONS REDUCTION TARGETS

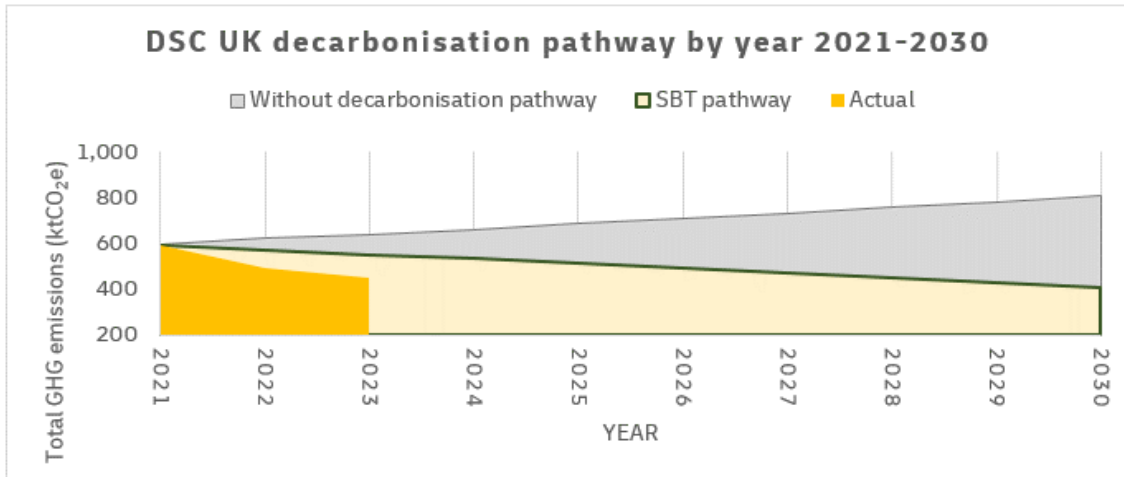
In order to continue our progress to achieving net zero, we have adopted the following carbon reduction targets.

DHL's 2020 goal to improve CO₂e efficiency by 30 percent compared with an initial base level from 2007 was achieved in 2016, four years ahead of schedule. In 2017, DHL was the first global logistics company to set an ambitious target 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 DSC UK, a pathway aligned to the DHL Group SBT target will see a reduction of our greenhouse gas



emissions by over 30 percent to under 500 ktCO₂e 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

Since launching GoGreen, 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 DSC UK. The carbon emissions reduction, including contributions from these schemes, equate to over 100,000 tCO₂e; a 25 percent reduction against the 2021 baseline. These 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. DSC UK continues to rollout EMS 10 Steps to its operations, with another 50 implementations scheduled for 2024. Around 37 DSC UK sites are certified as ISO 14001 compliant and in 2023 60 percent 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. 'Burn clean' measures deliver additional emissions savings, for example through the use of zero and low carbon sustainable alternative fuels. The 'burn less' and 'burn clean' approach covers both technology and behavioural-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 programme 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 an aspiration for 80 percent of our full-time equivalent employees to be Certified GoGreen Specialists by 2025 and the roll out of the training is ongoing, with 44 percent of DSC UK colleagues 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 recognising 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 Operations Management System (OMS) principles provide a means for driving a GoGreen continual improvement focus into 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
- Fleet optimisation – continuous innovation through the development of and investment in new vehicles (over 96 percent of our diesel fleet is Euro 6) and technology.
- Network optimisation programmes at several levels, operational, tactical and strategic, that reduce road miles. For 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 November 2023, DHL launched its **Green Transport Policy** for our owned / leased transport fleet. The policy analyses operational technological fit, local availability (vehicles, fuel and infrastructure) & abatement costs for key

green technologies to derive clear investment guidance and drive substantial reductions in emissions in line with the Group’s Sustainability Roadmap. Additionally we are now in the process of developing a scope 3 Green Transport Policy for subcontracted activity.

- We continue to expand the use of sustainable alternative fuels, predominantly natural gas (bio or renewable Liquefied Natural Gas (LNG) or Compressed Natural Gas (CNG)) and Hydro-Treated Vegetable oil (HVO). In September, 2023 DSC UK converted diesel bunkers in 20 locations to **HVO**. The fuel provides circa 80 percent CO₂e saving versus diesel. We also have around 150 gas vehicles in our fleet operating across a number of customer contracts.
- DHL’s freight services contract with Jaguar Land Rover has used a mixture of bio-CNG, HVO and BEV to **transition the contract’s UK fleet entirely to alternative fuels**, reflecting both companies’ commitments to fulfilling their environmental goals.
- DSC launched its first 16t all-electric HGV in 2020, and have continued to make further investment in BEV technology as applicable, including introducing the **UK’s first fully electric Volvo heavy duty tractor units**.
- Subcontractor improvements – DSC UK has engaged tech start-up, DigiHaul, as its primary sub-contractor. The appointment of DigiHaul is optimising our carrier network and contributing towards a reduction in carbon emissions in a number of ways, including from decreasing empty running.
- During 2023 we have continued to rollout our **Global Green Carrier Certification** initiative, including inviting all DigiHaul subcontractors to complete the programme. The programme helps to identify subcontractors that are already contributing to sustainable logistics, while encouraging even more investment in green technologies to reduce carbon.
- We have increased our offering of company cars to include a range of both hybrid and electric vehicles.



Real Estate

- Renewable energy is the primary source of electricity across DHL. 96 percent of the electricity used across DSC UK’s real estate in 2023 was 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 behaviour-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-fuelled shutters; fuelled with HVO or electric-powered.
- 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. During 2023, we also purchased ISSC-certified bio-methane certificates for some of our heating requirements; bringing the procurement of gas

into closer alignment with our existing approach for sourcing renewable electricity. This has significantly reduced the carbon attributed to the use of natural gas in facility heating. Furthermore, we have invested in innovative heat exchange technology for recycling energy generated within our buildings as well as heat pump technology.

- During 2023, we completed assessments in line with our DHL Group-defined carbon neutral building (CNB) design standard at a number of our existing DHL owned / leased facility operations. These assessments evaluate a range of levers which form our CNB White List, in order to produce a roadmap of the optimum way for the buildings to become operationally carbon neutral and have improved energy efficiency.
- Carbon neutral design for all new (owned / leased) buildings, including 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, for example our **Coventry Crosspoint** site which went live in 2023.

DHL Group will invest €7 billion by 2030 globally into clean operations for climate protection, including €442 million which was invested in 2023. With this investment, in addition to other focus areas, we will aim 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 operationally carbon neutral warehousing, utilising a net zero approach, in our warehouse operations by 2025 (for DSC).





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 standard¹ and uses the appropriate Government emission conversion factors for greenhouse gas company reporting².

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) Standard³.

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

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

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

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

Signed on behalf of the Supplier:

Dan Peacock
Dan Peacock (Mar 24, 2024 06:26 GMT)

Signature

Name: **Dan Peacock**
Job title: **Managing Director, Healthcare and Specialist Logistics, DHL Supply Chain UK&I**

Mar 24, 2024

Date

Becky Taylor
Becky Taylor (Mar 24, 2024 20:22 GMT)

Signature

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

Mar 24, 2024

Date