

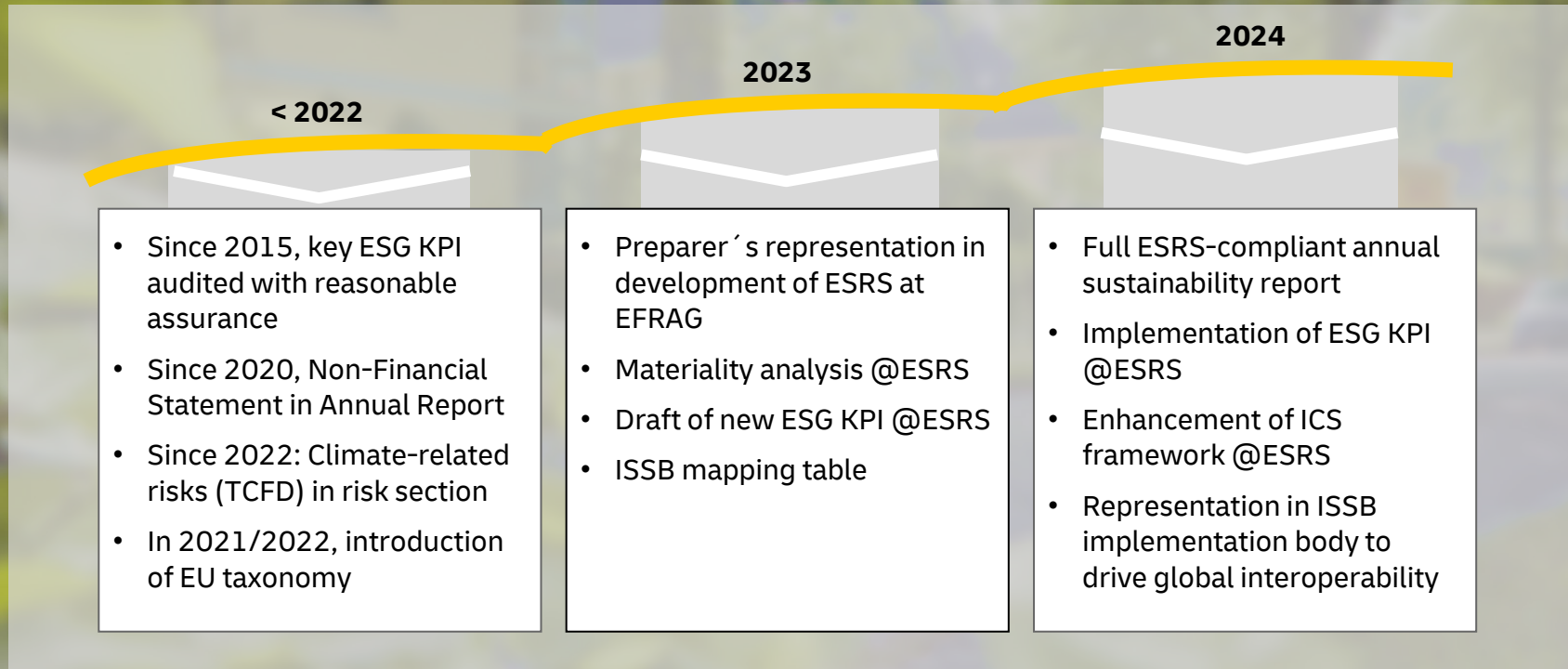
A photograph of a modern glass-fronted building, likely a DHL headquarters, with three yellow flags flying in front. The flags feature the DHL logo and the text 'DHL Group' and 'Deutsche Post'. The sky is overcast.

