



Freight
connections

THE QUARTERLY CUSTOMER MAGAZINE OF DHL FREIGHT

02
2012



Custom Clearance
9 locations

Customs
FTL, OW

2N inbound LTL, FTL, MM, CDZ
Via DGF Hub in Urumqi
"Land bridge CHINA"

DHL
FREIGHT

CEO MESSAGE

Welcome to our second issue of Freight Connections.

It's been a busy few months for DHL Freight since our inaugural issue. We have continued to grow and recently opened a new office in Almaty, Kazakhstan. This addition, which offers a full range of logistics services such as bonded warehousing, customs brokerage services, has strengthened our extensive DHL Freight network.

In the meantime, while demand for capacity in 2012 follows the typical seasonality but on a lower level than 2011, increase in September was remarkable with demand now exceeding last year.

In this issue, we focus on a number of exciting solutions. Our global quality management program (First Choice) has been expanded upon to include Mindset and Behavior, Organization and Skills, Performance Management and Processes, and our product DHL EUROCONNECT continues to make waves with its vast integrated network throughout Russia and other CIS countries, the Middle East and North Africa.

Our country focus is on Russia in this issue, and you can read about how DHL Freight has grasped a huge opportunity in this emerging economy, having identified key areas for logistics growth and building infrastructure.

In addition, check out what we showcased at the 12th DHL Life Sciences & Healthcare Conference and Workshops. Towards the end of the month, we are also supporting a Future Global 100 Initiative, with a forum of top executives from various organizations (corporations, governments, NGOs) in Warsaw.

Another segment focuses on a key DHL Freight customer, and in this issue IKEA – the world's largest furniture retailer with a presence in all major markets – provides details on their strategic partnership with DHL Freight and how we have developed a range of flexible and tailor-made solutions for them.

Amadou Diallo
CEO, DHL Freight

SEAMLESS BOOKING ON THE GO

Shipments Now Simplified with DHL ACTIVEBOOKING Mobile Solution

Picture this situation – you are travelling on business, stuck in a zone where no Internet connection is available and you need to make an urgent booking. What are you going to do? In this globalized and connected world the situation would be all the more frustrating, but it's an entirely possible scenario.

Thanks to DHL ACTIVEBOOKING service, now all you would need to do is whip out your smartphone, open up its iOS and Android device-friendly application and easily create your shipment. DHL has realized that web content is becoming more and more in demand through the use of mobile connections from smartphone devices, and has become one of the very few leaders in the freight space who can offer unique and innovative mobile phone applications for your transport needs.

DHL ACTIVEBOOKING mobile booking solution is available for all DHL Freight IntraShip users, an e-shipping management service that automates order entry processing, tracking and management for small and medium sized (SME) organizations.

Hence DHL ACTIVEBOOKING is perfectly suited to SME businesses that are looking to make a handful of bookings per day. Not only will it create standard shipments faster, direct label printing is available from the mobile device or you can forward the information via email to any location.

Here's a step-by-step account of how DHL ACTIVEBOOKING works:

- Log in through your IntraShip account
- Start the booking by choosing a predefined shipment or create a new one with customized dimensions
- Enter your receiver information step-by-step or choose an address from the device address book
- Choose the customer number
- Choose the pickup address
- Check the summary page
- Book the order or save it for a later booking
- Print the label

It's as simple as that. Another highlight is the connection to its 'sister' tool DHL ACTIVETRACING – a new track and trace tool which customers can use to check their shipments online (for a period of up to six months) or via a mobile phone application. DHL ACTIVETRACING will provide latest status information via a web service in the 'Order History List' of the mobile booking application.

If you are not using DHL ACTIVEBOOKING yet, please call your DHL Freight Representative to find out how to get started.

COMMITTED TO MAKING THE WORLD A BETTER PLACE

DHL Freight Employees Lend Helping Hands to Aid Local Communities

During the first worldwide Volunteer Day 2011, DHL brought together all local projects within a joint platform and these numbered 600 initiatives in more than 130 countries performed by 60,000 volunteers. The recent Global Volunteer Day (GVD) 2012 again gathered employees, customers, non-profit organizations, community agencies and business partners to work together to support their local communities, by organizing activities that align with DHL's three Corporate Responsibility programs. These are GoGreen (protecting the environment, GoHelp (disaster management) and GoTeach (championing education).

DHL Freight's projects this year have been plentiful. DHL Freight Bonn employees collected large donations of clothing, toys, books, CD's, DVD's for their flea market booth, which raised EUR 2,000 for the Initiative Hilfe für

Frauen in Not – Frauenhaus Bonn e.V. – a shelter for women and children threatened from physical or mental violence – and the Bürgerstiftung Rheinviertel e.V. which has supported two kindergartens since 2005 and built up the first kindergarten network in Germany. DHL Trade Fairs & Events Köln provided and transported (for free) the equipment for this flea market.

