

Second-Party Opinion Deutsche Post DHL Group Sustainability-Linked Finance Framework



Evaluation Summary

Sustainability-Linked Bonds

Sustainability-Linked Bond Principles 2020

Sustainalytics is of the opinion that the Deutsche Post DHL Group Sustainability-Linked Finance Framework aligns with the Sustainability-Linked Bond Principles 2020.

Overview of KPIs and SPTs:

KPIs	Strength of the KPIs	SPTs	Ambitiousness of SPTs
KPI 1: Absolute scope 1 and 2 GHG emissions (million tonnes of CO ₂ e)	Very Strong	SPT 1: Reduce absolute scope 1 and 2 GHG emissions by 42% by 2030 from a 2021 baseline	Highly Ambitious
KPI 2: Absolute scope 3 GHG emissions (million tonnes of CO ₂ e)	Very Strong	SPT 2: Reduce absolute scope 3 GHG emissions from fuel- and energy-related activities, upstream transportation and distribution, and business travel by 25% by 2030 from a 2021 baseline	Ambitious

Climate Transition Finance Handbook

Sustainalytics has evaluated Deutsche Post DHL Group’s transition governance, strategy, decarbonization targets, and intentions to report on transition progress and finds Deutsche Post DHL Group to be aligned with the recommendations of the Climate Transition Finance Handbook 2020. Deutsche Post DHL Group has set medium- and long-term absolute emissions targets that are environmentally material to its business operations. Deutsche Post DHL Group’s scope 1 and 2 emissions target has been validated and approved by the Science Based Targets initiative (SBTi) as aligned with its 1.5°C decarbonization pathway. Deutsche Post DHL Group also aims to achieve net zero in scope 1, 2 and 3 emissions by 2050. Deutsche Post DHL Group has established dedicated teams to monitor and manage its decarbonization strategy and has committed to disclose its capex and opex investments as well as the climate-related outcomes of its transition strategy.

Evaluation Date	November 21, 2022
Issuer Location	Bonn, Germany

The SPTs contribute to the following SDGs:



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Scope of Work and Limitations

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent¹ opinion on the alignment of the Deutsche Post DHL Group Sustainability-Linked Finance Framework (the "Framework") with current market standards. As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Sustainability-Linked Bond Principles (SLBP) 2020;²
- The issuer's sustainability strategy, performance and sustainability risk management; and
- The alignment with the recommendations of the Climate Transition Finance (CTF) Handbook 2020.³

As part of this engagement, Sustainalytics held conversations with various members of Deutsche Post DHL Group's management team to understand the sustainability impact of their business processes and the core components of the Framework. Deutsche Post DHL Group representatives have confirmed that:

- (1) They understand it is the sole responsibility of Deutsche Post DHL Group to ensure that the information provided is complete, accurate or up to date;
- (2) They have provided Sustainalytics with all relevant information; and
- (3) Any provided material information has been duly disclosed in a timely manner.

Sustainalytics also reviewed relevant public documents and non-public information. This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework. Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Deutsche Post DHL Group.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards.

The Second-Party Opinion is valid for issuances aligned with the respective bond documentation for which the Second-Party Opinion was written up to 24 months or until one of the following occurs:

- (1) A material change to the external benchmarks⁴ against which targets were set;
- (2) A material action (such as material M&A or change in business activity) which has a bearing on the achievement of the SPTs or the materiality of the KPI.⁵

For sustainability-linked instruments, the Second-Party Opinion:

- addresses the anticipated SPTs of the KPI but does not measure the KPI's performance. The measurement and reporting of the KPI is the responsibility of the Bond Issuer.

No information Sustainalytics provides under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument in favour or against the truthfulness, reliability or completeness of any facts or statements and related circumstances that Deutsche Post DHL Group may have disclosed to Sustainalytics for the purpose of this Second-Party Opinion.

¹ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

² The Sustainability-Linked Bond Principles are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>.

³ The Climate Transition Finance Handbook is administered by the International Capital Market Association and is available at: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Climate-Transition-Finance-Handbook-December-2020-091220.pdf>.

⁴ Benchmarks refers to science-based benchmarks.

⁵ Sustainalytics has provided an opinion based on the understanding that the financial characteristics of the bonds will be tied to the achievement of SPTs corresponding to the KPI included in the sustainability-linked bond issuances.

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Introduction

Deutsche Post DHL Group (“DPDHL Group” or the “Group”) is a global logistics provider headquartered in Bonn, Germany. DPDHL Group’s business operations include: (i) Deutsche Post - post and parcel provider including service offerings in dialogue marketing, press distribution services and corporate communication solutions, and (ii) DHL - focused on parcel delivery, e-commerce shipping and fulfilment solutions, international express, air, ocean and road freight transport and industrial supply chain management. As of September 2022, DPDHL Group employs approximately 590,000 staff members and conducts business operations in 220 countries.⁶

DPDHL Group has developed the DPDHL Group Sustainability-Linked Finance Framework (the “Framework”) under which it intends to issue sustainability-linked financial instruments but not limited to bonds and Schuldscheins (SSDs) whose financial characteristics, such as, coupon rate or redemption price, will be tied to the achievement of the SPTs for two KPIs related to scopes 1, 2 and 3 absolute GHG emissions.

DPDHL has engaged Sustainalytics to review the Framework, dated November 2022, and provide a Second-Party Opinion on the Framework’s alignment with the Sustainability-Linked Bond Principles 2020. Sustainalytics has also assessed alignment with the recommendations of the CTF Handbook 2020.⁷

The KPIs and SPTs used by DPDHL are defined in Tables 1 and 2 below.

Table 1: KPI Definitions

KPI	Definition
KPI 1: Absolute scope 1 and 2 GHG emissions (million tonnes of CO ₂ e)	<p>The KPI is defined as absolute scope 1 and 2 emissions measured in million tonnes CO₂ equivalent.</p> <ul style="list-style-type: none"> • Scope 1 emissions include those from DPDHL’s air freight transportation, road freight transportation and heating energy used at its sites, warehouses and facilities. • Scope 2 emissions are those generated from the purchased electricity that the Group uses at its sites and in the operation of electric vehicles, and emissions from purchased district heating and cooling. A market-based approach is used to calculate scope 2 emissions. <p>In its calculation methodology for this KPI, DPDHL aligns with the GHG Protocol, ISO 14064,⁸ EN 16258⁹ and the Global Logistics Emissions Council (GLEC) Framework.¹⁰</p>
KPI 2: Absolute scope 3 GHG emissions (million tonnes of CO ₂ e)	<p>KPI 2 measures absolute scope 3 emissions from DPDHL’s fuel- and energy-related activities, upstream transportation and distribution, and business travel. Respectively, these emission sources are the equivalent of categories 3, 4 and 6 in the GHG Protocol for scope 3 emissions.</p> <p>The calculation of scope 3 emissions is aligned with the GHG Protocol, ISO 14064, EN 16258 and the GLEC Framework.</p>

⁶ DPDHL, “Deutsche Post DHL Group- at a Glance”, at: <https://www.dpdhl.com/en/about-us/at-a-glance.html>

⁷ For issuers with substantial involvement in hard-to-abate sectors, Sustainalytics assesses the alignment of the issuers’ transition strategies, short, mid and long-term targets, reporting mechanisms and governance structures with the recommendations of the Climate Transition Finance Handbook 2020.

