

Deutsche Post DHL

SECTOR	REVENUE	EMISSIONS	PLEDGE	TRANSPARENCY	INTEGRITY
Transport and logistics	USD 96.6 bn (2021)	45.7 MtCO ₂ e (2021)	Reduce all logistics-related emissions to net zero by 2050	Moderate	Low

1 TRACKING AND DISCLOSURE OF EMISSIONS		TRANSPARENCY & INTEGRITY
<p>Tracking and disclosure 45.7 MtCO₂e in 2021</p> <p>Subsidiaries are covered.</p>	<p>Major emission sources: Emissions from subcontractors (upstream transportation and distribution) account for 66% of reported emissions; scope 1 emissions for 16%.</p> <p>Disclosure: Aggregate reporting excludes non-logistics-related emissions (14% of total reported emissions); full climate impact of aviation is not disclosed.</p>	<p>Scope 1: 7.3</p> <p>Scope 2: 0.8</p> <p>Scope 3 upstream downstream: 37.6 ?</p>

2 SETTING EMISSION REDUCTION TARGETS		TRANSPARENCY	INTEGRITY
<p>Headline target or pledge Reduce all logistics-related emissions to net zero by 2050</p>			
<p>Short- and medium-term targets (up to 2030) Reduce s1 and s2 by 42% and selected s3 emissions by 25% by 2030, compared to 2021.</p> <p>Scope coverage: S1 S2 S3</p> <p>Own emission reductions (compared to full value chain in 2019): 12% by 2030</p>	<p>Emissions increased substantially since 2019, targets translate to a reduction of just 12% compared to 2019 emissions.</p>		
<p>Long-term vision (beyond 2030) Net-zero logistics-related emissions by 2050</p> <p>Scope coverage: S1 S2 S3</p> <p>Own emission reductions (compared to full value chain in 2019): ? by 2050</p>	<p>No clear emission reduction commitment. Non-logistics emissions excluded from the target.</p>		

3 REDUCING OWN EMISSIONS		TRANSPARENCY	INTEGRITY
<p>Emission reduction measures Measures cover all emission sources. They include investments in innovative solutions for electric vehicles and low- and zero-carbon fuels.</p>			
<p>Renewable electricity procurement 86% of electricity consumption comes from renewable sources, but RECs account for over 95% of RE consumption.</p>			

4 CLIMATE CONTRIBUTIONS AND OFFSETTING		TRANSPARENCY	INTEGRITY
<p>Responsibility for unabated emissions Offsetting claim at product level.</p>			
<p>Climate contributions No climate contributions identified.</p>		N/A	
<p>Offsetting claims today 'Climate neutral delivery' through offsetting (low volume of medium-quality offsets) and 'insetting' (reductions in the value chain).</p>			
<p>Offsetting plans for the future Emissions will be 'fully compensated by recognized countermeasures (without offsetting)' but no explanation as to what this means.</p>			

RATINGS Overall 5-point scale: High Reasonable Moderate Low Very low. Average of sections 1-4.
 Sections 1-4 5-point scale: High Reasonable Moderate Low Very low. Average of the criteria in each section.
 Rating criteria 3-point scale: High Moderate Poor. See methodology document for rating criteria.
 Transparency refers to the disclosure of information. Integrity refers to the quality and credibility of the approach.

Sources: Authors' interpretation of identified public documentation from Deutsche Post DHL (2019, 2021, 2022a, 2022b, 2022c, 2022d, 2022e, 2022f, 2022g, 2022h, 2022i).

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Deutsche Post DHL Group (hereafter: Deutsche Post DHL) is the world's largest logistics provider. Its GHG emissions stem mostly from its own and subcontracted transport (scope 1 and upstream scope 3). Deutsche Post DHL commit to net-zero logistics-related GHG emissions by 2050 and implements a range of measures to decarbonise its business model. However, it remains unclear whether its net zero pledge is a commitment to deep decarbonisation and the company's 2030 targets fall short of the required emission reductions in the transport and logistics sector.

Key developments over the past year: We identified some positive developments to Deutsche Post DHL's climate strategy since the previous iteration of this analysis was published in February 2022. The logistics provider improved the transparency of its emissions disclosure, although there still is room for improvement. Deutsche Post DHL also clarified that its net-zero target covers logistics-related emissions, but it remains unclear whether this target represents a commitment to deep decarbonisation.

Deutsche Post DHL does not comprehensively disclose all GHG emissions and other climate impacts from its business activities.

The logistics provider prominently reports that its 2021 emissions amounted to 39 MtCO₂e in 2021 but this number excludes at least 5.8 MtCO₂e of upstream and downstream scope 3 emissions (Deutsche Post DHL, 2022a, 2022c). Deutsche Post DHL reports on emissions from purchased goods and services, capital goods, and employee commuting in its annual ESG Statbook, but leaves out these emission sources from the aggregate emissions totals in the Statbook and its annual sustainability report (Deutsche Post DHL, 2022c, 2022a). The company does not disclose other scope 3 emission sources, including waste and investments, at all. Seventy per cent of Deutsche Post DHL's logistics-related emissions come from air freight, while road transport accounts for 22% (Deutsche Post DHL, 2022c). The company discloses SO_x, NO_x and particulate matter emissions but does not report on the full climate impact of its aviation activities, including the radiative forcing impact of contrail cirrus. Deutsche Post DHL could provide a more comprehensive indication of its climate footprint by including the non-GHG climate-forcers from aviation in its annual reporting, since those are responsible for about two thirds of aviation's climate impact (Lee *et al.*, 2021).