Other projects have included DHL Freight Hamburg who donated notebooks and printers to the Bonthe Youth Resource Center – a training and schooling center in Sierra Leone, in addition to supporting the lion house at the Hamburg zoo, and DHL Freight Duisburg employees collected money and food donations as well as toys and blankets for the local animal shelter Duisburg. In addition, at Christmas time each year, all DHL Freight terminals in Germany collect and transport parcels

to orphanages, hospitals and poor children/families in Romania and Bosnia Herzegovina.

These, in addition to the numerous other projects around the world (see box), are prime examples of the commitment shown by DHL employees. Christof Ehrhart, Director of Corporate Communications and Corporate Responsibility, DPDHL, sums it up when he says, "Living Responsibility is always based on the dedication, passion and ideas of our employees. This is the foundation from which we as a company make a positive contribution to society – either by creating innovative solutions in the logistics industry or by promoting the Global Volunteer Day, where our employees can see firsthand what it means to change the world for the better in small steps."

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Other GVD 2012 Initiatives

DHL Freight Ukraine - each employee donated a sum of money to purchase school supplies for the Kiev Orphanage #12 on the official first day of the school year, known as 'The Day of Knowledge'.

DHL Freight Bulgaria - employees helped out in an orphanage near the capital Sofia.

DHL Freight Czech Republic - employees volunteered at the Zoo Ostrava.

DHL Freight Russia were involved in a number of important local community initiatives. These included

- Providing assistance in the Zhukovsky orphanage in Bryansk
- Donating blood for a children's cancer hospital in Moscow
- DHL Freight teaming up with DHL Express in collecting garbage in St Petersburg, collecting and donating necessary items for the elderly in Moscow, visiting a social shelter for orphans in Chekhov, helping out an animal shelter in Moscow as part of the 'give a paw friend' campaign, organizing a sports event for hospitalized children in Ruza and collecting garbage for the Solnyshko orphanage in Samara and the forest park area of Uktuskiy in Yekaterinburg.

DHL Freight Germany

- Koblenz – put on a play for children in a local school to demonstrate potentially dangerous street situations that could occur on their way to school. Additionally they will sponsor safety equipment and information material for the children.
- Maisfeld/Marburg – organized a blood donation drive for all employees as well as 'a healthy breakfast' in a local kindergarten at Melsungen.
- Appenweier – employees participated in the 'Renchdammlauf' run on 16 September in Oberkirch with a donation of 10 Euro per participant to buy defibrillators. Additionally they organized a wastepaper collection and donated the proceeds to the youth division of the local Offenburg sports club.
- Erfurt - Colleagues from the DHL Freight terminal and the DDC (Domestic Dispatch Center) organized a blood donation activity, together with BRIEF. Additionally they supported the renovation of a local kindergarten.
- Berlin - invited a local school class to visit their terminal and to show them all their logistics processes.
- Maintal – provided a DHL container as a food depot during the rebuilding of an animal shelter at Hanau.

- IDC (International Dispatch Center) Köln - colleagues took homemade cakes to a nursing home, and enjoyed entertaining and talking with the residents.
- DDC (Domestic Dispatch Center) Maintal - employees participated in a blood donation drive, the proceeds of which will go to Uniklinik Gießen.
- DDC (Domestic Dispatch Center) Hannover - employees supported the nature organization Naturschutzbund (NABU) Langenhagen by clearing riverbanks, lakes and other regional waters. In addition, it has agreed to support young people from difficult backgrounds for a minimum of one year regarding career choice and applications.
- Sehlem – For the 10th year, employees organized a DHL Christmas Market. Proceeds from that activity will again be donated to the children's home 'Kinderheim St. Anton' at Plein. Over the last 10 years, a total sum of around EUR 40.000 has been donated.

DHL Freight USA – a number of employees in Illinois, USA, spent time reading to children at the Aldridge Early Learning Center as part of the United Way Day of Caring initiative

For more information on DHL's corporate social responsibility programs, please contact your Customer Manager Representative.

FROM (AND TO) RUSSIA WITH LOVE

Despite economically challenging times, DHL Freight in Russia rises to the challenges of this major emerging economy

Russia may have been affected by the recent global financial crisis but, despite challenging times, the future looks robust with the country experiencing solid growth of exports, mainly of natural resources. And where money is earned on exports, imports follow suit and rise as well. The engineering and manufacturing sectors have particularly blossomed, with fashion and apparel shipments increasing particularly between China and Russia.

Yet there are challenges on the domestic logistics front with the country's vast geographical reach (over 17 million sq. km) and its road transportation infrastructure still rather underdeveloped. For that reason railway transportation has become the preferred mode of transporting goods to far destinations, the European part is mainly driven by road transportation. Outside Moscow and St. Petersburg there are not enough class-A warehousing facilities to meet demand from the market and the situation is even more acute for temperature-controlled cargo transportation and refrigeration facilities. The vacancy rate for warehouse space is less than one percent.

Under these market circumstances, DHL Freight sees a huge opportunity for logistics growth and building an infrastructure for 3PL logistic solutions, based on

our wide logistic competences. Supported by further development of efficient processes, business controls and IT solutions, DHL Freight will achieve above average productivity levels in the Russian market.