⁸ ISO, “ISO 14064-1:2018 Greenhouse gases”, at: <https://www.iso.org/standard/66453.html>

⁹ European Standards, “CSN EN 16258”, at: <https://www.en-standard.eu/csn-en-16258-methodology-for-calculation-and-declaration-of-energy-consumption-and-ghg-emissions-of-transport-services-freight-and-passengers/>

¹⁰ Smart Freight Centre, “What is the GLEC Framework”, at: <https://www.smartfreightcentre.org/en/how-to-implement-items/what-is-glec-framework/58/>

Table 2: SPTs and Past Performance¹¹

KPI	2016	2017	2018	2019	2020	2021 (baseline)	SPT 2030
KPI 1: Absolute scope 1 and 2 GHG emissions (million tonnes of CO ₂ e)	6.05	6.34	6.57	6.48	6.78	7.50	Reduce absolute scope 1 and 2 GHG emissions by 42% by 2030 from a 2021 baseline (4.35 million tonnes of CO ₂ e)
KPI 2: Absolute scope 3 GHG emissions (million tonnes of CO ₂ e)	26.48	28.53	29.06	26.72	26.86	31.86	Reduce absolute scope 3 GHG emissions from fuel- and energy-related activities, upstream transportation and distribution, and business travel by 25% by 2030 from a 2021 baseline (23.90 million tonnes of CO ₂ e)

¹¹ DPDHL. "ESG Statbook 2021 including Disclosure Standards Indices", at: <https://www.dpdhl.com/content/dam/dpdhl/en/media-center/investors/documents/statbooks/2021/DPDHL-ESG-Statbook-2021.xlsx>

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Alignment of the DPDHL Group Sustainability-Linked Finance Framework with Relevant Market Standards

Alignment with Sustainability-Linked Principles

Sustainalytics is of the opinion that the DPDHL Group Sustainability-Linked Finance Framework aligns with the five core components of the Sustainability-Linked Bond Principles 2020. For detailed information please refer to Appendix 1: Sustainability Linked Bond External Review Form. Sustainalytics highlights the following elements of the Framework:



Selection of Key Performance Indicators (KPIs)

Relevance and Materiality of KPIs

In its assessment of materiality and relevance, Sustainalytics considers: i) whether an indicator speaks to a material impact of the issuer's business on environment or social issues, and ii) to what portion of impact the KPI is applicable.

KPI 1 – Absolute scope 1 and 2 GHG emissions (million tonnes of CO₂e) and KPI 2 – Absolute scope 3 GHG emissions (million tonnes of CO₂e)

Sustainalytics' ESG Risk Rating report identifies Carbon – Own Operations as a material ESG issue for DPDHL.¹² Moreover, the Group conducted a materiality analysis in 2021 under which it found “climate and environmental protection focusing on GHG emissions” to be a material topic for DPDHL and the industry.¹³

Regarding applicability, Sustainalytics has taken a combined approach toward assessing the applicability of KPI 1 and KPI 2 as the KPIs collectively address 100% of DPDHL's logistics-related scope 1, 2 and 3 GHG emissions, which represented approximately 90% of the Group's total scope 1, 2 and 3 emissions in 2021. KPI 1 covers 100% of scope 1 and 2 GHG emissions from the Group's operations, which accounted for 7.5 million tonnes of CO₂e in 2021. KPI 2 addresses 100% of DPDHL's logistics-related scope 3 GHG emissions. In 2021, the Group's logistics-related scope 3 GHG emissions represented 85% of its total scope 3 emissions. Therefore, Sustainalytics considers KPI 1 and KPI 2 together to be material and to have a high scope of applicability.

KPI Characteristics

In its assessment of the KPI characteristics, Sustainalytics considers: i) whether a clear and consistent methodology is used, ii) whether the KPI follows an externally recognized definition, iii) whether the KPIs are a direct measure of the performance of the issuer on a material environmental or social issue, and, if applicable, iv) whether the methodology can be benchmarked to an external, contextual benchmark.¹⁴

KPI 1 – Absolute scope 1 and 2 GHG emissions (million tonnes of CO₂e) and KPI 2 – Absolute scope 3 GHG emissions (million tonnes of CO₂e)

Sustainalytics considers DPDHL Group's definition and methodology to calculate KPIs performance to be clear and consistently applied across the years of observation. In addition, Sustainalytics notes that the KPIs are calculated in accordance with the GHG Protocol methodology on reporting GHG emissions, ISO 14064 – Greenhouse Gases, EN 16258 – Methodology for calculation and declaration of energy consumption and GHG emissions of transport services (freight and passengers), and the GLEC Framework for harmonizing calculations and reporting of the

¹² Sustainalytics, “Deutsche Post AG – ESG Risk Rating”.

¹³ DPDHL, “2021 ESG Presentation”, (2022), at: <https://www.dpdhl.com/content/dam/dpdhl/en/media-center/investors/documents/presentations/2021/DPDHL-ESG-Presentation-2021.pdf>

¹⁴ External contextual benchmarks provide guidance on the alignment with ecological system boundaries. This criterion is not applied to social KPIs or impact areas for which such contextual benchmarks are not available.

logistics sector GHG footprint across the multi-modal supply chain.¹⁵ In addition, Sustainalytics considers the KPIs to be a direct measure of DPDHL’s performance on a material environmental issue of carbon emissions.

Furthermore, as the KPIs measure absolute emissions in tonnes of CO₂e, Sustainalytics is of the opinion that the KPIs support benchmarking against external science-based decarbonization pathways, such as the Science Based Targets initiative (SBTi).¹⁶

Overall Assessment

Sustainalytics considers KPI 1 - Absolute scope 1 and 2 GHG emissions (million tonnes of CO₂e) and KPI 2 - Absolute scope 3 GHG emissions (million tonnes of CO₂e), to be very strong given that the KPIs: (i) are a direct measure of DPDHL’s performance on a material environmental issue; (ii) together have a high scope of applicability; (iii) follow a clear and consistent methodology; and (iv) lend themselves to be benchmarked against external emission reduction trajectories.

KPI(s)	Strength of KPI(s)			
KPI 1: Absolute scope 1 and 2 GHG emissions (million tonnes of CO ₂ e)	Not Aligned	Adequate	Strong	Very strong
KPI 2: Absolute scope 3 GHG emissions (million tonnes of CO ₂ e)	Not Aligned	Adequate	Strong	Very strong



Calibration of Sustainability Performance Targets (SPTs)

Alignment with Issuer’s Sustainability Strategy

DPDHL has set the following SPTs for its KPIs:

- SPT 1: Reduce absolute scope 1 and 2 GHG emissions by 42% by 2030 from a 2021 baseline
- SPT 2: Reduce absolute scope 3 GHG emissions from fuel- and energy-related activities, upstream transportation and distribution, and business travel by 25% by 2030 from a 2021 baseline

Sustainalytics considers the SPTs to be aligned with DPDHL Group’s sustainability strategy (please refer to Section 2 for analysis of the credibility of DPDHL’s sustainability strategy).