# Implementation stage of ESG regulation: Governance and cross-cutting (incl. materiality analysis)

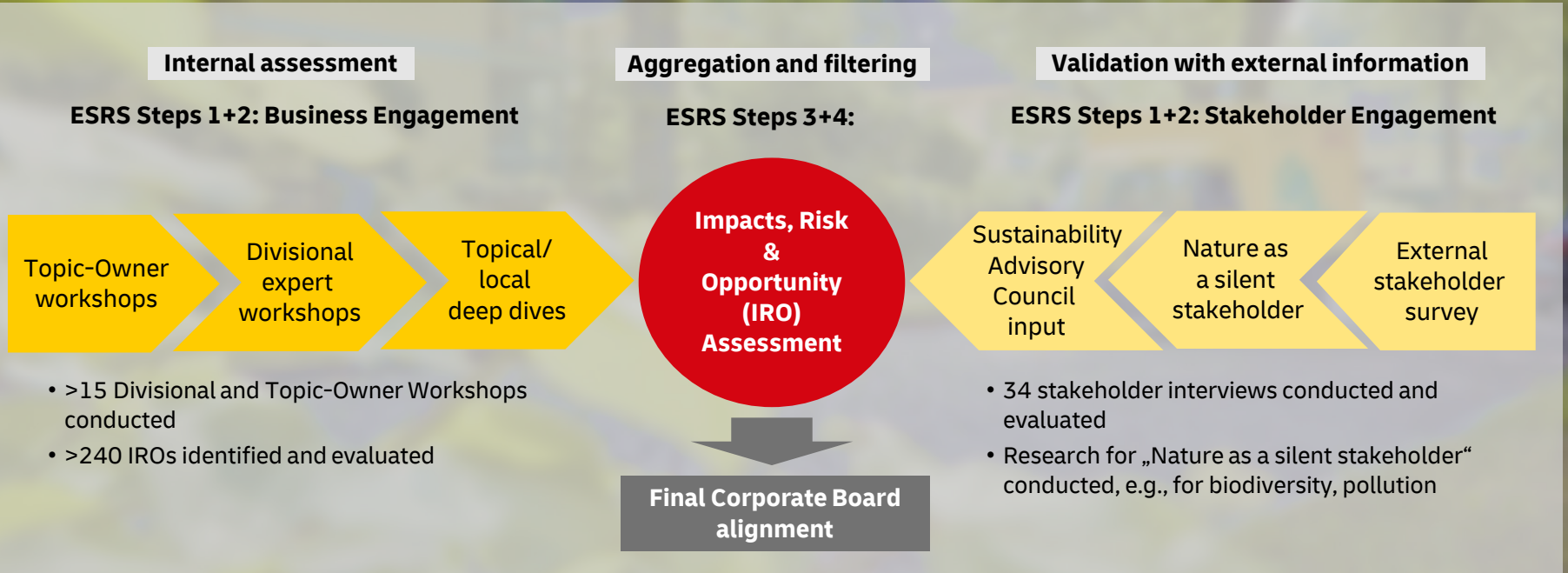
Adam Pradela  
CFO Corporate Sustainability  
DHL Group