DHL Freight in Russia currently provides end-to-end logistic solutions for its customers by complementing its own services with the services of other DHL business units (DHL Express – which was named Best Brand in Russia in May 2012 – DHL Global Forwarding, DHL Supply Chain, DHL Global Mail and Williams Lea) to cover a full range of services. With strong domestic network operations out of its central hub in Moscow, which links the key economic areas of the country, DHL Freight is able to offer international end-to-end (e2e) solutions for customs and transport.

These e2e services link Europe and Asia with the Russian market using the full chain of operations: international transport, hubbing, clearance and final deliveries by rail or road.

Line hauls linking Russia with both the CIS (Commonwealth of Independent States) and Europe have been launched, in addition to China, by using Urumqi in North China as a consolidation hub into Novosibirsk.

Scheduled line haul departures with quality DHL Freight branded equipment enable DHL Freight in Russia to offer a level of service, reliability and quality that is at this moment missing in the market. "Customers have come to DHL asking us to cut transport time, so DHL Freight has developed a number of unique end-to-end solutions to offer them a full supply chain", explains Marco Leineweber, Managing Director, DHL Freight, Russia.

One goal, however, is to further increase DHL's reach within Russia. "Russia is different to the rest of the world. Its roads are underdeveloped and challenge our day-to-day operation. While we have connected the biggest cities in Russia, we will be looking to add new points to our network, to cover emerging white spots", says Marco, adding, "And together with our airfreight network, which DHL Global Forwarding and DHL Express created and excellent solutions on hand, we have become the number one logistics provider in the country."

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Paving the Way from Benelux to Russia

DHL Freight's trade lane between the Netherlands and Russia has seen exponential growth over the last 10 years thanks to a booming technology sector, agreed transit times and pre-cleared customs

A decade ago the Netherlands-to-Russia trade lane was hardly bustling, with no direct road freight route between the two countries. So, when DHL Freight Netherlands started to see an upward trend on the lane five years ago, they investigated the idea of a direct road route. "We realized that would be easier, more cost efficient and would really help our customers," says Natalija Filimonova, Operational Account Manager, DHL Freight Netherlands

The customer's response to the new lane was good and now business is booming on DHL Freight's road to Russia.

DHL Freight's customs services played a big part. "You could say that DHL Freight pioneered customs clearance for road freight into Russia," says Natalija.

With DHL Freight's pre-cleared customs services the border crossing now only takes one to two hours for FTL shipments rather than the previous weeks or months, which is a big advantage over competitors. After customs clearance, DHL Freight delivers the shipments direct to the customers' warehouses.

Other customer benefits include safety, compliance assistance, reduced costs and time (four or five days transit time) and a Russian speaking team. DHL Netherlands offers both FTL and LTL services on the lane, but customers can choose FTL services even if the truck is not full.

The trade is now a two way street, says Natalija. "We're bringing in customers from Belgium and France who also want to ship to Russia and there's some business picking up between Russia and Germany. Who knows, perhaps in the future we'll be talking about DHL Netherlands' 'road to Russia and back again."

For more information on services offered by DHL Freight Russia, please contact your local DHL Freight Representative, or email:

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FROM MOROCCO TO FINLAND, MADRID TO MOSCOW, THE UNITED KINGDOM TO KAZAKHSTAN

DHL EUROCONNECT'S Geographical Reach throughout Europe and beyond is Unmatched

DHL EUROCONNECT's name may imply a touch of Euro-centricity, however DHL EUROCONNECT's real story is so much more. As a groupage network, its significant cohesive value within the DHL Freight family is paramount, with its ability to move freight of any size across Europe with reliable connections and high frequency departures. In a nutshell, it's an easy to use, more reliable solution that offers highly cost-efficient transportation.

Its integrated network has spread throughout Russia and other CIS countries, the Middle East and North Africa since it was introduced to customers in the early 1990s, therefore adding to its enormous transport and logistics scope.

DHL EUROCONNECT offers regular and frequent connections totally covering Europe, and is designed to optimize flows amongst customers of all sizes – those with small volumes can also benefit from DHL EUROCONNECT's cost efficiency advantages by leveraging volumes within the network. Each country can use DHL EUROCONNECT as a platform to reach all other countries within a defined transit time. DHL Freight's high reliability network of more than 2,000 international regular lines, many of which are operated daily, means that door-to-door lead times can be confirmed immediately.

It is continuously improving operational processes to guarantee customers the best possible lead-times. Recently, Germany reduced its lead-times to 48 hours to France, Poland and the Czech Republic.

Anything from pallets to crates, barrels and machinery both palletized and non-palletized as well as oversized or dangerous goods (ADR), high-value goods and temperature-controlled products can be transported using DHL EUROCONNECT.

DHL EUROCONNECT caters for the needs of all customers: big and small. For the small and medium-sized enterprises (SME's) the usage of DHL Freight's large shared network offers them scale benefits that cannot be offered by a mix of smaller operators or a dedicated service. For DHL Freight's larger customers, it is often able to create value by replacing their existing dedicated transport operation with a network solution through DHL EUROCONNECT. DHL Freight takes away their occupancy risk while guaranteeing a set service level the whole-year-round, which is especially attractive for customers operating in a seasonal business or in volatile market circumstances.