In its ESG Roadmap, DPDHL Group highlights its ambition to accelerate sustainable business growth between 2021 and 2030. The Group aims to reduce its annual total scope 1, 2 and transport-related scope 3 emissions to below 29 million tonnes of CO₂e by 2030, representing a reduction of 26% compared to 2021. The Group plans to spend up to EUR 7 billion to reduce emissions by 2030, with a focus on decarbonizing its freight by adopting sustainable fuels and electrifying the pickup and delivery fleet, and also by designing all the new buildings of the Group in a climate-neutral way.¹⁷

Strategy to Achieve the SPTs

DPDHL intends to achieve the SPTs through the following strategy:

- Implementing a budget of up to EUR 7 billion for expenditures on measures to increase the use of sustainable fuels and technologies in its fleets and buildings. For the implementation of such measures, the

¹⁵ Smart Freight Centre, “What is the GLEC Framework”, at: <https://www.smartfreightcentre.org/en/how-to-implement-items/what-is-glec-framework/58/>

¹⁶ The SBTi uses two target setting methods: the Absolute Contraction Approach (ACA), a one-size-fits-all method that ensures companies setting targets deliver absolute emissions reductions in line with global decarbonization pathways; and the Sectoral Decarbonization Approach (SDA), an alternative method that allows targets to be derived from global mitigation pathways for some of the most carbon-intensive activities, such as road transportation, aviation, the generation of electricity or the production of basic materials.

¹⁷ DPDHL, “2021 ESG Presentation”, (2022), at: <https://www.dpdhl.com/content/dam/dpdhl/en/media-center/investors/documents/presentations/2021/DPDHL-ESG-Presentation-2021.pdf>

Group will focus on air, ocean and road freight, as they are the main contributors of fuel consumption and emissions generation in DPDHL Group's business operations.

- Decarbonizing road transport by:
 - Increasing the electrification of the pick-up and delivery vehicles fleet to achieve a share of 60% electric vehicles;
 - Increasing the use of sustainable fuels;
 - Further reducing emissions through adopting permanent network improvements that reduce fuel, making a modal shift from road to rail, approaching hydrogen and electric trucks, and incentivizing subcontractors to invest in green transport solutions.
- Decarbonizing air freight and ocean freight by:
 - Increasing the share of sustainable aviation fuel to a minimum of 30% by 2030;
 - Modernizing the aircrafts fleet, deploying e-planes and increasing operational efficiency by improving weight load and optimizing the network structure and design;
 - Reducing emissions at the Group's main hubs by increasing electrification and the use of hydrogen;
 - Introducing fuel product offerings for both full-container load and less-than-container load (LCL) transports which drive the development and use of sustainable marine fuel;
 - Offering climate neutral LCL ocean freight transport products.
- Leveraging sustainable technologies for carbon-neutral buildings:
 - Increasing the share of electricity from renewable sources to more than 90% globally by 2030 and directly procuring energy from sustainable sources;
 - Implementing sustainable energy sources for heating in more than 50% of the Group's buildings by 2030;
 - Converting locally produced electricity from solar PV into fuels for its electrified fleet.

Ambitiousness, Baseline and Benchmarks

To determine the ambitiousness of the SPTs, Sustainalytics considers: i) whether the SPTs go beyond business-as-usual trajectory, ii) how the SPTs compare to targets set by peers, and iii) and how the SPTs compare with science.¹⁸

DPDHL has set the baseline for the SPTs at 2021, which is the most recent comparable data available.

SPT 1: Sustainalytics was able to use the following benchmarks to assess ambitiousness: i) past performance; ii) peer performance; and iii) alignment with science-based trajectories.

Between 2016 and 2021, DPDHL increased its absolute scope 1 and 2 emissions by an average annual rate of 4.79%. Achieving SPT 1 implies an average annual rate of reduction in the Group's absolute scope 1 and 2 emissions of approximately 4.67% between 2021 and 2030. Therefore, Sustainalytics considers the targeted performance required to achieve SPT 1 to be above the Group's historical performance on scope 1 and 2 emissions.

Sustainalytics analyzed the performance of five of DPDHL Group's industry peers and found the Group's targets to be in line with similar targets set by its peers. Therefore, Sustainalytics considers SPT 1 to be aligned with peer performance.

Regarding comparison with science, Sustainalytics notes that SPT 2 is in line with SBTi's 1.5°C scenario, as the SPT implies an average annual reduction in absolute scope 1 and 2 GHG emissions of approximately 4.67% between 2021 and 2030 which exceeds the minimum average annual reduction of 4.2% defined in the absolute contraction approach for alignment with the 1.5°C decarbonization pathway.^{19,20}

¹⁸ We refer here to contextual benchmarks, that indicate the alignment of targets with ecosystem boundaries.

¹⁹ The absolute contraction approach is a method for companies to set emissions reduction targets that are aligned with the global, annual emissions reduction rate that is required to meet the 1.5°C or well-below 2°C targets.

²⁰ Science Based Targets, "SBTi Corporate Manual", p. 18, (2021), at: <https://sciencebasedtargets.org/resources/files/SBTi-Corporate-Manual.pdf>

SPT 2: Sustainalytics was able to use the following benchmarks to assess ambitiousness: i) past performance; ii) peer performance; and iii) alignment with science-based trajectories.

Between 2016 and 2021, DPDHL Group increased its logistics-related absolute scope 3 emissions by an average annual rate of 4.06%. Achieving SPT 2 implies an average annual rate of reduction in the Group’s logistics-related absolute scope 3 emissions of approximately 2.78% between 2021 and 2030. Therefore, Sustainalytics considers the targeted performance required to achieve SPT 2 to be above the Group’s historical performance on scope 3 logistics-related emissions.

Sustainalytics analysed the performance of five of DPDHL Group’s industry peers, majority of whom had not set targets for scope 3 emissions reduction. Based on this analysis, Sustainalytics is of the opinion that SPT 2 is more ambitious than the targets set by peers.

Regarding comparison with science, Sustainalytics notes that SPT 2 is in line with SBTi’s well-below 2°C scenario, as the SPT implies an average annual reduction in absolute scope 3 GHG emissions of approximately 2.78% between 2021 and 2030 which exceeds the minimum average annual reduction of 2.5% defined in the absolute contraction approach for alignment with the well below 2°C decarbonization pathway.²¹

Overall Assessment

Sustainalytics considers SPT 1 to be aligned with DPDHL Group’s sustainability commitments and to be highly ambitious given that it: (i) is above past performance; (ii) is aligned with targets set by the DPDHL Group’s peers; and (iii) is in line with SBTi’s 1.5°C scenario.

Sustainalytics considers SPT 2 to be aligned with DPDHL Group’s sustainability commitments and to be ambitious given that it: (i) is above past performance; (ii) is more ambitious than the targets set by its peers; and (iii) is in line with SBTi’s well-below 2°C scenario.

SPT(s)	Ambitiousness of SPT(s)			
SPT 1: Reduce absolute scope 1 and 2 GHG emissions by 42% by 2030 from a 2021 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 2: Reduce absolute scope 3 GHG emissions from fuel- and energy-related activities, upstream transportation and distribution and business travel by 25% by 2030 from a 2021 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious



Financial Instrument Characteristics

DPDHL intends to issue sustainability-linked instruments including bonds and SSDs under the Framework. The financial characteristics of the sustainability-linked instruments will be linked to the achievement of or failure to achieve both the SPTs. Occurrence of trigger events detailed in the Framework will result in a coupon step-up or an increase in the redemption price applicable to all the future coupon payments of the relevant financial instruments.²² Any significant change in the form of acquisition, divestiture, mergers, insourcing or outsourcing that may impact the SPTs by 5% or more, will result in recalculation of the relevant KPI(s) metrics for the base year. DPDHL Group will specify information related to KPIs, SPTs and changes in financial characteristics in the relevant issuance documentation. Sustainalytics recognizes that the financial characteristics of the sustainability-linked bonds and SSDs are aligned with the SLBP, but does not opine on the adequacy of the magnitude and structure of the financial penalty.