Schmalenbach Tagung  
18 April 2024

# Key milestones in ESG reporting @DHL Group



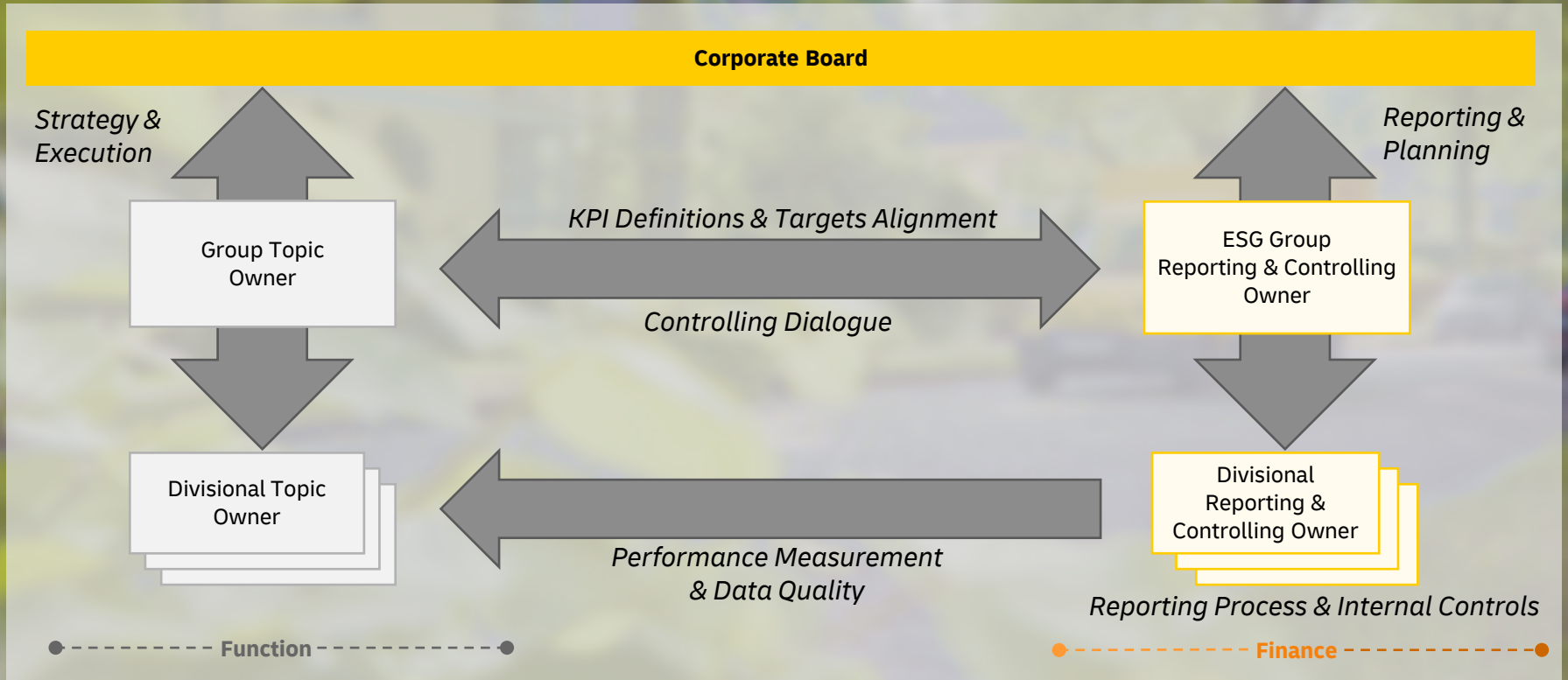
# Materiality assessment process



# Two-dimensional scoring model provides indication of topic materiality

Observation & Outcome		
Environmental	Social	Governance
<p><b>Climate change</b></p> <ul style="list-style-type: none"> <li>• Dominating “E” topic</li> <li>• Most KPI already covered by reporting at YE 2023</li> </ul> <p><b>Pollution / Circular economy</b></p> <ul style="list-style-type: none"> <li>• <i>Partly requested by stakeholder groups</i></li> <li>• <i>Not material after quantitative assessments</i></li> <li>• <i>E5 not suitable for service industries</i></li> </ul> <p><b>Water &amp; Marine resources / Biodiversity</b></p> <ul style="list-style-type: none"> <li>• <i>No focus topics, due to low impacts</i></li> <li>• <i>Low water usage</i></li> <li>• <i>Site-level assessment did not reveal critical impact on biodiversity protected areas</i></li> </ul>	<p><b>Own workforce</b></p> <ul style="list-style-type: none"> <li>• Ranked most important</li> <li>• Material due to company’s sheer size</li> <li>• Includes employees, temp-labour and self employed</li> <li>• Full scope reporting</li> </ul> <p><b>Workers in the value chain</b></p> <ul style="list-style-type: none"> <li>• Important procurement topic, high number of subcontractors globally</li> <li>• Qualitative reporting</li> </ul> <p><b>Consumers and end-users / Affected communities</b></p> <ul style="list-style-type: none"> <li>• <i>No focus topics, due to low negative impacts</i></li> <li>• <i>Not highlighted by stakeholders</i></li> </ul>	<p><b>Business conduct</b></p> <ul style="list-style-type: none"> <li>• Material due to generic risk perspective</li> <li>• Considered hygiene topic by most stakeholders</li> <li>• Well controlled</li> </ul> <p><b>Cybersecurity</b></p> <ul style="list-style-type: none"> <li>• Considered entity specific topic by DHL Group</li> <li>• Material due to risk perspective</li> </ul>