Besides providing, upon request, Day Definite and Time Definite delivery options on selected routes, the DHL EUROCONNECT service also offers other appealing features such as simple and flexible booking, pick-up, delivery and payment options – customers can select from phone or online bookings, provision of packaging materials, delivery on appointment, return services, additional delivery attempts if there's a hitch at their recipient's end, and third party billing if necessary. And, keeping in line with DHL's corporate responsibility program GoGreen, DHL Freight's GoGreen features provides customers with transparency on CO2 reduction potentials by:

- Enabling its customers to offset CO2 emissions during transport
- Effectively calculating their CO2 footprint to meet reduction goals
- Offering best-in-class CO2 calculations based on the latest carbon-reporting guidelines
- Providing monthly, quarterly and annual CO2 emission reports and ensuring easy consolidation and data uploads

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End to end visibility for the customer's groupage shipments is also ensured using DHL ACTIVETRACING – a track and trace online tool with event notification options and reporting capabilities such as single shipment searches based on reference numbers, in-transit reports on multiple shipments and historical shipment statistics. And to make it just that much easier, in addition to web tracking, customers can also download DHL's 'app' to their iPhone, BlackBerry or Android-based smartphone to check on their shipments. DHL Freight will provide an Electronic Information of Delivery (IOD) as well as a hardcopy Proof of Delivery (POD) if required.

And, once the shipment arrives, DHL's network of customs services offices (a total of 275 through Europe, the Middle East and North Africa) are the experts when it comes to handling its customers' import, export and transit formalities. Location Map

To view DHL Freight locations and its DHL EUROCONNECT network of road freight terminals and customs contact details, click on http://www.dhl.com/en/country_profile/locations_freight.html.

More than 20 years ago, DHL Freight successfully answered the call from customers to design and develop an easy-to-use, dependable, adaptable and

cost-saving product that could strengthen their business growth. Over time, it has been the extra enhancements to DHL EUROCONNECT which have supported them across every new border as their business expands into new markets.

Every great product needs a recognizable visual identity. When the DHL Freight marketing team set out to find a new one for DHL EUROCONNECT, they looked for something that would make the product stand out on a more premium level. "We briefed the agency to come up with an idea based on the key product attributes, market data and the EUROCONNECT operations map. We very much liked the design they came back with. It combines three different levels of information in a visually appealing way", says Wim Saenen, VP Shared Services, Sales & Marketing, DHL Freight.

- Level 1: Market data forecasts for 2010 and the flow of goods through different European countries (the grey lines through the middle). The traffic depicted is both import and exports and is illustrated by the width of each lane.
- Level 2: The percentage of market growth over the last six years (imports and exports) for each individual country (the red blocks on the side).
- Level 3: The "Freight DNA" is made out of total trade tons, with each color coded to a country (only trade tonnage over six million tons over seven years is visualised in the colors; the remainder is blank/grey, giving a more interesting pattern). Level 3 can also be interpreted as a tachograph. This is a device truck drivers are required by law to carry behind their speedometer; it measures the truck's speed and whether it is stationary or in motion.

For more information on DHL EUROCONNECT and how it can connect your business better, please contact a DHL Freight expert today at freightsales.europe@dhl.com or visit us at www.dhl.com/freight.

DHL'S 12TH LIFE SCIENCES & HEALTHCARE CONFERENCE AND WORKSHOPS

Customers and DHL exchange insights into today's supply chain solutions

The 12th DHL Life Sciences & Healthcare Conference and Workshops was held in Berlin from June 12th to 14th, 2012 and attracted hundreds of logistics professionals from over 40 countries. Bringing together experts from the pharmaceutical and medical device industries, healthcare and hospital distribution services, and clinical supply chain and regulatory affairs; it provided an excellent opportunity to not only network amongst industry peers, but to build on existing networks and discuss the latest solutions and strategies designed to meet the challenges of today's healthcare supply chains, which include cost efficiency, temperature control/cold chain and regulation/compliance.

Roger Crook, CEO DHL Global Forwarding, Freight, opened the conference by emphasizing, "This is a very important sector for DHL, and we want to hear your ideas and your feedback about what we do well, what we do less well, and where we need to invest."

There were 40 workshop sessions established for DHL's customers to focus on the most current topics affecting their business, and to help DHL define its way forward and develop the services that its customers needed. Interactive sessions included: managing global cold chain networks, supply chain outsourcing, order to cash and direct to pharmacy

distribution, End of Runway solutions, Medical Express, Life Sciences Specialty Courier, Clinical Trials Logistics, and the challenges of recent regulatory developments. Here, customers were able to voice their concerns, share their needs, and hear revolutionary ideas.

There were a number of workshop highlights, and they included the 'Global Cold Chain Network for All Temperatures, Sub-Sectors, Markets and Products' presented by Marco Quiros, Head of Business Development, Life Sciences & Healthcare Americas, DHL Global Forwarding Freight. DHL Global Forwarding introduced its enhanced cold chain program which includes key elements such as a certified network of life sciences competence centers, operationally integrated SOP implementation, proactive monitoring and intervention via one IT platform which is leveraged by real time technologies and post-shipment support.