²¹ Science Based Targets, “SBTi Corporate Manual”, p. 24, (2021), at: <https://sciencebasedtargets.org/resources/files/SBTi-Corporate-Manual.pdf>

²² Trigger events identified in the DPDHL Group Sustainability-Linked Finance Framework are: (i) The lack of DPDHL’s KPI performance in relation to the applicable SPT for the relevant target observation date(s) as reported on or before the reporting end date following the applicable reference year, or (ii) DPDHL’s reporting does not meet the requirements set out in the reporting section of the Framework, or (iii) the verification of the KPI performance in accordance with the verification section of the Framework has not been provided and, when available, made public by the reporting end date.



Reporting

DPDHL Group commits to report annually on progress of the KPIs and the achievement or non-achievement of the SPTs in its Sustainability-Linked Finance Progress Report. The report will be publicly available on the Group’s website no later than the reporting end date after the end of the reference year. The reporting will include any case that may lead to a potential adjustment of the financial and/ or structural characteristics of bonds or SSDs issued under the Framework. Where feasible, DPDHL intends to report on qualitative and quantitative information relevant to the progress on the KPIs, the sustainability impacts of performance improvement, and updates on new or proposed regulations relevant to the KPIs and SPTs and the potential impact on their baselines. The reporting commitments are aligned with the SLBP.



Verification

DPDHL Group commits to have an independent and external verifier provide reasonable assurance on the KPI performance at least once a year. This verification will be done annually and will be made publicly available on the Group’s website together with the Sustainability-Linked Finance Progress Report. The verification commitments are aligned with the SLBP.

Alignment against the Climate Transition Finance Handbook 2020

Sustainalytics has assessed DPDHL Group’s transition governance, strategy, decarbonization targets, and intentions to report on transition progress and finds DPDHL Group to be aligned with the recommendations of the Climate Transition Finance Handbook 2020. Sustainalytics highlights the following key elements of the assessment:

Key Elements	ICMA Recommendation	Sustainalytics’ Assessment
Issuer’s climate transition strategy and governance	<ul style="list-style-type: none"> • Transition strategy to address climate-related risks and contribute to alignment with the goals of the Paris Agreement • Relevant interim targets on the trajectory towards long-term goal • Governance of transition strategy 	<ul style="list-style-type: none"> • DPDHL Group’s Strategy 2025 and ESG Roadmap outline a pathway for climate action and environmental protection activities of the Group. • The ESG Roadmap details DPDHL Group’s operational and structural changes as well as engagement with customers through its Green Product Portfolio to support its decarbonization efforts. See the detailed assessment of the decarbonization pathway and implementation plan in Section 2. • The Group has set a medium-term target of lowering GHG emissions to below 29 million tonnes of CO₂e by 2030 from 39 million tonnes of CO₂e reported in 2021, implying an annual reduction of 4.7% in absolute scopes 1 and 2 CO₂ emissions, and an annual reduction of 2.8% in absolute scope 3 GHG emissions between 2021 and 2030. • The Group has also set a long-term target of achieving net zero by 2050 across scopes 1, 2 and 3 emissions, without the use of any carbon offsets. • The Group’s strategy to achieve the goals established through its ESG Roadmap will be overseen by its Supervisory Board and Board of Management. The Supervisory Board consists of 6 committees including a Strategy and Sustainability Committee, which oversees topics related to

		<p>sustainability. The Supervisory Board appoints the Board of Management, which is the central decision maker on group-wide sustainability. DPDHL Group has also set up a Sustainability Advisory Council that provides perspectives and expertise from stakeholders outside the Group.</p> <ul style="list-style-type: none"> • DPDHL Group is organised into five operating Divisions (Express; Global Forwarding, Freight; Supply Chain; eCommerce Solutions; and Post & Parcel Germany), with each division being responsible for the implementation of the Group's sustainability strategy at a division level. The progress achieved by the divisions is overviewed by the Board of Management and Supervisory Board. • ESG controlling and reporting is handled by Corporate Accounting & Controlling in the Finance Board department. Responsibilities of Finance Board include defining and reporting on ESG metrics, complying with reporting standards and developing specifications for implementation in financial systems. • From 2022 onwards, the KPI 'realized decarbonization effects' aimed at reducing GHG emissions from the Group's operations, has been integrated into the compensation structure of the Board of Management and has a weightage of 10% in the bonus calculation. • See detailed assessment in Section 2. 	
Business model environmental materiality	<ul style="list-style-type: none"> • Transition trajectory should be relevant to the environmentally-material parts of the issuer's business model 	<ul style="list-style-type: none"> • DPDHL Group's operations are carbon and energy intensive as its operations in logistics and warehousing business are reliant on hard to abate air, ocean and road freight. Therefore, decarbonization of operations is directly relevant to the environmentally material aspects of DPDHL Group's business model. 	Aligned
Climate transition strategy to be 'science-based' including targets and pathways	<ul style="list-style-type: none"> • Transition strategy should reference science-based targets and transition pathways 	<ul style="list-style-type: none"> • DPDHL Group's medium-term emissions reduction target has been validated and approved by SBTi. The medium-term target requires reducing absolute scope 1 and 2 emissions by 4.7% annually between 2021 and 2030 which is aligned with SBTi's 1.5°C decarbonization trajectory and its absolute scope 3 emissions by 2.8% annually during the same period which is comparable with SBTi's well-below 2°C decarbonization trajectory. • The Group also aims to achieve net zero in scopes 1, 2 and 3 emissions by 2050. • See detailed assessment in Section 2. 	Aligned
Implementation transparency	<ul style="list-style-type: none"> • Disclosure of capex and opex plans • Climate-related outcomes and impacts that expenditures are intended to result in 	<ul style="list-style-type: none"> • DPDHL Group is committed to publicly reporting on capex and opex investments made under its transition pathway in its Annual Report which will be available on the Group's website.²³ • DPDHL Group is committed to reporting annually on the climate related outcomes of its strategy implementation, including performance on relevant KPIs, as defined in the Framework. This will be publicly available in its Annual Report on the Group's website. 	Aligned

²³ DPDHL publishes information aimed at facilitating sustainable investment in its Annual Report in accordance with Article 8 of Regulation 2020 / 852 of the European Parliament and of the European Council.

