



To: Leaders of the Transportation and Climate Initiative (TCI) States and Region

Subject: DHL Comments on the Transportation and Climate Initiative's Development of a Transportation Cap and Invest Program

The Deutsche Post – DHL (DPDHL) Group's mission as the world's leading mail and logistics company is to connect people and improve lives. Due to the size and global reach of our Group composed of 550,000 employees and associates in 221 countries and territories (including 43,000 men and women working in the U.S. on behalf of DPDHL) and key role in serving as a conduit for global trade, we feel we have a special responsibility to the environment, social development, and good governance.

Our Group-wide environmental protection program, GoGreen, is an expression of this strong sense of social responsibility. The program's main objective is to reduce and/or avoid emissions of greenhouse gases and local air pollutants. The DPDHL Mission 2050 has the goal to reduce all logistics-related emissions to zero – a highly ambitious goal. DPDHL is currently working with the Science Based Target initiative (SBTi), to ensure its emissions reduction targets are in line with the level of decarbonization required to reach the 2°C goal established at the 2015 UN Paris Climate Conference (COP21).

As a leader in the field of transportation and logistics, DPDHL shares TCI's two overarching goals: (1) making significant reductions in greenhouse gases (GHGs) and other harmful air pollution from transportation across the northeastern U.S.; and (2) delivering modern cleaner, more resilient transportation systems that provide wide-ranging benefits.

DPDHL COMMITMENTS AND ACHIEVEMENTS TO DATE:

DPDHL has embarked on an aggressive corporate-wide strategy to reduce harmful emissions including GHGs and shift to cleaner solutions across our four business divisions including the incorporation of new technologies to reduce our environmental footprint, investing in cleaner transportation options and collaborating with our partners to ensure a truly cooperative effort.

In addition to our long term 2050 goal, DPDHL has set intermediate goals by the year 2025 to:

- Increase our carbon efficiency by 50% compared to 2007 levels. This new target is based on the approach taken by the Science Based Targets Initiative (SBTi).
- Reduce local air pollution emissions by operating 70% of our own first and last mile services with clean pick-up and delivery solutions, such as bicycles and electric vehicles.

- Have more than 50% of our sales incorporate Green Solutions. In this way we also make our customers' supply chains greener.
- Certify 80% of our employees as GoGreen specialists and getting them involved in our environmental and climate protection activities. This includes joining partners to plant one million trees each year to protect our forests.

In order to ensure these goals are met, DPDHL is focusing in several areas, with fleet optimization as one of the central components:

Road transport/first and last mile delivery: In addition to making technical modifications to conventional fuel vehicles, we also rely increasingly on the use of alternative drive technologies and alternative fuels to further reduce our greenhouse gas emissions. This includes mainly electric (EVs) and natural gas-powered (CNG) vehicles for short distances, as well as LNG and sustainably produced, advanced generation biofuels for long-haul transport. Out of approximately 92,000 road vehicles deployed worldwide, DPDHL has more than 10,000 EVs in its fleet and has made enhancements/modifications to some 25,600 other vehicles to improve fuel efficiency. DPDHL has maintained all electric and electric hybrid vehicles at its Manhattan, New York facilities since 2011 and has started the process of replacing older delivery vehicles with EVs nationwide. Additionally, DPDHL will be deploying cargo e-bikes (Class 1) over the coming months as part of a pilot with the New York City Department of Transportation.

Air transport – Express: As one of the world's leading providers of international express services, the DPDHL Group relies on a mix of our own and subcontracted aviation services. DPDHL itself maintains a fleet of over 250 dedicated aircraft comprised of 190 cargo planes and several smaller feeder aircraft. In line with our "Burn Less" principle, we continually upgrade aircraft, including the 2018 agreement to purchase 14 new Boeing 777 Freighters. And in keeping with our "Burn Clean" approach, we also support the use of alternative aviation fuels. We have recently published a paper on the opportunities sustainable fuels present for future transport and are currently working together with other companies as part of the Aviation Initiative for Renewable Energy in Germany e.V. (aireg) to improve the viability of alternative aviation fuels.

Air and ocean freight: Unlike our express business, our air and ocean freight business does not deploy its own fleets. Instead, we act as the facilitator between customers and freight carriers. Although these are not our planes or maritime vessels, these operations remain inside the Mission 2050 goals. As a result, we closely consider the environmental criteria when selecting transport partners as well.

COMMENTS FOR TCI ACTIONS:

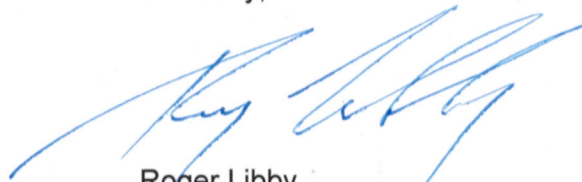
Given DPDHL's vast footprint and experience in operating transportation networks both domestically in the U.S. and overseas as well as through our commitment to the environment through our GoGreen Program, we recommend the following aspects be considered in the design of TCI's Cap and Invest system:

1. SET A REASONABLE TIMELINE: Enact a sensible implementation timeline for the program's envisioned caps allowing fuel and diesel suppliers to adapt. This would also allow companies with large fleets to move in parallel in their transition to zero emission alternatives.
2. PRIORITIZE FLEETS: Ensure that states prioritize the development of incentive programs for corporate and government fleets. Traditionally, the focus has been on passenger vehicles and transit programs, but fleets provide the greatest opportunity for switching large numbers of vehicles and building up scalability. States should further build in funding for new fleet additions as well as retrofitting and replacement of existing vehicles.
3. AVOID PRESCRIPTIVE SCRAPPAGE REQUIREMENTS: In scrapping older fleets to take advantage of state incentive programs, states should ensure that they do not include model year scrappage requirements. Such requirements do not incentivize forward thinking companies with modern fleets to take advantage of the funding, and it further restricts the incentives when expanding a fleet where vehicles are not being replaced. Governments should incentivize new and expanded fleets to be green.
4. SUPPORT RECHARGING AND REFUELING INFRASTRUCTURE: Finally, states are encouraged to include additional incentives for the installation and maintenance of electric charging and natural gas refueling infrastructure. This further reduces the barriers that both fleet and individual vehicle owners face when considering the switch to greener systems.

DPDHL wishes TCI members success as you move forward with implementation of the Cap and Invest Design process and is happy to serve as a resource as the project moves forward.

If you have any questions, you can contact me at 202-293-9380 / roger.libby@dpdhl-usa.com or Bruce Marsh who is leading the transportation sustainability work for the public policy office at bruce.marsh@dpdhl-usa.com.

Sincerely,



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Additional DP-DHL Resources:

[DPDHL 2050 – Zero Emission Brochure](#)

[Sustainable Fuels for Logistics](#), October 2019

[2018 DPDHL Corporate Sustainability Report](#)