Customers also provided positive feedback for the workshop titled, 'Supply Chain Benefits of Locating Medical Devices at the End of the Runway' by Halim Boustani, VP Business Development, Central Europe, Life Science Healthcare, DHL Supply Chain. This session focused on the benefits of integrated order-to-cash solutions for medical device manufacturers.

The 'Optimizing European Road Distribution' workshop conducted by DHL Freight and DHL Global Forwarding, demonstrated the different methods of transport available to customers – i.e. multiple transport modes, airfreight and oceanfreight imports into Europe and pan-European distribution via dedicated road and air networks. Not only did this provide customers with a choice between speed, cost and CO2 reduction, it also highlighted DHL's security capabilities. Explained Thomas Ellman, VP Life Science, Healthcare & Chemicals, DHL Freight; "Pharmaceutical manufacturers are faced with ever increasing regulatory requirements when it comes to the primary distribution of goods. In this workshop, we demonstrated how we can ensure door-to-door temperature control of goods in a cost efficient manner via our dedicated multiple transport modes."

Information booths were established for business units across DPDHL, such as DHL Express, DHL Global Forwarding, DHL Freight, DHL Supply Chain and DHL Global Mail. Exhibition booths from 15 suppliers to the Life Sciences & Healthcare logistics industry (e.g., temperature controlled packaging solutions, temperature logging) were also set up to further reach out and disseminate sector knowledge to customers.

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Before the conference started, customers were also offered a unique opportunity to visit DHL's European Express Air Hub in Leipzig to see how multiple flights are handled and the process for rapid sorting of shipments. The visit also included a presentation focusing on DHL's soon to be opened 'End of Runway' medical grade logistics center.

At the end of the three-day event, Angelos Orfanos, President, Life Sciences and Healthcare at DHL, commented at

the closing ceremony, "Life Sciences & Healthcare companies are increasingly challenged by new regulatory and quality requirements, cost pressures and changing product profiles. The 12th DHL Life Sciences & Healthcare Conference and Workshops have been a perfect platform to provide us all with an unparalleled environment of networking, learning and sharing best practices to overcome these challenges, in particular our sessions on managing global cold chain networks, supply chain outsourcing and recent

regulatory developments in a cost-efficient manner." He added, "We did what we came here to do. We listened to each other, exchanged our knowledge and we learned from each other. Looking forward we must continue to innovate as we are limited only by our imaginations."

DHL's 13th Life Sciences & Healthcare Conference is scheduled for 11 – 12 June 2013 in Miami, USA.

The recent 12th DHL Life Sciences & Healthcare Conference and Workshops highlighted the many concerns facing Life Sciences and Healthcare teams, industry leaders and suppliers in today's challenging supply chain space. Key observations voiced by customers in a post-event survey included:

- Cost efficiency continues to remain the most important issue.
- Gaining in significance was temperature control / cold chain networks – moving to second from fourth position last year in terms of importance
- Regulation/compliance is the third most important issue for customers.

The DHL-organized workshop sessions brought together expert speakers from different sectors within the industry to discuss and share best practices to meet these concerns and challenges.

For more information on how DHL can help deliver logistical solutions in the Life Sciences & Healthcare sector, please contact your Customer Manager Representative.

FURNISHING NEW LOGISTICS SOLUTIONS AND PROCESSES

DHL Freight In Sync with World's Largest Furniture Retailer

While a 15-year partnership between two organizations is testament to a strong working relationship, it is usually the extra synergetic qualities that make the difference for success, and this is evident when it comes to the 'fit' between DHL and IKEA.

For IKEA, which was founded in 1943 in Sweden and whose motto is "to create a better everyday life for the many people", its top priority is to offer a wide range of well designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them. Rather than selling expensive home furnishings that only a few can buy, the IKEA Concept makes it possible to serve many more by providing low-priced products that contribute to helping more people live a better life at home. In addition, it is known for its modern architectural designs that are often associated with a simplified eco-friendly interior design.

IKEA, the world's largest furniture retailer with a presence in all major markets, has succeeded on a grand scale with more than 332 stores in 38 countries. What is important for IKEA from a business point of view, and in terms of their supply chain, is the ability to transport their vast number of products seamlessly throughout their global network. And, while there are obviously challenges between

borders, it's DHL Freight's expertise as one of the largest freight forwarders in the European overland transportation business, offering flexible, individualized solutions from conception through to delivery (including customs), that is obviously an enormous benefit.

It is a partnership of trust and loyalty with IKEA striving to give as much control to their suppliers as possible, thus that all-important alignment and communication with 'big IKEA' is in place before making big decisions on which transportation mode to use.

The majority of the transportation done for IKEA is Full Truck Load (FTL). There are three regions within Europe for IKEA: North, Central and South, with separate teams responsible for each of these regions. DHL Freight's main area of activity is Central Europe with IKEA Dortmund as the responsible head of the region.