Section 2: Assessment of DPDHL's Sustainability Strategy

Credibility of DPDHL Climate Transition Strategy

Sustainalytics recognizes that proceeds from instruments under the Framework will be used for general corporate purposes to support DPDHL Group's transition towards low-carbon operations. In this context, Sustainalytics has assessed DPDHL Group's climate transition strategy below:

Emission-Reduction Targets

ICMA's Climate Transition Finance Handbook recommends issuers to develop a climate transition strategy that includes short-, medium- and long-term emission reduction targets aligned with the Paris Agreement.²⁴ DPDHL Group has set medium and long-term targets to support its decarbonization strategy. The Group's medium-term target commits to reduce its logistics-related GHG emissions to below 29 million tonnes of CO₂e by 2030, implying (i) a 42% reduction in scope 1 and 2 emissions between 2021 and 2030, going beyond the requirements of the SBTi's 1.5°C pathway, and (ii) a 25% reduction in scope 3 GHG emissions between 2021 and 2030 in alignment with the SBTi's well-below 2°C pathway. The aforementioned emissions reduction targets have been validated by SBTi. As part of its long-term reduction target, DPDHL Group also aims to achieve net zero GHG logistics-related emissions across scope 1, 2 and 3 by 2050.²⁵

Decarbonization Pathway and Implementation Plan

DPDHL Group introduced a group-wide Strategy 2025 in 2019 with a focus on globalization, digitalization, e-commerce and sustainability.²⁶ The Group's ESG Roadmap, published in 2021, aims at accelerating the Group's decarbonization efforts in line with the Strategy 2025 ambitions, with a focus on: (i) achieving absolute GHG emissions reduction by 2030 in alignment with science-based reduction targets, (ii) investing earmarked expenditures of up to EUR 7 billion on sustainable fuels and technologies by 2030, and (iii) integrating key performance indicator "realized decarbonization effects" into the Board of Management's compensation structure, which would account for 10% in the bonus calculation from 2022.²⁷

As part of the roadmap, DPDHL Group is committed to reduce its logistic-related GHG emissions and has identified three main levers to decarbonize its operations:

- Introducing measures for sustainable logistics by 2030, such as: (i) increasing the share of sustainable fuel use to more than 30% of total fuel in aviation, ocean and road freight, (ii) partnering with sustainable aviation fuel producers and freight carriers, (iii) fleet modernization through replacement of aircrafts and foster development of e-planes, (iv) increasing efficiency by improving weight load, (v) increasing use of electricity and hydrogen technology at the Group's major hubs, (vi) development and use of sustainable maritime fuel for sustainable ocean freight, (vii) increasing the share of e-vehicles up to 60% in pick-up and delivery, (viii) improving network optimization for reduced fuel consumption, (ix) transitioning from road to rail transport, and (x) training and programmes to raise awareness among the employees.
- Achieving climate-neutral building designs by 2030 by: (i) adopting carbon neutral design in all new buildings owned or leased by the Group long term from 2021 onwards, (ii) increasing the share of electricity from renewable sources to more than 90% in buildings owned by the Group or leased long term, (iii) increasing the use of sustainable heating systems to more than 50%, and (iv) using digitalization and smart building management systems to further reduce energy consumption.²⁸
- Offering green product portfolio to customers, including: (i) decarbonization of logistics services by using sustainable fuels and technologies, (ii) reducing and/or offsetting emissions by means of carbon neutral products and services, and CO₂ credits through certified climate protection projects, for the Group's customers,^{29,30} (iii) optimization of customer supply chains to reduce emissions, waste and other environmental impacts such as carbon-neutral warehousing, reduced-carbon

²⁴ ICMA, "Climate Transition Finance Handbook", (2020), at: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Climate-Transition-Finance-Handbook-December-2020-091220.pdf>

²⁵ DPDHL commits to net zero by 2050 across Scopes 1, 2 and 3, down to an unavoidable minimum, which it commits to fully compensate with recognised countermeasures (excluding offsetting).

²⁶ DPDHL Group, "Strategy 2025 – Delivering excellence in a digital world", at: <https://www.dpdhl.com/en/about-us/mission-and-strategy.html>

²⁷ DPDHL Group, "2021 ESG Presentation- ESG Roadmap Progress to date", (2022), at: <https://www.dpdhl.com/content/dam/dpdhl/en/media-center/investors/documents/presentations/2021/DPDHL-ESG-Presentation-2021.pdf>

²⁸ DPDHL Group, "Carbon neutral Buildings", at: <https://www.dpdhl.com/en/sustainability/environment/carbon-neutral-buildings.html>

²⁹ Offsetting is not considered for the calculation of carbon footprint by DPDHL and is also not part of the strategy to achieve the SPTs in the Framework.

³⁰ DPDHL Group, "Green Product Portfolio", at: <https://www.dpdhl.com/en/sustainability/environment/green-product-portfolio.html#>

transport solutions and sustainable packaging solutions, and (iv) providing transparency to customers on their carbon footprints by means of carbon reports.³¹

Sustainalytics considers DPDHL Group's climate transition strategy to be credible and supportive of the Group's medium- and long-term decarbonization targets.

DPDHL's Environmental and Social Risk Management

Sustainalytics recognizes that DPDHL Group's defined targets are impactful, but notes that achieving the SPTs bears environmental and social risks. Sustainalytics' ESG Risk Ratings identify risks related to: (i) carbon – own operations;³² (ii) human capital;³³ and (iii) occupational health and safety.³⁴

Sustainalytics comments below on DPDHL Group's ability to mitigate such potential risks:

- **Carbon – Own Operations:** DPDHL Group's exposure to GHG emissions and energy consumption is high considering the carbon-intensive nature of its operations encompassing air, ocean, and road freight. The Group implemented an Environment and Energy policy in 2017 to improve the environmental performance of its business by minimizing the negative environmental impact and enhancing the Group's operational efficiency.³⁵ DPDHL Group complies with ISO 14001 to manage its environmental systems and ISO 50001 to achieve efficient energy management.^{36,37,38}
- **Human Capital:** To address risks pertaining to human capital, the Group has developed its Code of Conduct, which is complemented by DPDHL's Human Rights Policy Statement and sets out guidelines to ensure responsible and ethical conduct within the Group.^{39,40} DPDHL Group's Human Rights Policy Statement focuses on the prevention of child and forced labour, decent working conditions in terms of remuneration and working hours, data privacy and the right to freedom of association. Accountability for the implementation of the policy is overseen by the DPDHL Group's Board of Management.⁴¹ The Group adheres to all applicable laws and regulations of the geographical locations in which it operates and has been a signatory to UN Global Compact since 2006.⁴²
- **Occupational Health and Safety (OHS):** To address risks pertaining to OHS, DPDHL Group complies with statutory regulations, industry standards and its Occupational Health and Safety Policy Statement that was adopted in 2020.^{43,44} DPDHL Group's OHS management system ensures establishment of supportive work environment through measures including workplace risk assessment, enhancement of health and safety of its employees through regular training and education, and adoption of preventive measures to ensure safety of its employees, external workers and third parties DPDHL

³¹ Ibid.

³² Sustainalytics' material ESG issue 'Carbon - Own Operations' refers to a company's management of risks related to its own operational energy use and GHG emissions (scope 1 and 2). It also includes parts of Scope 3 emissions.

³³ Sustainalytics' material ESG issue 'Human Capital' focuses on the management of risks related to scarcity of skilled labour as well as labour relations, such as non-discrimination, working hours and minimum wages.

³⁴ Sustainalytics' material ESG issue 'Occupational Health and Safety' focuses on the management of workplace hazards affecting a company's own employees and on-site contractors. Where relevant, it may also include HIV/AIDS programmes.