# ESG reporting governance model



# ESG KPI across different documents address various requirements

part of  
Annual  
Report

**steering  
relevant**  
(8 KPI)

## Description

KPI used for steering of DHL Group by top management

## Implications

- Mandatory disclosure of definition, calculation, targets and progress in Management Report (audit with reasonable assurance)
- Mandatory tracking in internal reporting and integrated in top management remuneration

**reported  
KPI**  
(32 KPI)

Annual progress on relevant and mandatory topics

- Deviations year-on-year require explanations
- Audit with reasonable assurance (Management Report) or with limited assurance (Non-Financial Statement)

**ESG statbook/  
presentation**

Addressing requirements of ratings and voluntary standards

- Regular external disclosure in parallel with Annual Report

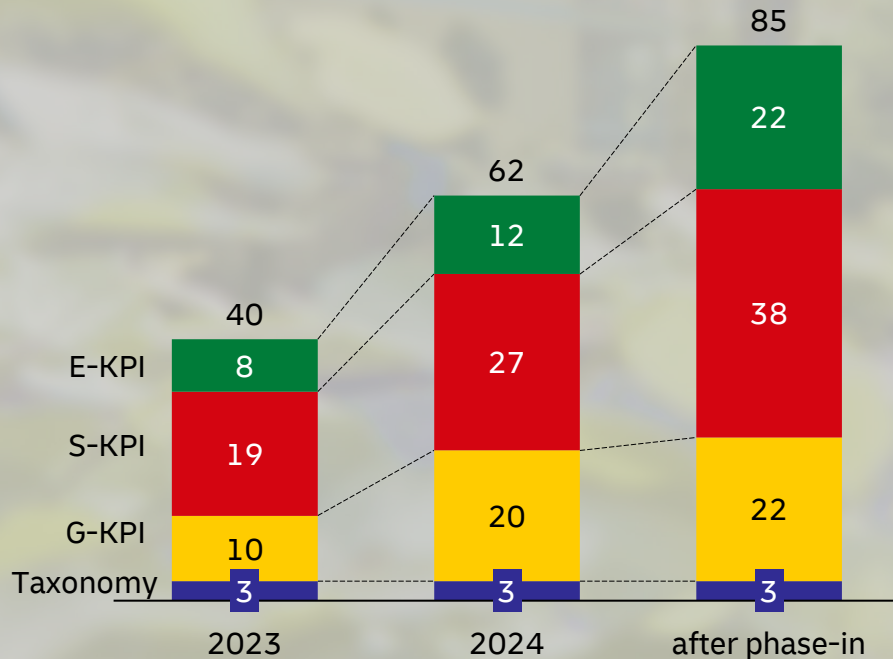
**internal only**

Tracking of DHL Group relevant internal initiatives

- Currently no external disclosure

# Increasing reporting burden through CSRD

**Number of reporting KPI for DHL Group**



- Immature legislation with vague legal concepts
- Lack of international applicability; eurocentric definitions
- Formal overload with low practical benefit

- Moving legislative target at EU-level with constantly changing timelines
- Legal basis for Germany still pending after start of first reporting year



**Thanks for your attention**