There are DHL Freight stand-by trailer pools – containing nearly 200 trailers which can transport up to 350 swap bodies at three IKEA distribution centers in Germany. These trailers cover IKEA's outbound business of 150 to 200 FTL per day, six days a week, which equates to around 70,000 loads per year. In addition, DHL Freight is responsible for transporting any 'returns' back to these

distribution centers as well as placing any stand-by equipment required at the stores.

Other services include operating an intermodal solution for IKEA cargo from the Polish border to Northrhine-Westfalia, and DHL's sales department offering strong face-to-face tailored customer support, performance and contract management.

A focus on sustainability is another commonality between DHL and IKEA who both have strong global Corporate Social Responsibility (CSR) programs in place. IKEA formed the IKEA Foundation in 2005 with the purpose of handling strategic global investments in social projects, and is a huge advocate of environmental sustainability. Its IWAY (The IKEA Way on Purchasing Home Furnishing Products) code of conduct was first introduced in 2000, and includes several industry-specific supplements and a special code of conduct for child labor. In addition, it covers working conditions related to the environment, responsible forestry management and more. Suppliers are responsible for communicating the content of the IKEA code of conduct to co-workers and sub-suppliers and ensuring that all required measures are implemented at their own operations. Another important factor is that IKEA works proactively to prevent

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corruption and illegal activities and disassociates itself from corruption in any form, whether direct or indirect. It has a corruption policy, Rules of Prevention of Corruption, and an investigation policy that clearly states what co-workers should do if they suspect corruption, fraud or other illegal behavior

In February 2011, IKEA announced its plans for a wind farm in Dalarna County, Sweden, furthering the furniture giant's goal of running on 100 % renewable energy. DHL's CSR focus has long been an integral part of the organization and its 'Living responsibility' motto was created for DHL's corporate responsibility initiatives. "In addition to our transport needs, sustainability is another top priority for IKEA who strive to create furniture out of recycled or recyclable material. This helps us with providing affordable finished products and be environmentally friendly at the same time", comments Klas Ekman, IKEA Global Transport Manager, in a recent interview, adding, "This is a natural part of IKEA business."

To discuss your individual requirements for a tailor-made transportation solution, contact your DHL Freight Representative.

FIRST CHOICE – THE VALUE ENGINE

Creating Value with and for Customers

DP DHL first introduced its First Choice global quality management program back in 2007. This comprehensive worldwide continuous process improvement method is comprised of tools and practices taken from Six Sigma and Lean (a methodology which creates more value for customers), and adapting them from a manufacturing environment to the needs of the service sector.

Over time, this program has been tweaked and enhanced to keep it fresh and relevant to DHL's customers, and as such has focused on the various different needs of customers and their businesses in addition to DHL's internal processes. Not only has this created continuous improvement (supported by YourIdea – a platform to obtain and work on best employee ideas to help them reach the goal of becoming 'Provider of Choice' for customers worldwide), it's also established a powerful synergy between supplier and customer to ensure unwavering quality and service by DHL.

Having previously focused on just process improvement, however, First Choice now covers all aspects of managing a business – Mindset and Behavior, Organization and Skills, Performance Management and Processes. Its reach extends to 32 DHL Freight country offices and there are currently 990 employees trained in First Choice methodology.

As a result, the customer benefits are enormous. They receive reliable solutions from DHL which correspond to their actual needs and expectations, as well as sustainable service and quality excellence across all areas from product offerings, pricing to billing and customer service. And, by DHL designing specific problem-solving processes together with the customer, they end up with a set of tailor-made state-of-the-art solutions through DHL's specialist know-how and experience.

There are currently over 35 Six Sigma green and black belt equivalent active Advisors in DHL Freight who help add value to its customers in improvement areas, such as eliminating complex problems solving billing issues, creating more reliable pickup and delivery times and improving order processing and complaint handling. One recent example involved a European customer whose pickup and delivery expectations were not being met. DHL Freight swung into action by following up with the various carriers, breaking down linguistic barriers by creating instructions in a number of local languages, setting up quality audit and training and arranging weekly country performance reviews and bi-weekly update calls. The result? The average on time pickup performance rose to more than 95% while the average delivery performance improved significantly. Another involved

a European customer whose on time delivery service was at 81% – below what was contractually agreed. DHL Freight's First Choice team strengthened the customer's order book management and provided better forecasting of shipments. Documents were also invoiced in the local language to facilitate border-crossing processes. These methods resulted in the average on time pickup performance exceeding the 95% target.

These are just two of many instances where DHL Freight has used its First Choice capabilities to improve its customers' processes.

In its toolbox are powerful Lean instruments such as TIMWOOD, 5S or Gemba, which help DHL Freight make its everyday processes leaner while strengthening the continuous improvement culture across terminals, functions and countries. TIMWOOD helps to identify the different types of waste constricting processes, 5S develops better organized, safer and tidier workplaces, and Gemba walks ('go, see the process') enable the delivery of concrete improvement ideas and support process standardization.