³⁵ DPDHL Group, "Environment and Energy Policy", (2017), at: <https://www.dpdhl.com/content/dam/dpdhl/en/media-center/responsibility/dpdhl-group-environmental-energy-policy-032018.pdf>

³⁶ ISO, "ISO 14001 – Environment Management Systems", at: <https://www.iso.org/iso-14001-environmental-management.html>

³⁷ ISO, "ISO 50001 – Energy Management Systems", at: <https://www.iso.org/iso-50001-energy-management.html>

³⁸ DPDHL Group, "On a New Level- 2021 Annual Report", (2021), at: <https://www.dpdhl.com/content/dam/dpdhl/en/media-center/investors/documents/annual-reports/DPDHL-2021-Annual-Report.pdf>

³⁹ DPDHL Group, "Human Rights Policy Statement", at: <https://www.dpdhl.com/content/dam/dpdhl/en/media-center/responsibility/dpdhl-human-rights-policy-statement.pdf>

⁴⁰ DPDHL Group, "Code of Conduct", at: <https://www.dpdhl.com/en/about-us/code-of-conduct.html>

⁴¹ DPDHL Group, "On a New Level- 2021 Annual Report", (2021), at: <https://www.dpdhl.com/content/dam/dpdhl/en/media-center/investors/documents/annual-reports/DPDHL-2021-Annual-Report.pdf>

⁴² DPDHL Group, "2021 ESG Presentation- ESG Roadmap Progress to date", (2022), at: <https://www.dpdhl.com/content/dam/dpdhl/en/media-center/investors/documents/presentations/2021/DPDHL-ESG-Presentation-2021.pdf>

⁴³ Ibid.

⁴⁴ DPDHL Group, "Occupational Health and Safety Policy Statement", (2020), at: <https://www.dpdhl.com/content/dam/dpdhl/en/media-center/responsibility/occupational-health-and-safety-policy-statement.pdf>

Group engages with.⁴⁵ The Group's OHS management system is compliant with ISO 45001 standards.⁴⁶ The Group's Chief Medical Officer advises the Board of Management on physical and physiological health and safety of the workplace.⁴⁷

In addition to the above, Sustainalytics notes that it has found no evidence of any major environmental or social controversies related to DPDHL Group. However, DPDHL Group operates in countries that Sustainalytics has identified as high-risk countries. Sustainalytics notes that such operations should be accompanied by thorough risk management procedures to ensure that any adverse effects are sufficiently identified and addressed. DPDHL Group has undertaken measures to mitigate risks in high-risk countries including:

- DPDHL Group supports and expects all its suppliers to comply with the principles of the United Nations Global Compact, the UN Universal Declaration of Human Rights as well as the International Labour Organization Declaration on Fundamental Principles and Rights at Work, in accordance with national laws and practice and encourages its suppliers to implement their own binding guidelines for ethical behaviour.⁴⁸ The Group also complies with all applicable trade and import regulations.
- In addition to the implementation of group-wide policies such as the Code of Conduct and the Human Rights Policy Statement, DPDHL also conducts risk assessments and country-specific risk analysis, trains employees to raise awareness on human rights, and performs internal audits to review human rights issues. DPDHL Group conducts country rights risk assessment based on external criteria from Verisk Maplecroft's Human Rights Index, Transparency International's Corruption Perceptions Index and recommendations from the Global Union Federations and provides guidance to identify relevant human rights issues and effectively manage such risks.
- The Group conducts on-site reviews in all geographical regions since 2013, as part of the Human Rights Due Diligence process. In 2021, remote on-site reviews were conducted in ten countries.
- DPDHL Group implements a risk-based security management system aimed at managing supply chain operations and protecting employees and sites from risks such as criminal activity, including organized crime, terrorism, piracy and internet crime. Also, the risk-based security management system is ISO 28000⁴⁹ certified and is compliant with legal and regulatory provisions.⁵⁰

Overall, Sustainalytics considers that DPDHL has strong management programmes and policies in place to mitigate the environmental and social risks that could arise in achieving the SPTs.

Section 3: Impact of the SPTs Selected

As of 2020, the transport industry accounted for 24% of global GHG emissions, with road vehicles making up nearly 75% of the total emissions.⁵¹ The transport sector is heavily reliant on fossil fuels, which accounted for more than 90% of the sector's total energy consumption in 2021.⁵² Between 2000 and 2021, transport-related GHG emissions grew by 32.6% due to increased passenger and freight volumes, and limited use and availability of alternative fuels.⁵³ In 2021, freight transportation accounted for 8% of global GHG emissions, rising up to 11% if warehouses and ports are included,⁵⁴ with international shipping accounting for 2% of this share.⁵⁵ According to the International Transport Forum, freight and passenger transport volumes are expected to double by 2050, compared to 2015.⁵⁶ In the absence of mitigation measures, transport-related GHG emissions are expected to increase by 60% by 2050 from a 2015 baseline.⁵⁷ Studies show that the use of electric vehicles and fuel efficiency improvements can help decarbonize the transport

⁴⁵ DPDHL Group, "2021 ESG Presentation- ESG Roadmap Progress to date", (2022), at: <https://www.dpdhl.com/content/dam/dpdhl/en/media-center/investors/documents/presentations/2021/DPDHL-ESG-Presentation-2021.pdf>

⁴⁶ Ibid.

⁴⁷ DPDHL Group, "On a New Level- 2021 Annual Report", (2021), at: <https://www.dpdhl.com/content/dam/dpdhl/en/media-center/investors/documents/annual-reports/DPDHL-2021-Annual-Report.pdf>

⁴⁸ DPDHL Group, "Supplier Code of Conduct", at: <https://www.dhl.com/content/dam/dhl/local/es/core/documents/pdf/es-legal-dpdhl-supplier-code-of-conduct-en.pdf>

⁴⁹ ISO 28000:2007. "Specification for security management systems for the supply chain", at: <https://www.iso.org/standard/44641.html>

⁵⁰ DPDHL Group, "Resilience Management", at: <https://www.dpdhl.com/en/sustainability/governance/resilience-management.html>

⁵¹ Our World in Data, "Cars, planes, trains: where do CO₂ emissions from transport come from?", at: <https://ourworldindata.org/co2-emissions-from-transport#:~:text=Transport%20accounts%20for%20around%20one%2Dfifth%20of%20global%20carbon%20dioxide,CO2%20emissions%20from%20energy%5D>.

⁵² European Environmental Agency, "Transport: increasing oil consumption and greenhouse gas emissions hamper EU progress towards environment and climate objectives", (2021), at: <https://www.eea.europa.eu/publications/transport-increasing-oil-consumption-and>

⁵³ IEA, "Transport", (2020), at: <https://www.iea.org/topics/transport>

⁵⁴ Climate Portal, "How can carbon emissions from freight be reduced?", (2021), at: <https://climate.mit.edu/ask-mit/how-can-carbon-emissions-freight-be-reduced#:~:text=Freight%20transportation%20makes%20up%208,emissions%20may%20double%20by%202050>.