It is unclear whether Deutsche Post DHL's net zero target is a commitment to deep decarbonisation of logistic activities.

The logistics provider aims to reduce its logistics-related emissions (87% of all emissions disclosed in 2019) to the 'unavoidable minimum' (Deutsche Post DHL, 2022a, p. 18). Deutsche Post DHL could enhance transparency by indicating the order of magnitude for residual emissions that cannot be 'avoided' and what measures the company will take to 'fully compensate' these. Sectoral benchmarks for air freight show reductions of at least 80% by 2050, while road transport and ocean freight needs reduce emissions by over 90% (IEA, 2021b, p. 199; Smith *et al.*, 2021, p. 106; CAT, 2022a, 2022b; SBTi, 2022e, p. 11; Teske *et al.*, 2022, pp. 213, 216). Further, Deutsche Post DHL could improve the integrity of its net-zero pledge by including emissions from purchased goods and services, capital goods and employee commuting, which accounted for 13% of disclosed emissions in 2019.

Deutsche Post DHL's targets for 2030 fall short of sectoral 1.5°C Paris Agreement-aligned benchmarks for aviation, shipping, and road transport.

The company committed to reduce scope 1 and 2 emissions by 42% by 2030 and scope 3 emissions from energy and fuel-related activities, upstream transportation and distribution, and business travel by 25% (Deutsche Post DHL, 2022a). Both targets use 2021 as the baseline year and translate to a committed reduction of 12% across the value chain between 2019 and 2030. They replace a target that Deutsche Post DHL had announced in early 2021: to reduce logistics-related emissions to below 29 MtCO₂e by 2030 (Deutsche Post DHL Group, 2021). This target translated to a 11%

reduction in full value chain emissions between 2019 and 2030. Deutsche Post DHL is not yet on track to meet its 2030 target. Due to business growth and impacts of the COVID-19 pandemic, the company's emissions increased by almost 20% between 2019 and 2021 (Deutsche Post DHL, 2022c, p. 21). The IEA shows that CO₂ emissions from air and ocean freight need to decrease by 23% and 20%, respectively, between 2019 and 2030, and emissions from road transport by 33% (IEA, 2021b, p. 199). Some other sectoral benchmarks require even larger reductions.

Deutsche Post DHL is pioneering alternatives for internal combustion engines and focuses its reduction measures also on other transport modes.

Deutsche Post DHL implements a range of reduction measures that address all relevant emission sources, including sustainable aviation fuels, a shift from road to rail, e-vehicles and e-trikes, and installing on-site renewable energy installations on its German distribution centres (Deutsche Post DHL, 2022a, pp. 25–31). Provided that these alternative transportation modes are based on renewable electricity or other sustainable energy sources, they can significantly reduce scope 1 and upstream scope 3 emissions. Deutsche Post DHL states that 86% of its electricity consumption comes from renewable resources (Deutsche Post DHL, 2022a, p. 22), but the lion's share of this electricity is procured through RECs (Deutsche Post DHL Group, 2022b). In 2020, PPAs and on-site installations accounted for just 0.6% of the company's renewable electricity consumption (Deutsche Post DHL, 2022b). As Deutsche Post DHL's reduction targets depend on the shift to e-vehicles and alternative fuels, it is critical that the company pursues renewable electricity procurement constructs that are likely to contribute to *additional* capacity, including PPAs for new installations and on-site installations (see Section 3.2.2).

Deutsche Post DHL presents biofuels as part of its decarbonisation measures for ocean, air, and road transport but also recognises that these may have negative sustainability implications (Deutsche Post DHL, 2019, pp. 11–12, 2022h, 2022f). While biofuels may play a role in decarbonising air freight, maritime shipping and heavy road transport, overreliance on bio-based fuels risks hindering the transition in other sectors and may indirectly lead to negative sustainability impacts (see Section 3.2.1)

Deutsche Post DHL offers climate neutral delivery through offsetting and so-called insetting practices, which could give customers a false impression of the company's activities' true climate impact.

Under the 'GoGreen' label, Deutsche Post DHL has offered its customers 'climate neutral' delivery of mail and parcels since 2011. However, less than 1% of Deutsche Post DHL's total emissions are actually covered by the 'climate neutral' claim and the offset credits that the company procures are highly unlikely to have the same climate impact as emission reductions within the value chain (Deutsche Post DHL, 2022d, 2022e) (see further information in Section 4.2.2).

In 2022, Deutsche Post DHL announced a new label for its deliveries in Germany: 'GoGreen Plus' (Deutsche Post DHL, 2022b). The company promises customers one year of climate neutral deliveries through offsetting under the term 'insetting', if they pay a premium of EUR 3.79 (USD 4.5). In this context, insetting means that Deutsche Post DHL uses the small sum that each customer pays to implement reduction measures elsewhere in the value chain. We consider 'climate neutral' deliveries based on 'insetting' controversial and potentially misleading to customers. Given that Deutsche Post DHL includes all logistics-related emissions in its 2030 and net-zero targets, it is highly possible that the company could double count the emission reductions achieved through their GoGreenPlus programme: once to claim the 'neutralisation' of the emissions associated with the delivery of specific letters and parcels, and a second time to claim progress towards its scope 3 emission reduction targets. It would be more transparent if Deutsche Post would tell its customers that the company uses the paid premium towards emission reductions in the value chain without making a 'climate neutral delivery' claim.