Armed with these continuous improvement tools, DHL Freight's First Choice experts are perfectly empowered to impact its customers' processes.

For more information on DHL Freight's First Choice methodologies, please contact your Customer Manager Representative.

ROAD FREIGHT MARKET NEWS

Diesel price in Sep with 1,53 € still at the peak

The average (diesel) price per litre in Sep. 2012 (which triggers FS Nov.) was 1,53 € vs. our baseline of 1,20 €. (See below the price evolution as per Jan 2008)

Diesel price in Sep. was stable vs. previous month and it is still at the peak since the beginning of the index

Source: EU Commission, Eurostats, Weekly Oil Bulletin, EU 27 diesel price (weighted average) incl. VAT & Taxes

Transport sector will encounter a severe shortage of drivers

The future study by ZF Friedrichshafen AG highlights that image and working conditions might prevent one of Germany's major economic sectors from growing. Some of the drivers face inconvenient working hours, working overtime, permanent time pressure, the challenge to combine the job with private life and a relatively low income.

Around 250.000 truck drivers, or 40% of all drivers, will retire in the next coming years. Since it might be challenging to improve image and attractiveness of the profession, the logistics industry, the trade sector and consumers are likely to see the impact of the shortage. The demographic transition which decreases the work force over time will even complicate the search for young drivers. At the same time the changing consumption habit towards online shopping will increase the demand for drivers.

Demand for capacity in 2012

While demand for capacity in 2012 follows the typical seasonality but on a lower level than 2011, increase in Sept. was remarkable with demand now exceeding last year.

Source:
TimoCom <http://www.portatio.com>

Freight share: Share of European freight offers versus all offers traded on TimoCom Truck&Cargo platform (sum of freight offers and capacity offers)

New European customs rules

The proposal of the European Commission for a Union Customs Code currently in discussion between the Member States and the European Parliament could delay the modernisation and the simplification of customs processes. For instance, the principle of 'centralised clearance', which allow EU traders to declare goods electronically and pay their customs duties and VAT in one EU Member State irrespectively of the EU Member State through which the goods are brought in or out, is proposed to be revoked. Existing customs simplifications and some of the few benefits linked to the Authorised Economic Operator status are also under threat. The industry is mobilised to secure customs rules adapted to the 21st century.

New strategy for the European transport innovation and research policy

The European Commission proposes three R&D areas where concrete and deployable results must be achieved in the next twenty years:

- Alternative propulsion systems, alternative fuels and smart communication technologies to develop clean, smart, safe and quiet rail and road vehicles, aircraft and vessels, together with a more effective interface with the infrastructure;

- Smart, green and low-maintenance infrastructure, including modal traffic management and information systems which can optimise infrastructure usage;

- Stronger integration of all transport modes, in particular in urban and inter-urban areas and in terms of efficient transshipment equipment and of integrated multimodal information, traffic and demand management.

More information:
http://ec.europa.eu/transport/themes/research/sttp/index_en.htm

Public consultation on road charging systems

Road charges modulated according to a vehicle's characteristics, as well as the time and place of use, are considered by the European Commission as an effective tool for achieving a more efficient use of infrastructure. However, to date, the variety of road charging arrangements in Europe means that users do not

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receive consistent price signals capable of steering them towards a more sustainable use of the infrastructure.

The lack of harmonisation in both the type of charges and the type of charge-collecting technologies results in administrative burden and costs both for public authorities and users. As an example, international hauliers currently need 11 different on-board units and tolling contracts, as well as six vignettes to be able to drive unhindered on European roads. In light of the above, the European Commission has decided to launch a public consultation on a possible new initiative on road charging.

Consultation:

http://ec.europa.eu/transport/modes/road/consultations/2012-11-04-roadcharging_en.htm

Report on the implementation of resting and driving times of professional drivers

The European Commission has published its latest report on the number and type of controls carried out and the number and types of offences detected. During 2009-2010, the EU Member States increased the number of checks performed. Checks at premises are considered to be almost five times more efficient than checks at the roadside. However, the vast majority of checks took place at the roadside. Offences against breaks (29%) and rest periods (24%) are still the ones most frequently detected, followed by driving time (19%). National authorities are called to

ensure that checks are being performed without discrimination on the basis of the nationality of the drivers/country of registration of vehicles.

Report:

http://ec.europa.eu/transport/modes/road/social_provisions/driving_time/doc/swd-2012-270.pdf

EU Heavy Truck Registration

From January to August cumulated the EU registered 143,830 new heavy trucks, a decrease of 6.7% compared to the first eight months of 2011, reflecting reluctance to invest due to the ongoing European debt crisis. The UK recorded positive results (+8.3%) over 8 months, while Germany (-4.4%) and France (-5.7%) performed less well than last year. The Spanish (-20%) and Italian (-29.3%) markets experienced a harsher contraction.

In August the heavy truck registrations in EU decreased even more than in the first 8 months: They contracted severely by 9.7% compared to last year sliding down to 17,336 units. Looking at the most significant markets the downward trend is even more evident: Registrations in Germany (-10.8%), France (-14.0%), Spain (-17.8%) and Italy (-36.8%) faced a double-digit downturn. Only the UK could post a slight growth with +0.7% which is however far below the 8 months performance.