⁵⁵ IEA, "International Shipping", (2022), at: <https://www.iea.org/reports/international-shipping>

⁵⁶ International Transport Forum, "Transport Outlook 2021", at: <https://www.itf-oecd.org/sites/default/files/transport-outlook-executive-summary-2021-english.pdf>

⁵⁷ Planete Energies, "The Global Transportation Sector: CO₂ Emissions on the Rise", at: <https://www.planete-energies.com/en/medias/close/global-transportation-sector-co2-emissions-rise>

sector.^{58,59} However, achieving the goal of the Paris Agreement to limit global warming to 1.5°C will require more ambitious policies to reduce transport-related GHG emissions by 70% by 2050, compared to 2015.⁶⁰

Given the carbon-intensive nature of road transport, EU member states have put comprehensive policies in place, primarily directed at the supply side.⁶¹ The transport sector was responsible for 32% of the EU’s total GHG emissions in 2019.⁶² To reduce GHG emissions from the sector, the European Commission introduced emission performance standards for light and heavy-duty vehicles in 2019.⁶³ In addition, the EU has set a target to reduce GHG emissions from the transport sector by 30% by 2030, compared to a 2005 baseline.⁶⁴ The EU has also made efforts to increase the share of renewable energy sources in the energy use of the transport sector to 10% as of 2020.⁶⁵ In 2021, the European Parliament amended the Renewable Energy Directive to set a target to increase the share of renewable energy sources in the energy use of the transport sector to 14% by 2030.⁶⁶

In terms of ocean freight, in 2018, the International Maritime Organization (IMO) adopted the Initial IMO Strategy on Reduction of GHG Emissions from Ships. The objective of the strategy is to reduce the carbon intensity of the international shipping industry by 40% by 2030, and 70% by 2050, compared to 2008 levels.⁶⁷ In 2020, 80% of the global merchant trade by volume was carried by maritime vessels.⁶⁸

Sustainalytics notes that DPDHL Group’s investments towards reducing absolute GHG emissions could significantly reduce the Group’s carbon footprint and contribute to the decarbonization of the transport and logistics sector.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form part of an agenda for achieving sustainable development by 2030. The DPDHL Group Sustainability-Linked Finance Framework is expected to advance the following SDGs and targets:

KPI	SDG	SDG Target
KPI 1: Absolute scope 1 and 2 GHG emissions (million tonnes of CO ₂ e)	7. Affordable and clean energy	7.3 By 2030, double the global rate of improvement in energy efficiency
KPI 2: Absolute scope 3 GHG emissions (million tonnes of CO ₂ e)	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying

⁵⁸ Resources for the Future, “Progress and Potential for Electric Vehicles to Reduce Carbon Emissions”, at: <https://www.rff.org/publications/reports/potential-role-and-impact-evs-us-decarbonization-strategies/>

⁵⁹ European Commission, “Transport in the European Union- Current Trends and Issues”, at: <https://ec.europa.eu/transport/sites/default/files/2019-transport-in-the-eu-current-trends-and-issues.pdf>

⁶⁰ International Transport Forum, “Transport Outlook 2021”, at: <https://www.itf-oecd.org/sites/default/files/transport-outlook-executive-summary-2021-english.pdf>

⁶¹ Enzmann, J. et al., “Reducing Road Transport Emissions in Europe: Investigating A Demand Side Driven Approach”, MDPI, at: <https://www.mdpi.com/2071-1050/12/18/7594>

⁶² International Transport Forum, “Decarbonising Transport in Europe The Way Forward”, at: <https://www.itf-oecd.org/sites/default/files/docs/decarbonising-transport-europe-way-forward.pdf>

⁶³ European Commission, “Road transport: Reducing CO₂ emissions from vehicles”, at: https://ec.europa.eu/clima/eu-action/transport-emissions/road-transport-reducing-co2-emissions-vehicles_en

⁶⁴ ICCT, “2020–2030 CO₂ standards for new cars and light-commercial vehicles in the European Union”, at: https://theicct.org/sites/default/files/publications/ICCT_EU-CO2-stds_2020-30_brief_nov2016.pdf

⁶⁵ European Environmental Agency, “Use of renewable energy for transport in Europe”, at: <https://www.eea.europa.eu/ims/use-of-renewable-energy-for>

⁶⁶ European Commission, “Renewable energy directive”, at: https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-directive_en

⁶⁷ IMO, “Adoption of the initial IMO Strategy on Reduction of GHG Emissions from Ships and Existing IMO Activity Related to Reducing GHG Emissions in the Shipping Sector”, (2018), at: https://unfccc.int/sites/default/files/resource/250_IMO%20submission_Talanoa%20Dialogue_April%202018.pdf

⁶⁸ UNCTAD, “Review of Maritime Transport”, (2020), at: https://unctad.org/system/files/official-document/rmt2020_en.pdf

		special attention to air quality and municipal and other waste management
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Conclusion

Deutsche Post DHL Group intends to issue sustainability-linked instruments including bonds and SSDs tying the coupon step-up or an increase in the redemption price to achievement of the following SPTs:

- SPT 1: Reduce absolute scope 1 and 2 GHG emissions by 42% by 2030 from a 2021 baseline
- SPT 2: Reduce absolute scope 3 GHG emissions from fuel- and energy-related activities, upstream transportation and distribution, and business travel by 25% by 2030 from a 2021 baseline

Sustainalytics considers KPI 1 - Absolute scope 1 and 2 GHG emissions (million tonnes of CO₂e) and KPI 2 - Absolute scope 3 GHG emissions (million tonnes of CO₂e), to be very strong given that the KPIs: (i) are a direct measure of DPDHL's performance on a material environmental issue; (ii) together have a high scope of applicability; (iii) follow a clear and consistent methodology; and (iv) lend themselves to be benchmarked against external emission reduction trajectories.

Sustainalytics considers SPT 1 to be aligned with DPDHL Group's sustainability commitments and to be highly ambitious given that it: (i) represents an improvement over past emissions performance; (ii) is aligned with targets set by the DPDHL Group's peers; and (iii) is in line with the SBTi's 1.5°C scenario. Sustainalytics considers SPT 2 to be aligned with DPDHL Group's sustainability commitments and to be ambitious given that it: (i) represents an improvement over historical emissions performance; (ii) is more ambitious than the targets set by its peers; and (iii) is in line with the SBTi's well-below 2°C scenario. Furthermore, Sustainalytics considers the reporting and verification commitments to be aligned with the SLBP.

Based on the above, Sustainalytics considers the DPDHL Group Sustainability-Linked Finance Framework to be in alignment with the five core components of the Sustainability-Linked Bond Principles 2020 and the prospective achievement of the SPTs to be impactful.

Appendix 1: Sustainability-Linked Bonds - External Review Form

Section 1. Basic Information

Issuer name: Deutsche Post DHL Group

Sustainability-Linked Bond ISIN:

Independent External Review provider's name for second party opinion pre-issuance (sections 2 & 3): Sustainalytics

Completion date of second party opinion pre-issuance: November 21, 2022

Independent External Review provider's name for post-issuance verification (section 4):

Completion date of post issuance verification:

Original completion date of post issuance verification [please fill this out for updates]:

At the launch of the bond, the structure is:

- a step-up structure a variable redemption structure

Section 2. Pre-Issuance Review

2-1 SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review:

- assessed all the following elements (complete review) only some of them (partial review):
- Selection of Key Performance Indicators (KPIs) Bond characteristics (acknowledgment of)
 - Calibration of Sustainability Performance Targets (SPTs) Reporting
 - Verification
- and confirmed their alignment with the SLBP.

2-2 ROLE(S) OF INDEPENDENT EXTERNAL REVIEW PROVIDER

- Second Party Opinion Certification
- Verification Scoring/Rating

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

2-3 EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Deutsche Post DHL Group intends to issue sustainability-linked bonds and SSDs tying the coupon step-up or an increase in the redemption price to achievement of the following SPTs:

- SPT 1: Reduce absolute scope 1 and 2 GHG emissions by 42% by 2030 from a 2021 baseline
- SPT 2: Reduce absolute scope 3 GHG emissions from fuel- and energy-related activities, upstream transportation and distribution, and business travel by 25% by 2030 from a 2021 baseline

Sustainalytics considers KPI 1 - Absolute scope 1 and 2 GHG emissions (million tonnes of CO₂e) and KPI 2 - Absolute scope 3 GHG emissions (million tonnes of CO₂e), to be very strong given that the KPIs: (i) are a direct measure of DPDHL’s performance on a material environmental issue; (ii) together have a high scope of applicability; (iii) follow a clear and consistent methodology; and (iv) lend themselves to be benchmarked against external emission reduction trajectories.