The new Prograns World Transport Report projects rail to grow faster than road

Overall freight traffic (measured in ton-kilometers) in Germany will continue to grow, even though at a lower pace than before the financial crisis. Rail is the mode of transport growing at the highest speed. Annual growth rates between 2020 to 2025 are expected to amount to 2.3% for rail and 1.3% for road. Slightly lower growth rates are forecasted for the period between 2025 and 2030. One of the reasons for higher growth of rail transports is the trend towards longer distances and increasing ocean freight traffic. Rail transportation can benefit from both trends to a higher extent than road freight can.

Key determinants for Prograns forecasts are foreign trade activity and gross domestic product. Since growth assumption for both determinants are rather conservative for the forecast period (0,9% to 1,2% annual growth) the freight traffic prognosis is rather conservative as well.

Source: Prograns

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DHL FREIGHT NEWS

DHL Freight Opens in Kazakhstan

In July 2012, DHL Freight opened its business in Kazakhstan with the office in Almaty.

Headed by Vladimir Khan, DHL Freight Kazakhstan adds to the already extensive DHL Freight network. The terminal in Almaty offers a full range of logistics services such as bonded warehousing, customs brokerage services, and transportation within Almaty city and across Kazakhstan. It also provides container terminal services such as cross-docking and shunting services.

New solutions offered to customers looking to move their goods inbound Kazakhstan:

- EU countries to DHL Freight Terminal in Almaty via Vilnius, Lithuania
- Direct trucking services from Russia to DHL Freight Terminal in Almaty
- Rail containers and direct trucks from China to DHL Freight Terminal in Almaty

Future Global 100 (FG100) Initiative Marks New Chapter in Europe

Top European and international leaders of businesses and governments gathered at the Future Global 100 (FG100) Meeting in Warsaw on 25 October 2012, to discuss the future of the Eastern European economy, market and business; marking the first entry of the FG100 Initiative into Europe.

Focused on building a community of companies and markets that can become or continue to be future leaders of economies and industries, and a driving force for growth, the FG100

Initiative shapes the future of the global economy, national markets, business and industries through the collective input of leaders from business, government and intergovernmental organizations.

“Growth perspectives and the competitiveness of Eastern Europe assume particular importance at a time of a fragile global economic recovery. It is more crucial than ever to find ways to reduce economic uncertainty, improve the business environment and explore means to sustainable growth”, said Patricia Francis, Executive Director of International Trade Centre, “The Future Global 100 Initiative provides an excellent platform to collectively design a new model for prosperity and identify ways out of the economic crisis.”

Some of the highly recognized and respected leaders gathering in Warsaw represent the Governments of Poland, Kuwait, Panama, Hungary, Bangladesh, TP Group, Schneider Electric, Philips, Nokia Siemens Network, Flextronics, Lotte Wedel, Motorola, Diageo, Avery Dennison, Oriflame, Pelion S.A., Fortum, Amrest Holdings, Goldman Sachs, HTC, Nestlé Waters, AT Kearney, etc.

Lionel Lee, Chairman of Platinum Circle, said in Warsaw: “Forging ahead with the expansion of the FG100 Initiative, Poland has been chosen as our first meeting location in Europe. We are witnessing strong support for the FG100 Initiative from both industry and government leaders in Europe and around the world, which reflects the desire among them to play a role in the making of the Future Global Agenda. We want to increase the voice of Eastern Europe in the Initiative and Agenda by including more European corporations and governments. Some of these corporations involved in the FG100 Initiative are on track to become global giants by as early as 2014. Together, our business and government leaders can

have a neutral platform to address global issues, deliberate and define the route forward for the future”.

DHL, the Strategic Partner of the FG100 Initiative, has been committing leadership and material resources to grow the Initiative across the six continents since 2011.

Amadou Diallo, CEO DHL Freight and the Chairman of the FG100 Initiative, said, “DHL agrees that the FG100 Initiative is an ideal platform for building an international community of new and potentially high-flying companies. We firmly believe that these ‘Future Global’ companies will form the next generation of market leaders and DHL has established Fast Growing Enterprises (FGE), a team focused on developing and maintaining strategic partnerships with such companies. As these ‘Future Global’ companies take their products and services beyond domestic markets and onto the global economic stage, DHL is able to empower these companies to overcome such challenges, providing dedicated support specific to the needs of enterprises going international and enabling their smooth transition and quick penetration into new markets.”

Co-chairs in Warsaw:

- Patricia R. Francis, Executive Director, International Trade Centre
- Stefano Arganese, CEO, DHL Freight, Central Eastern Southern Europe & Americas, Middle East, Africa
- Slawomir Majman, President of the Board, Polish Information and Foreign Investment Agency
- Nuno Sereno, CFO and Board Member of Jeronimo Martins Polska S.A.
- Piotr Sikorski, MD, DHL Freight Poland

For more information, visit www.futureglobal100.com.