Sustainalytics considers SPT 1 to be aligned with DPDHL Group’s sustainability commitments and to be highly ambitious given that it: (i) is above past performance; (ii) is aligned with targets set by the DPDHL Group’s peers; and (iii) is in line with SBTi’s 1.5°C scenario. Sustainalytics considers SPT 2 to be aligned with DPDHL Group’s sustainability commitments and to be ambitious given that it: (i) is above past performance; (ii) is more ambitious than the targets set by its peers; and (iii) is in line with SBTi’s well-below 2°C scenario.

Furthermore, Sustainalytics considers reporting and verification commitments to be aligned with the SLBP. Based on the above, Sustainalytics considers the DPDHL Group Sustainability-Linked Finance Framework to be in alignment with the five core components of the Sustainability-Linked Bond Principles 2020 and the prospective achievement of the SPTs to be impactful.

Section 3. Detailed pre-issuance review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

3-1 SELECTION OF KEY PERFORMANCE INDICATORS (KPIs)

Overall comment on the section (if applicable): Sustainalytics considers KPI 1 - Absolute scope 1 and 2 GHG emissions (million tonnes of CO₂e) and KPI 2 - Absolute scope 3 GHG emissions (million tonnes of CO₂e), to be very strong given that the KPIs: (i) are a direct measure of DPDHL’s performance on a material environmental issue; (ii) together have a high scope of applicability; (iii) follow a clear and consistent methodology; and (iv) lend themselves to be benchmarked against external emission reduction trajectories.

List of selected KPIs:

- Scope 1 and 2 GHG emissions
- Scope 3 GHG emissions

Definition, Scope, and parameters

- | | | | |
|-------------------------------------|--|-------------------------------------|-------------------------------|
| <input checked="" type="checkbox"/> | Clear definition of each selected KPIs | <input checked="" type="checkbox"/> | Clear calculation methodology |
| <input type="checkbox"/> | Other (please specify): | | |

Relevance, robustness, and reliability of the selected KPIs

- | | | | |
|-------------------------------------|--|-------------------------------------|--|
| <input checked="" type="checkbox"/> | Credentials that the selected KPIs are relevant, core and material to the issuer’s sustainability and business strategy. | <input checked="" type="checkbox"/> | Evidence that the KPIs are externally verifiable |
| <input checked="" type="checkbox"/> | Credentials that the KPIs are measurable or quantifiable on a consistent methodological basis | <input checked="" type="checkbox"/> | Evidence that the KPIs can be benchmarked |

- Other (*please specify*):

3-2 CALIBRATION OF SUSTAINABILITY PERFORMANCE TARGETS (SPTs)

Overall comment on the section (*if applicable*): Sustainalytics considers SPT 1 to be aligned with DPDHL Group's sustainability commitments and to be highly ambitious given that it: (i) is above past performance; (ii) is aligned with targets set by the DPDHL Group's peers; and (iii) is in line with SBTi's 1.5°C scenario. Sustainalytics considers SPT 2 to be aligned with DPDHL Group's sustainability commitments and to be ambitious given that it: (i) is above past performance; (ii) is more ambitious than the targets set by its peers; and (iii) is in line with SBTi's well-below 2°C scenario.

Rationale and level of ambition

- | | |
|--|---|
| <input checked="" type="checkbox"/> Evidence that the SPTs represent a material improvement | <input checked="" type="checkbox"/> Credentials on the relevance and reliability of selected benchmarks and baselines |
| <input checked="" type="checkbox"/> Evidence that SPTs are consistent with the issuer's sustainability and business strategy | <input checked="" type="checkbox"/> Credentials that the SPTs are determined on a predefined timeline |
| | <input type="checkbox"/> Other (<i>please specify</i>): |

Benchmarking approach

- | | |
|--|---|
| <input checked="" type="checkbox"/> Issuer own performance | <input checked="" type="checkbox"/> Issuer's peers |
| <input checked="" type="checkbox"/> reference to the science | <input type="checkbox"/> Other (<i>please specify</i>): |

Additional disclosure

- | | |
|---|--|
| <input checked="" type="checkbox"/> potential recalculations or adjustments description | <input checked="" type="checkbox"/> issuer's strategy to achieve description |
| <input checked="" type="checkbox"/> identification of key factors that may affect the achievement of the SPTs | <input type="checkbox"/> Other (<i>please specify</i>): |

3-3 BOND CHARACTERISTICS

Overall comment on the section (*if applicable*): DPDHL intends to issue sustainability-linked bonds and SSDs under the Framework. The financial characteristics of the sustainability-linked bonds and SSDs will be linked to the achievement of or failure to achieve both the SPTs. Occurrence of trigger events detailed in the Framework will result in a coupon step-up or an increase in the redemption price applicable to all the future coupon payments of the relevant financial instruments. Any significant change in the form of acquisition, divestiture, mergers, insourcing or outsourcing that may impact the SPTs by 5% or more, will result in recalculation of the relevant KPI(s) metrics for the base year.

Financial impact:

- variation of the coupon
- Other (*please specify*): Increase in redemption price

Structural characteristic:

- Other (*please specify*):

3-4 REPORTING

Overall comment on the section (if applicable): DPDHL Group commits to report annually on progress of the KPIs and the achievement or non-achievement of the SPTs in its Sustainability-Linked Finance Progress Report. The report will be publicly available on the Group’s website no later than the reporting end date after the end of the reference year. The reporting will include any case that may lead to a potential adjustment of the financial and/ or structural characteristics of bonds or SDDs issued under the Framework. Where feasible, DPDHL intends to report on qualitative and quantitative information relevant to the progress on the KPIs, the sustainability impacts of performance improvement, and updates on new or proposed regulations relevant to the KPIs and SPTs and the potential impact on their baselines.

Information reported:

- | | |
|--|---|
| <input checked="" type="checkbox"/> performance of the selected KPIs | <input checked="" type="checkbox"/> verification assurance report |
| <input checked="" type="checkbox"/> level of ambition of the SPTs | <input type="checkbox"/> Other (please specify): |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input checked="" type="checkbox"/> Information published in ad hoc documents | <input type="checkbox"/> Other (please specify): |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the “useful links” section.

Level of Assurance on Reporting

- | | |
|--|--|
| <input type="checkbox"/> limited assurance | <input checked="" type="checkbox"/> reasonable assurance |
| | <input type="checkbox"/> Other (please specify): |

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer’s documentation, etc.)

Section 4. Post-issuance verification

Overall comment on the section (if applicable):

Information reported:

- | | |
|--|--|
| <input type="checkbox"/> limited assurance | <input type="checkbox"/> reasonable assurance |
| | <input type="checkbox"/> Other (please specify): |

Frequency:

- | | |
|--|--------------------------------------|
| <input type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Material change:

- | | |
|---|--|
| <input type="checkbox"/> Perimeter | <input type="checkbox"/> KPI methodology |
| <input type="checkbox"/> SPTs calibration | |

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